2009-2010

JOINT APPROPRIATIONS – EDUCATION/HIGHER ED

MINUTES

JOINT APPROPRIATIONS
SUB-COMMITTEE ON EDUCATION

2009-2010 SESSION

Rep. Rick Glazier, Chair
Rep. Marian McLawhorn, Chair
Rep. Ray Rapp, Chair
Sen. Vernon Malone, Chair
Sen. Richard Stevens, Chair

Carin Savel, Committee Assistant
Susan Burleson, Committee Assistant
Forrest Gilliam, Committee Assistant
Bonnie McNeil, Committee Assistant

NORTH CAROLINA GENERAL ASSEMBLY

HOUSE APPROPRIATIONS/ SUBCOMMITTEE ON EDUCATION
2009 – 2010 SESSION



Rep. Rick Glazier
Co-Chair



Rep. Marian McLawhorn
Co-Chair



Rep. Ray Rapp
Co-Chair



Rep. Larry Bell
Vice Chair



Rep. Linda Johnson
Vice Chair



Rep. Marvin Lucas
Vice Chair



Rep. Hugh Blackwell



Rep. Earline Parmon
Vice Chair



Rep. Cullie Tarleton
Vice Chair



Rep. Mark Hilton



Rep. Bryan Holloway



Rep. Laura Wiley

NORTH CAROLINA GENERAL ASSEMBLY

SENATE APPROPRIATIONS/ SUBCOMMITTEE ON EDUCATION
2009 – 2010 SESSION



Sen. Vernon Malone
Co-Chair



Sen. Richard Stevens
Co-Chair



Sen. Malcolm Graham
Vice Chair



Se. Joe Sam Queen
Vice Chair



Sen. Don Davis



Sen. Fletcher Hartsell



Sen. Jean Preston



Sen. Jerry Tillman



Sen. Don Vaughan

House Appropriations Subcommittee on Education
Membership List – 2009-2010

House Members:	Legislative Assistant	Phone	Office	Seat
Rep. Rick Glazier, Co-Chair	Carin Savel, Committee Asst.	3-5601	2215	81
Rep. Marian McLawhorn, Co-Chair	Susan Burleson, Committee Asst.	3-5757	1217	34
Rep. Ray Rapp, Co-Chair	Forrest Gilliam, Committee Asst.	3-5732	2213	17
Rep. Larry Bell, Vice-Chair	Carolyn Edwards	3-5863	538	12
Rep. Linda Johnson, Vice-Chair	Diana Wraight	3-5861	1006	28
Rep. Marvin Lucas, Vice-Chair	Thelma Utley	3-5902	417A	20
Rep. Cullie M. Tarleton, Vice-Chair	Susan Whitehead	3-7727	2221	69
Rep. Earline Parmon, Vice-Chair	Pat Christmas	3-5829	541	66
Rep. Hugh Blackwell	Joan Adams	3-5805	1311	114
Rep. Mark Hilton	Carol Wilson	3-5988	1021	61
Rep. Bryan Holloway	Lindsay McCargo	3-5609	502	98
Rep. Laura Wiley	Edna Pearce	3-5877	513	76

Senate Appropriations Subcommittee on Education
Membership List – 2009-2010

Senate Members:	Legislative Assistant	Phone	Office	Seat
Senator Vernon Malone Co-Chair	Bonnie McNeil Committee Asst.	3-5880	314	26
Senator Richard Stevens Co-Chair	Mary Marchman	3-5653	406	33
Senator Malcolm Vice-Chairman	Regina George-Bowden	3-5650	620	6
Senator Joe Sam Queen Vice-Chairman	Lisa Nelson	3-3460	1117	19
Senator Don Davis		3-5621	526B	14
Senator Fletcher Hartsell	Gerry Johnson	3-7223	518	15
Senator Jean Preston	Suzanne Castleberry	3-5706	1121	41
Senator Jerry Tillman	Yvonne Hall	3-5870	628	48
Senator Don Vaughan	Oliver Carter	3-5856	411B	24

ATTENDANCE

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

(Name of Committee)

DATES	02-24-09	02-25-09	02-26-09	03-03-09	03-18-09	03-19-09	03-24-09	03-26-09	04-09-09	04-15-09	04-16-09	04-22-09	04-23-09	04-25-09	[illegible]
HOUSE MEMBERS															
GLAZIER, Rick – Chair	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	
McLAWHORN, Marian - Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
RAPP, Ray – Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
BELL, Larry - Vice Chair	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓		
JOHNSON, Linda – Vice Chair	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	
LUCAS, Marvin – Vice Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		
PARMON, Earline- Vice Chair	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	
TARLETON, Cullie- Vice Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
BLACKWELL, Hugh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
HILTON, Mark	✓	✓	✓		✓	✓	✓		✓	✓	✓		✓	✓	
HOLLOWAY, Bryan												✓			
WILEY, Laura	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		
STAFF															
Richard Bostic															
Kristopher Nordstrom															
Brian Mattson															
Andrea Poole															
James Robinson															

ATTENDANCE

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

(Name of Committee)

DATES	04-29-09 am	04-29-09 pm	04-30-09	05-12-09	05-26-09	05-28-09	06-04-09	06-10-09	06-11-09	07-09-09	07-22-09	7-29-09			
HOUSE MEMBERS															
GLAZIER, Rick – Chair		✓	✓	✓	✓	✓	✓	✓	✓	✓					
McLAWHORN, Marian - Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
RAPP, Ray – Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
BELL, Larry - Vice Chair	✓	✓			✓	✓	✓	✓	✓	✓		✓			
JOHNSON, Linda – Vice Chair		✓	✓	✓	✓	✓	✓	✓	✓	✓					
LUCAS, Marvin – Vice Chair	✓	✓			✓	✓	✓	✓	✓	✓	✓				
PARMON, Earline- Vice Chair	✓	✓				✓	✓			✓	✓				
TARLETON, Cullie- Vice Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
BLACKWELL, Hugh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
HILTON, Mark	✓		✓		✓	✓	✓	✓	✓	v	✓	✓			
HOLLOWAY, Bryan							✓	✓			✓	✓			
WILEY, Laura	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓			
YONGUE, Doug											✓				
TOLSON, Joe											✓				
STAFF															
Richard Bostic															
Kristopher Nordstrom															
Brian Mattson															
Andrea Poole															
James Robinson															

February 19, 2009

NOTICE OF MEETING

TO: Members, **Joint House and Senate Appropriations Subcommittee on Education**

FROM: Rep. Rick Glazier, Co-Chair
Rep. Marian McLawhorn, Co-Chair
Rep. Ray Rapp, Co-Chair
Sen. Vernon Malone, Co-Chair
Sen. Richard Stevens, Co-Chair

SUBJECT: **Meeting Schedule February 24, 25, 26, 2009**

The **Joint House and Senate Appropriations Subcommittee on Education** will meet on Thursday, February 24 at 8:30 AM.

DAY/DATE:	Tues., 02-24-09	TIME:	8:30 a.m.	Federal Stimulus
	Wed., 02-25-09	TIME	9:00 a.m.	Community Coll.
	Thurs., 02-26-09	TIME	8:30 a.m.	D.P.I.
LOCATION:	421 L0B			

Please advise Carin Savel, Committee Assistant, at (919) 733-5601 or e-mail glazierla@ncleg.net if you will be unable to attend.

Posted: February 19, 2009

cc: Committee X
Record
Interested Parties X

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Tuesday, February 24, 2009, 8:30a.m.

The House Appropriations Subcommittee on Education/Higher Education met jointly with the Senate Appropriations Subcommittee on Education in Room 544 of the Legislative Building at 8:35a.m. Representative Rick Glazier, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley. The following Senate members were present: Senators Malone and Stevens, Co-Chairs, Senators Foriest, Graham, Queen, Hartsell, Preston, Tillman, and Vaughan. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted the meeting.

The Chair recognized the following Chairs of the House and Senate Appropriations Committees who were present: Representatives Yongue, Tolson, Crawford, Haire, Adams, Jeffus, M. Alexander; Senators Swindell, Culbertson, Garrou, Dannelly and Rand.

The Chair welcome everyone and introduced all members of the committee, staff, and Fiscal Research Division who attended and assisted the meeting.

The Chair offered a draft schedule of future meetings (see **ATTACHMENT #1**).

The Chair recognized **Kristopher Nordstrom**, Staff Member with the Legislative Fiscal Research Division, to give an overview of the Federal Stimulus Bill and the Education Budget (see **ATTACHMENT #2**). The overview addressed K-12 education issues:

- Stabilization Fund
    - Cuts
    - Stabilization
    - Middle-of-the-road scenario
    - High needs
- Stimulus for Public Schools
    - Title I
    - IDEA Part B,
    - IDEA Part B Pre-school
    - Homeless Assistance

The Chair requested newer IDEA statistics, if they are available, from Fiscal staff.

The Chair recognized **Richard Bostic**, Staff Member with the Legislative Fiscal Research Division, to give an overview of the part of the Federal Stimulus Bill and the Education Budget that addressed Higher Education issues. The review included:

- Pell Grants
- Federal Work Study
- American Opportunity Tax Credit
- Federal Research Grants
- Workforce Employment and Training

Throughout the presentation, there were questions and discussion. With there being no further business, the meeting adjourned at 9:40 a.m.

Respectfully submitted,

Representative Rick Glazier

Carin Savel, Committee Assistant

Attachment #1

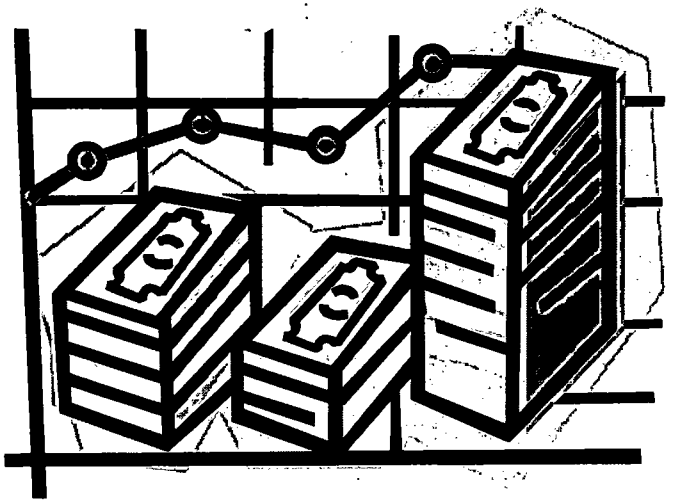
March 2009

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 University of North Carolina/Private Colleges Update	4 Pre-K Programs	5 Financial Aid/Escheats Fund	6	7
8	9	10 Enrollment/ADM Growth	11 Public School Funding Overview	12 Tuition & Fees	13	14
15	16	17 OSBM Budget	18 Military Business Center Continuation Review/PEP	19 Professional Development/ABC Bonus/ Fund 1 LEA per County	20	21
22	23	24 Community College Special Programs	25 Review of All New Programs started in last 2 biennia	26 TBD	27	28
29	30	31				

February 2009

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24 Federal Stimulus Overview	25 Community College Update	26 Department of Public Instruction Update	27	28

Federal Stimulus Bill and the Education Budget



Kristopher Nordstrom and Richard Bostic
Fiscal Research Division

February 24, 2009

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Attachment #2

Fiscal Research Website

This presentation will be made available at the FRD website:

http://www.ncleg.net/fiscalresearch/topics_of_interest/topics.shtml

Agenda

I. Funds available to public schools *and* higher education (Fiscal Stabilization Fund)

II. Public schools
- Grants to categorical programs
- Competitive grants

III. Higher education
- Grants to categorical programs
- Competitive grants

Funds Available to Public Schools and Higher Education

Fiscal Stabilization Fund

Overview

- Up to $1.4 billion available over 2-year period
- **If** all directed to education, **could potentially** increase budget by 6.1%
- Likely usage:
  - Reduce State funding for education some amount
  - Use Fiscal Stabilization money to partially restore cuts in State funding
- Big question: who will determine how to use?
- Will it be used to meet current FY shortfall?

Fiscal Stabilization Fund

Estimated Impact for North Carolina

	Distributed July 1, 2009	Distributed July 1, 2010
Fiscal Stabilization - Education (81%)	$1,161,931,564	$0
Fiscal Stabilization - Other (19%)	$258,522,671	$0
Total	**$1,420,454,235**	**$0**

Source: US Department of Education

Fiscal Stabilization Fund – Education ($1.6 billion)

Eligibility Requirements for Funds

- Maintenance of effort
- Teacher effectiveness
- P-16 data system
- Standards and assessment plan

Fiscal Stabilization Fund – Education ($1.6 billion)

Eligibility Requirements for Funds - MOE

- State must fund education at 05-06 levels

	2005-06	2008-09	Dollar Change	Percent Change
Public Schools	$6,721,053,466	$7,993,668,839	($1,272,615,373)	-15.92%
Higher Education	$2,944,230,938	$3,717,393,059	($773,162,121)	-20.80%
TOTAL	**$9,665,284,404**	**$11,711,061,898**	**($2,045,777,494)**	**-17.47%**

Note: Numbers are for illustrative purposes only. Final numbers pending Dept. of Ed. guidelines.
Source: OSBM 2008-2009 Post-Legislative Summary, Appendix Table 10.

- Could cut State support for public schools by 15.92% and still qualify
- Could cut State support for higher education by 20.80% and still qualify

Fiscal Stabilization Fund – Education ($1.6 billion)

Eligibility Requirements for Funds - Other

- Teacher effectiveness:
  - Address inequities between the distribution of teachers between high-poverty and low-poverty schools
- P-16 data system:
  - Establish a longitudinal data system
- Standards and assessment plan:
  - Comply with ESEA provisions related to assessments for CWD and LEP students

Fiscal Stabilization Fund – Education ($1.6 billion)

Required Expenditures of Funds

- Restore public schools **and** higher education budgets to FY 2008-09 levels
  - **Shortfall remains**: "allocate funds between K-12 and higher education relative to the state shortfall"
  - **Excess funds**: allocate to LEAs based on Title I headcount
- Can be used for operations **or** capital
- Higher education should mitigate need to raise tuition for in-state students

Fiscal Stabilization Fund – Education ($1.6 billion)

Example – Worst Case Scenario

- Cut State support to 05-06 levels
- Use Fiscal Stabilization to restore cuts to extent possible

	2008-09	2009-10 (pre-stimulus)	Stabilization Money	2009-10 (post-stimulus)
Public Schools	$7,993,668,839	$6,721,053,466	$403,992,466	$7,125,045,932
Higher Education	$3,717,393,059	$2,944,230,938	$176,973,316	$3,121,204,254
TOTAL	**$11,711,061,898**	**$9,665,284,404**	**$580,965,782**	**$10,246,250,186**

Note: Numbers are for illustrative purposes only. Final numbers pending Dept. of Ed. guidelines.
Source: OSBM 2008-2009 Post-Legislative Summary, Appendix Table 10.

- Total net education cut $1.5 billion (12.5%)
  - Public schools: $869 million (10.9%)
  - Higher education: $596 million (16.0%)

Fiscal Stabilization Fund – Education ($1.6 billion)

Example – Best Case Scenario

- State support stays at 08-09 levels
- Use Fiscal Stabilization to expand existing funding

	2008-09	2009-10 (pre-stimulus)	Stabilization Money	2009-10 (post-stimulus)
Public Schools	$7,993,668,839	$7,993,668,839	$580,965,782	$8,574,634,621
Higher Education	$3,717,393,059	$3,717,393,059	$0	$3,717,393,059
TOTAL	**$11,711,061,898**	**$11,711,061,898**	**$580,965,782**	**$12,292,027,680**

Note: Numbers are for illustrative purposes only. Final numbers pending Dept. of Ed. guidelines.
Source: OSBM 2008-2009 Post-Legislative Summary, Appendix Table 10.

- Excess must go to LEAs based on Title I headcount
- Public schools increase $581 million (7.3%)

Fiscal Stabilization Fund – Education ($1.6 billion)

Example – "Middle-of-the Road" Scenario

- State support falls 8%
- Use Fiscal Stabilization partially restore cuts

	2008-09	2009-10 (pre-stimulus)	Stabilization Money	2009-10 (post-stimulus)
Public Schools	$7,993,668,839	$7,354,175,332	$396,552,261	$7,750,727,592
Higher Education	$3,717,393,059	$3,420,001,614	$184,413,522	$3,604,415,136
TOTAL	**$11,711,061,898**	**$10,774,176,946**	**$580,965,782**	**$11,355,142,728**

Note: Numbers are for illustrative purposes only. Final numbers pending Dept. of Ed. guidelines.
Source: OSBM 2008-2009 Post-Legislative Summary, Appendix Table 10.

- Net cut of 3.0% for public schools and higher education

Fiscal Stabilization Fund – Other ($258.5 million)

Flexible Funds for Any State Agency

- Can be used for **any** State agency
- Could be used to increase education budget up to 1.1%

Fiscal Stabilization Fund

Overview

- Up to $1.4 billion available over 2-year period
- **If** all directed to education, **could potentially** increase budget by 6.1%
- Likely usage:
  - Reduce State funding for education some amount
  - Use Fiscal Stabilization money to partially restore cuts in State funding
- Big question: who will determine how to use?

Stimulus for Public Schools Categorical Programs

Stimulus for Public Schools

Overview

- Expands existing federal categorical funds in North Carolina by $300 million annually
  - Awaiting U.S. Department of Education guidelines
  - Might allow re-purposing of State funds to varying degrees
- Nationally, up to $6.1 billion of competitive funds
- LEA access to interest-free school construction bonds

Stimulus for Public Schools

Categorical Funds

	Distributed July 1, 2009	Distributed July 1, 2010
Title I	$128,728,180	$128,728,180
IDEA - Part B	$157,205,020	$157,205,020
IDEA - Part B (Preschool)	$6,035,571	$6,035,571
Education Technology	$8,179,529	$8,179,529
Homeless Assistance	$645,000	$645,000
Total	**$300,793,299**	**$300,793,299**

Source: US Department of Education, FFIS

Stimulus for Public Schools

Categorical Funds – Title I

- Expands existing Title I funding by 34%

Title I

2008-09	2009-10 (est.)	2010-11 (est.)
$377,920,948	$506,649,128	$506,649,128

- **Purpose** – supplements State and local funding for low-achieving & high-poverty children
- **Distribution** of stimulus money:
  - 38% Targeted Grants
  - 38% Concentrated Grants
  - 23% School Improvement

Stimulus for Public Schools

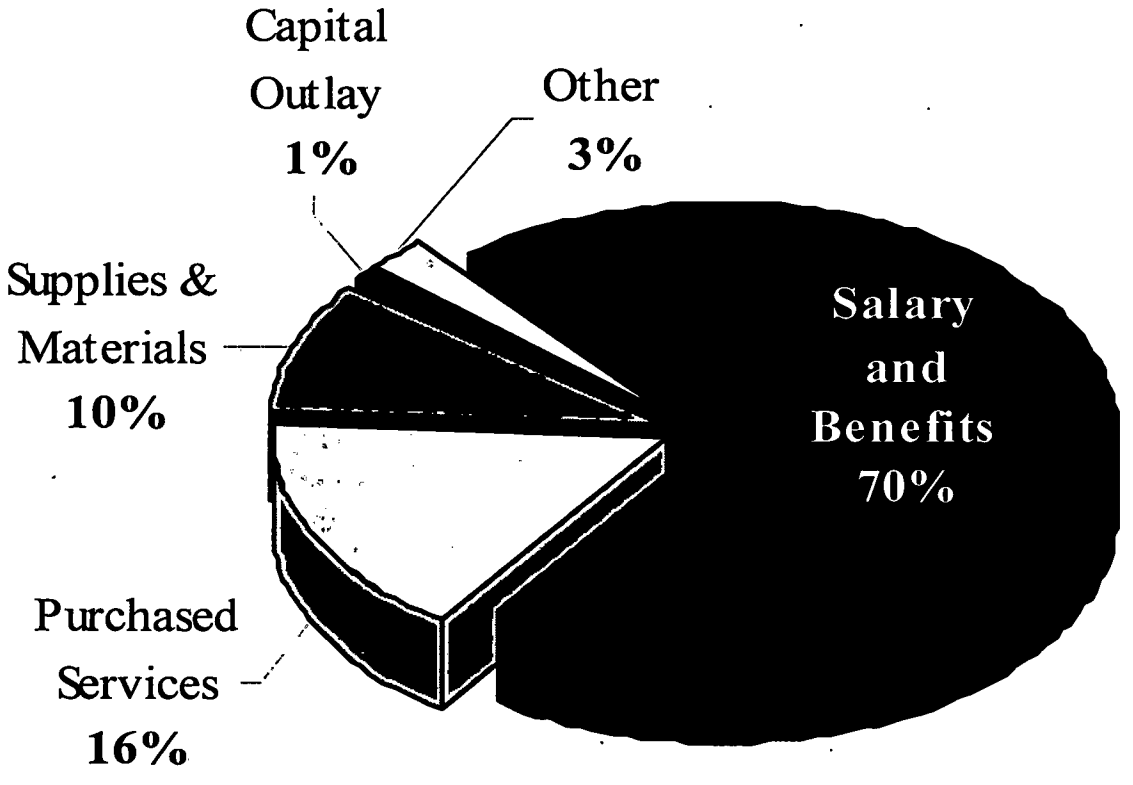
Categorical Funds – Title I

- **Targeted Grants** – allotted to LEAs with at least 5% eligible students based on weighted child headcount
- **Concentrated Grants** – allotted to LEAs with more than 6,500 eligible, or 15% of total population
- **School Improvement** – allotted to schools identified for corrective action
- **Maintenance of Effort** – Total State and local expenditures for education cannot be less than 90% of prior year expenditures

Stimulus for Public Schools

Categorical Funds – Title I

Expenditures FY 2007-08
($286,434,986)



Stimulus for Public Schools

Categorical Funds – IDEA

- Expands existing IDEA funding by 59%

IDEA

	2008-09	2009-10 (est.)	2010-11 (est.)
IDEA	$269,006,197	$426,211,217	$426,211,217
IDEA - Preschool	$8,315,122	$14,350,693	$14,350,693

- **Purpose** – meet the educational needs and other related services for children with disabilities

Stimulus for Public Schools

Categorical Funds – IDEA

- **Eligibility** – all LEAs receive IDEA funds based on number of children identified as handicapped
  - LEAs must submit application to State and get approval prior to receiving funds

- **Formula** (regular and pre-school)
  - Base allocation: 75% of December 1998 allocation
  - Of remaining funds:
    - 85% based on total ADM
    - 15% based on Title I headcount

Stimulus for Public Schools

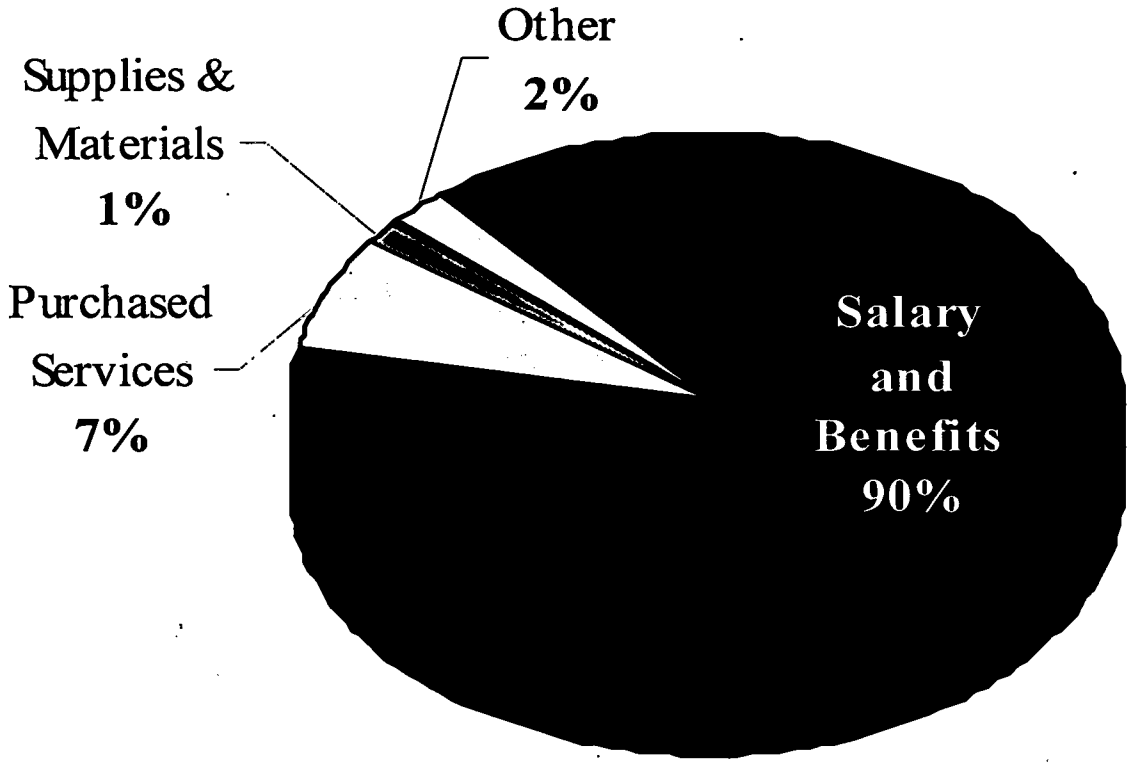
Categorical Funds – IDEA

- **Maintenance of Effort** – Total State and local expenditures for special education and related services cannot be less than prior year expenditures

Stimulus for Public Schools

Categorical Funds – IDEA

Expenditures FY 2007-08
($309,040,840)



Stimulus for Public Schools

Categorical Funds – Education Technology

- Expands existing Education Technology funding by 127%

Education Technology

2008-09	2009-10 (est.)	2010-11 (est.)
$6,420,996	$14,600,525	$14,600,525

- **Purpose** – support the integration of educational technology into classrooms

Stimulus for Public Schools

Categorical Funds – Education Technology

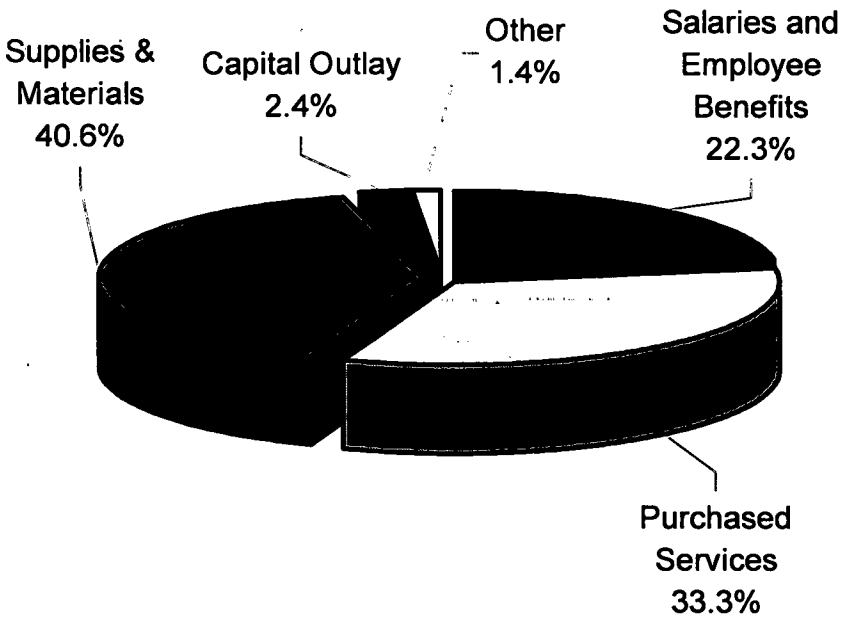
- **Eligibility** – all LEAs receiving Title I funds are eligible
- **Formula**
  - 50% allocated based on an LEA's proportional share of Title I funds
  - 50% competitive
  - For 09-10 State can make 100% competitive

Stimulus for Public Schools

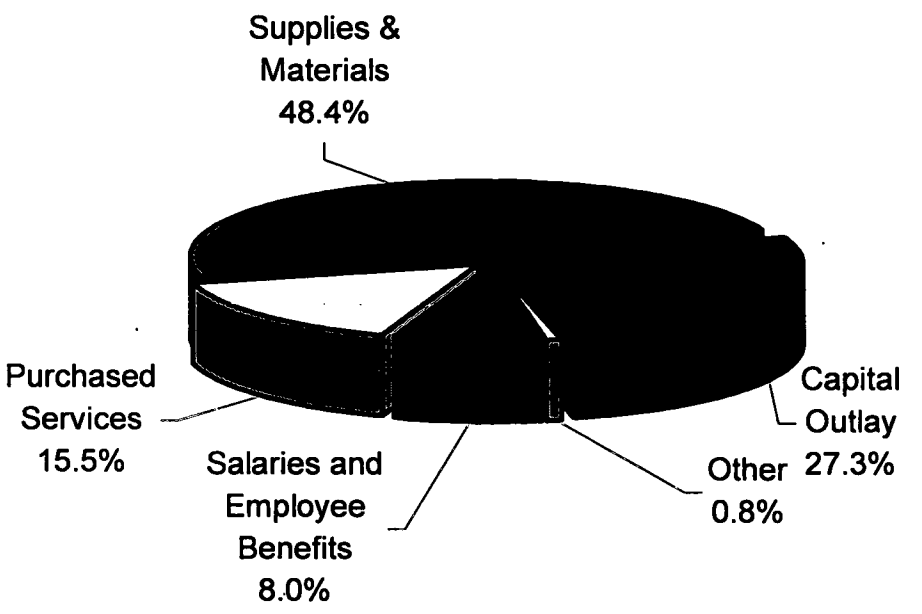
Categorical Funds – Education Technology

Expenditures FY 2007-08
($8,149,143)

Formula



Competitive



Stimulus for Public Schools

Categorical Funds – Homeless Assistance

- Expands existing McKinney-Vento Homeless Assistance funding by 51%

Homeless Assistance

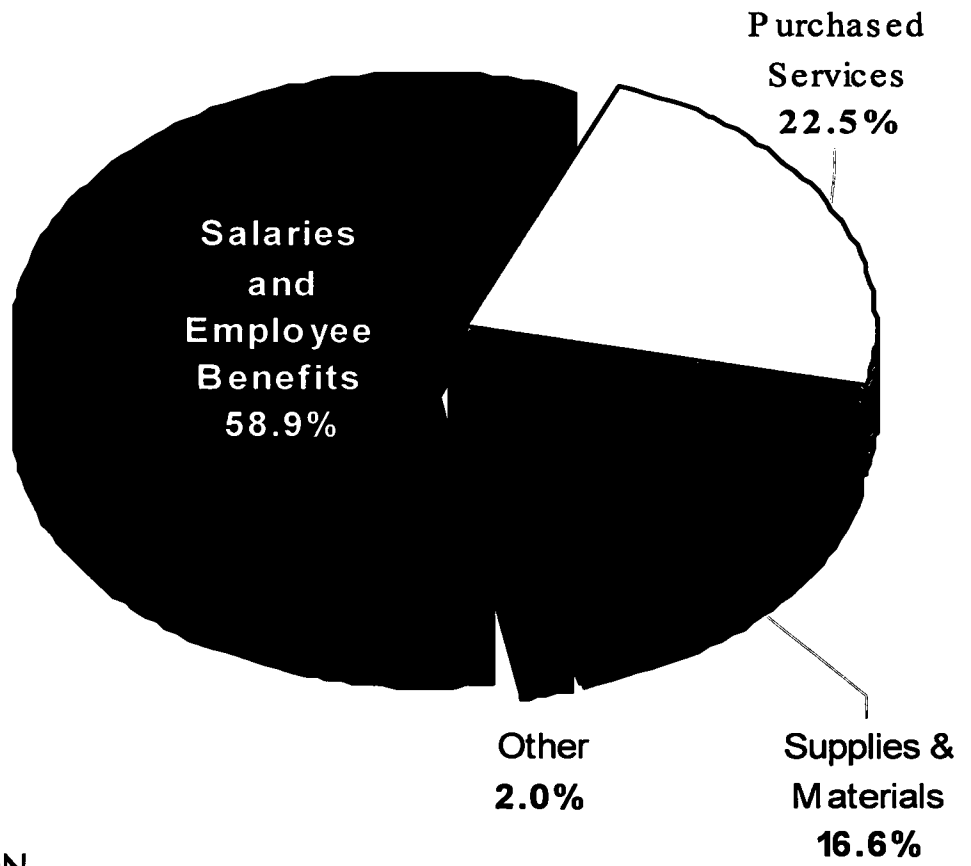
2008-09	2009-10 (est.)	2010-11 (est.)
$1,264,090	$1,909,090	$1,909,090

- **Purpose** – meet the educational and related needs of homeless students
- **Eligibility** – all LEAs with 1 or more homeless students

Stimulus for Public Schools

Categorical Funds – Homeless Assistance

Expenditures FY 2007-08
($974,836)



Stimulus for Public Schools

Competitive Funds

- Amounts below available to **all** states

	Competitive Funds
State Incentive Fund	$5,000,000,000
Innovation Fund	$650,000,000
Teacher Incentive Fund	$200,000,000
Statewide Data Systems	$250,000,000
Total	**$6,100,000,000**

Stimulus for Public Schools

Competitive Funds

- **State Incentive Fund ($5bn)** – available to states with strategies to help struggling students close the achievement gap
- **Innovation Fund ($650m)** – recognize LEAs or schools closing the achievement gap
- **Teacher Incentive Fund ($200m)** – states and LEAs with innovative principal and teacher compensation models
- **Statewide Data Systems ($250m)** – grants to help states develop statewide longitudinal data systems

Stimulus for Public Schools

School Construction Bonds

Qualified Zone Academy Bonds (QZABs)

- What are QZABs?
  - Bond holder gets Federal tax credit in lieu of interest payments
  - Issuer repays only principal to Federal government
- Increase in nationally available bond allocations

2008-09	2009-10 (est.)	2010-11 (est.)
$400,000,000	$1,400,000,000	$1,400,000,000

- **Eligibility**: 35% free or reduced lunch, or located in federal empowerment zone/enterprise community

Stimulus for Public Schools

School Construction Bonds

Qualified School Construction Bonds

- New program - $22bn of bonds over next 2 years
- Mechanics are same as QZABs
- Est. NC availability - $551 million over 2 years

2008-09	2009-10 (est.)	2010-11 (est.)
$0	$275,500,000	$275,500,000

- 60% - distributed to SEAs
- 40% - distributed to large LEAs
  - 7 LEAs in NC meet criteria of 40% pot

Stimulus for Higher Education

Stimulus for Higher Education

Pell Grants

- $187.6 million additional funds **to NC**
- 73,370 Community Colleges (CC) students and 45,100 UNC students received Pell grants in FY 06-07
- Based on current distribution:
  - CC students may receive $91.3 million (48.7%)
  - UNC students may receive $66.5 million (35.4%)

Stimulus for Higher Education

Federal Work Study

- $4.8 million additional funds **to NC**
- 2,524 CC students and 5,410 UNC students received work study assistance in FY 06-07
- Based on current distribution:
  - CC students may receive $771,600 (16.2%)
  - UNC student may receive $1.4 million (29%)

Stimulus for Higher Education

American Opportunity Tax Credit

- 2009 and 2010 Tax Years
- Tax credit for tuition and related expenses
- 100% of first $2,000 and 25% of next $2,000
- 40% of credit refundable
- $160,000 Joint / $80,000 Head of Household

Stimulus for Higher Education

Federal Research Grants

- National Institutes of Health
- National Science Foundation
- Department of Energy
- National Aeronautics and Space Administration
- National Oceanic and Atmospheric Administration
- Department of Defense Energy Research

Stimulus for Higher Education

Federal Research Grants (FY 2007-08)

- Total UNC system = $735.5 million
  - National Institutes of Health = $399.8 million
  - National Science Foundation = $88 million
  - Department of Defense = $40.2 million
  - Department of Energy = $15.3 million

Stimulus for Higher Education

Workforce Employment and Training

- $3.95 billion for formula states to provide for employment and training programs under the Workforce Investment Act (WIA) of 1998, including:
  - $2.95 billion in formula grants to the states
  - $1 billion in discretionary funding for competitive grants to states in the three following programs
- The CC System currently receives about 1% of the State's WIA allocation ($1.1 million).

Questions?

House Pages

Approp. on Ed

Name Of Committee: _____ Date: 2-24-09

1. Name: Sarah Crews
   County: Granville
   Sponsor: Crawford
2. Name: Brooke Batchelor
   County: Guilford
   Sponsor: Blust
3. Name: James Compton
   County: Wake
   Sponsor: Stevens
4. Name: Alaina Doyle
   County: Wake
   Sponsor: Stevens
5. Name: Austin Hunter
   County: Wake
   Sponsor: Stevens

HOUSE

Sgt-At-Arms

1. Name: Charles Williams
2. Name: Earl Coker
3. Name: _____
4. Name: _____

SENATE

Curtis Dowd
Wade Anders
Richard Telfair

VISITOR REGISTRATION SHEET

JT. Agric. - Sub - Comm - Education 2-24-09

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID BARNES	Poyner Spruill
Rick Zechini	NC Assn. of Realtors
John Mobley	Governor's
Deyonna Bynum	SPA

VISITOR REGISTRATION SHEET

2-24-09

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Minard	State Bd of Ed
Susan Hanson	WCPSS
Jim Stegall	U.C.P.S.
Katherine Joyce	NCASA
Pamela Schare	NCASA
Emily Doyle	NCPAPA
Tim McDowell	NCICU
ANN LORE	DUKE
J. Ann Morris	Public School Forum
Joyce Wallace	OSBM
Elizabeth Brownstein	OSBM
Caroline McCullen	SAS

VISITOR REGISTRATION SHEET

2-24-09

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Pam Leamon	OSBM
Ashley Perkinson	Everett Gaskins Hancock & Stevens
Linda Hayes	Ed. Consultant
Carolyn McKinney	NCPTSC
Jessica Civay	VIF Program
Del P Maynard	GSM - Assoc.
Patrick Buffkin	NMRS
Matt Harrell	TPG
Evelyn Hawthorne	PENC; CSNC
Whitney Stanfield	GSK

VISITOR REGISTRATION SHEET

2-24-09

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Norma Houston	UNC General Administration
Annette Newkirk	Governor's Office
Brittany Farrell	NCFPC
Melissa Trask	NCACC
Ana McArthur	Governor's Office
Cecil Bah	NCAE
Erin Schuettpelz	UNC
Norma Houston	UNC
Philip Rogers	ECU
Bob Luebke	C.I.
Julia Kron	NCTA

VISITOR REGISTRATION SHEET

2-24-09

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	DPT
[signature]	DPI
Steve Tedesco	Budget & Tax Group
Jennifer Willis	NCCCS
ALISON MCEVOY	NCCIU
Ren Bryan	NCTA
Brian Hunter	N.C.B.A.
BRIAN LEWIS	NCAE
Chris Fitzsimon	NCPW
Molly Griffin	Charlotte-Mecklenburg School Bd

VISITOR REGISTRATION SHEET

2-24-09

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
TRENT MERCHANT	CHARLOTTE MECKLENBURG SCHOOLS
MICHAEL HUTSON	MWC
Ivan Hooper	Everett Gaskins

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, February 25, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Senator Vernon Malone, Presiding

I. Welcome

Senator Vernon Malone

II. Community College System Update

President Scott Ralls

III. Committee Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Senate Appropriations on Education/ Higher Education
Sen. Malone (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Graham (Vice Chair)
Sen. Queen (Vice Chair)
Sen. Davis, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
Wednesday, February 25, 2009, 8:30 A.M.
Room 421, Legislative Office Building

MINUTES

The Joint Legislative Subcommittee on Education/Higher Education met on Wednesday, February 25, 2009 at 8:30 AM in room 421 of the Legislative Office Building. The following members were present: Co-chairs Senator Malone and Senator Stevens; Senators Hartsell, Queen, Vaughan, Davis, Tillman, and Preston, Co-Chairs McLawhorn, Rapp and Glazier; Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley and staff members Richard Bostic, Brian Matteson, Andrea Poole, Kris Nordstrom, Shirley Iroiro, Drupti Chauhan, and Kara McCraw were also present. The agenda (Attachment 1) and visitor registration sheet (Attachment 2) are attached.

Senator Malone called the meeting to order at 8:30 a.m. Senator Malone welcomed members, guests and recognized pages and sergeant-at-arms staff.

Senator Malone introduced President Scott Ralls to make a presentation to update members of the committee on the Community College System. President Ralls gave a brief overview of budget priorities set by the NC Community College system (Attachment 3). President Ralls highlighted on faculty and staff salaries, technology and equipment, healthcare, technical education and funding request. President Ralls requested funding in the amount of;

- $119 million over four years to bring faculty and staff salaries to the national average by 2013
- $20 million additional in recurring funding over fours for technology and equipment
- $37 million over four years for healthcare education; which helps address the growing need of keeping trained health professionals
- $18 million recurring funds over fours years for technical education; careers such as transportation; engineering, industrial and construction and;
- $7 million in additional recurring funds over four years for Customized Training programs

Questions by committee members were asked and answered.

With no further discussion, meeting adjourned at 9:30 a.m.

Senator Vernon Malone, Co-Chairman

Bonnie McNeil, Committee Clerk

Attachment 1

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, February 25, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Senator Vernon Malone, Presiding

I. Welcome

Senator Vernon Malone

II. Community College System Update

President Scott Ralls

III. Committee Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Senate Appropriations on Education/ Higher Education
Sen. Malone (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Graham (Vice Chair)
Sen. Queen (Vice Chair)
Sen. Davis, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

Attachment 3

CreatingSuccess

NC Community Colleges

Hope • Opportunity • Jobs

$1,000 per Student over 4 years

What will it take to help North Carolina's students, citizens, communities and businesses succeed in the future? A strong educational system, solid post-secondary opportunities, thriving businesses and growing communities that meet citizen needs. NC Community Colleges are requesting an additional **$1,000 per student over the next four years** to continue the major role we play in building that success.

Creating Success for North Carolina's Students

Faculty and Staff Salaries

- Our students need high-quality faculty and staff to be well prepared in the workplace. In 2004, the General Assembly set a goal to have our community college faculty pay on par with the national average by 2009. Currently we are ranked 40th out of 49 states with community colleges, and our average salary ($46,224) is 79% of the national average ($58,525).
- **Funding Request:** $119 million over four years to bring our faculty and staff salaries to the national average by 2013.

Technology and Equipment

- The world runs on technology, and today's generation begins using technology during their preschool years. Our colleges' technology and equipment must maintain a basic standard or our students' learning and job opportunities will suffer. Just to replace and maintain our basic technology and equipment every 6 or 7 years will require $50 million. It's not cutting edge but, when combined with funding based on enrollment growth, will help keep us on pace with our students' needs.
- **Funding Request:** $20 million additional in recurring funds over four years

Creating Success in Critical Careers

Healthcare

- From 1999-2005, North Carolina experienced a .2% growth in total employment but in healthcare-related jobs, that growth was 45.8%. Eight of the 10 fastest growing occupations in our State are healthcare professions.
- According to NC Center for Nursing, our State currently needs 7,000 more RNs than we can produce. By 2015 that shortage is expected to be nearly 20,000 and by 2020, it could exceed 32,000.
- Approximately 85% of workers enrolled in healthcare education programs are trained through our community colleges, with most professions retaining 75% of those students within our State after graduation. Nine out of 10 nurses educated here stay here. In all health professions, most students remain near their home community when they enter the workforce, which helps to address the growing need of keeping trained health professionals in our rural areas.
- **Funding Request:** $37 million additional in recurring funds over four years

Technical Education

- Careers in transportation, engineering, industrial, and construction fields are in high demand among North Carolina's businesses but have low student interest. A decrease in enrollment has caused the termination of 36 more technical education programs than have been started since 2002. Consider that many of these areas, traditionally male-dominated, are competing for interest in a student population that is 63% female. We must re-energize student interest in these fields.
- **Funding Request:** $18 million in additional recurring funds over four years

Creating Success for North Carolina's Businesses

- Our Customized Training programs have been the crown jewel in North Carolina's economic development efforts for 50 years. We have trained employees for companies from Manteo to Murphy, covering all major sectors in our economy. During 2006-07, more than 200 new and expanding industries used our services to meet their worker training needs. Having gone more than a decade without a funding increase, our ability to meet these business needs is in jeopardy.
- **Funding Request:** $7 million in additional recurring funds over four years

Total: $1,000 x 201,000 FTE students = $201 million over four years

CreatingSuccess

NC Community Colleges

Hope • Opportunity • Jobs

North Carolina Community Colleges
Budget Priorities 2009-2011

Across North Carolina, the economy is the number one topic. At the North Carolina Community Colleges, we know that, like all of state government, our educational system will undoubtedly face budget reductions – permanent budget reductions. For us, maintaining our fundamental mission of **adult education and workforce training is our number one priority**. We are at a crossroad. Our community colleges can't continue to keep up with demand, keep doing what we are being asked to do and keep doing it with fewer resources. Therefore, we have established **three budget priorities that are also areas to protect from budget reductions.**

Budget Priorities and Areas to Protect from Budget Reductions

1. **Maintain per student funding** – Reductions to per student funding **affect all colleges, all programs and all full-time students across North Carolina** as per student funding supports our student needs as well as our faculty and staff salaries.
    a. Faculty and staff are **only paid 79 percent of the national average** now.
    b. Per student funding **reductions mean cutting both the quality in and quantity of our classrooms** when North Carolinians and North Carolina's economy need us most.
    c. **Per student funding cuts compound over time and erode colleges' ability to train for today's job opportunities.** Since 2001, our per student funding has been reduced by $39.6 million, and that reduction compounded has cost our colleges an additional $13.9 million, giving them fewer resources to meet the increased demands of the 21st century workplace.
    d. **Economic distress means more part-time students**, generating fewer per student funding resources while demanding the same or increased amount of student services such as financial aid and student advising.

2. **Hold on to already limited equipment and technology funds** – Our current equipment funding enables us to **replace our equipment and technology once every decade.** That is, if we could purchase it for the prices offered 10 years ago. Consider the computer you used 10 years ago. **Can our students be ready for 21st century jobs learning on outdated, outmoded equipment and technology?**

3. **Jumpstart jobs through healthcare and technical education programs** – Our community colleges can have the **greatest impact on job recovery by enhancing and expanding our healthcare and technical education programs.** To accomplish this, our colleges need more resources for healthcare programs that cost 50 percent more and for technical education training that requires expensive equipment. We need weighted funding for these programs. One way to help North Carolina now and post-recession is to move students from classrooms into vacant, high-demand jobs.

VISITOR REGISTRATION SHEET

J' APPR. ED. 2/25/09

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jay Schalin	Pope Center
Juliana Proctor	Sen Nesbitt
Karen Gaul	NC Bd for Prof Teaching Standards
Carolyn McKinney	NCPTSC
Chris Minard	State Bd of Ed
Allison Anderson	DPI
Emily Ponce	NCPAPA
Gene Causby	NCSCA
	NCICU
	NCBCE

VISITOR REGISTRATION SHEET

2-25-09

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
C. Brockett	ncsba
Brittany Farrell	NCFPC
Mallory Hatcher	McGuireWoods Consulting
Brenda Rogers	Durham Tech Community College
[illegible]	Public School Forum
Rob Nelson	LINC

VISITOR REGISTRATION SHEET

JT. APPR. ED. 02/25/09

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Donny Hunter	NCACCT
Leslie Weir	NC Community Colleges
Jennifer Haygood	"
Kenan Briggs	NCCCS
Brad Lenin	NCAE

VISITOR REGISTRATION SHEET

UT. APPR. ED. — 02/25/09

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tony Johnson	NC REAL 3739 NATIONAL DRIVE RALEIGH, NC 27612
Anna Koltchagova	NC REAL 3739 National Dr, Suite 110 Raleigh, NC 27612
Stephen Bowens	BMLS 1117 Hillsborough St Raleigh, NC 27603
Anita Watkins	VNC GA
Erin Schuettpelz	UNC
Stella Higgins	NCCU
Kwin Howell	NCSU
Josh Ellis	State Government Radio
Steve Scott	WAKE TECH
Jenni Arwillis	NCCCS
Paul Hasleman	Fullerton

House Pages

Approp Ed

Name Of Committee: _____ Date: 2-25-09

1. Name: Saran Crews
   County: Granville
   Sponsor: Crawford
2. Name: Brooke Batchelor
   County: Guilford
   Sponsor: Blust

Senate Pages

1. Name: Fred Irving
   County: Cabarrus
   Sponsor: Hartsell (Senator)
4. Name: Fahim Ladhi
   County: Cumberland
   Sponsor: Sen. Shaw
5. Name: Lauren Frederick
   County: Wake
   Sponsor: Sen. Malone

House Sgt-At-Arms

1. Name: Charles Williams
2. Name: Earl Coker
3. Name: _____
4. Name: _____

Senate

Wade Andrews
Curtis Dowd

CORRECTION--- PLEASE NOTE TIME CHANGES

February 19, 2009

NOTICE OF MEETING

TO: Members, **Joint House and Senate Appropriations Subcommittee on Education**

FROM: Rep. Rick Glazier, Co-Chair
Rep. Marian McLawhorn, Co-Chair
Rep. Ray Rapp, Co-Chair
Sen. Vernon Malone, Co-Chair
Sen. Richard Stevens, Co-Chair

SUBJECT: **Meeting Schedule February 24, 25, 26, 2009**

The **Joint House and Senate Appropriations Subcommittee on Education** will meet on Thursday, February 24 at 8:30 AM.

DAY/DATE:	Tues., 02-24-09	TIME:	8:30 a.m.	Federal Stimulus
	Wed., 02-25-09	TIME	**8:30** a.m.	Community Coll.
	Thurs., 02-26-09	TIME	**9:00** a.m.	D.P.I.
LOCATION:	421 L0B			

Please advise Carin Savel, Committee Assistant, at (919) 733-5601 or e-mail glazierla@ncleg.net if you will be unable to attend.

Posted: February 19, 2009

cc: Committee X
Record ___
Interested Parties X

Joint Appropriations Subcommittee on Education

Agenda

Thursday, February 26, 2009, 9:00 A.M.
Room 421, Legislative Office Building
Representative Marian McLawhorn, Presiding

I. Welcome

Representative Marian McLawhorn

II. Public Schools Update

Dr. William Harrison

III. Committee Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Senate Appropriations on Education/ Higher Education
Sen. Malone (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Graham (Vice Chair)
Sen. Queen (Vice Chair)
Sen. Davis, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Thursday, February 26, 2009, 9:00a.m.

The House Appropriations Subcommittee on Education/Higher Education met jointly with the Senate Appropriations Subcommittee on Education in Room 421 of the Legislative Building on Thursday, February 26, 2009 at 9:00a.m. Representative Marian McLawhorn, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Vice-Chairs, Representatives Blackwell, Hilton and Wiley. The following Senate members were present: Senators Malone and Stevens, Co-Chairs, Senators Queen, Hartsell, Preston, Tillman, and Vaughan. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages, Sergeant at Arms, and staff who attended and assisted the meeting.

The Chair recognized **Dr. William Harrison**, proposed Chair of the State Board of Education and CEO of the North Carolina Department of Public Instruction to give the committee an update on the North Carolina Public School System (See Attachment #1 for Dr. Harrison's comments).

The Chair recognized **Dr. Phillip Price**, Associate State Superintendent for Financial and Business Services, to give an overview on the reduction notification timeline and sources of the reductions including required reversion from LEAs (See Attachment #2).

Throughout the presentation, there were questions and discussion. With there being no further business, the meeting adjourned at 9:50 a.m.

Respectfully submitted,

Marian McLawhorn
Representative Marian McLawhorn

Susan Burleson
Susan Burleson, Committee Assistant

Attachment 1

I am well aware of the economic conditions facing all of us and know we are here to discuss how we will address those challenges.

Before we get into that specifically, I would like to mention a few things we ~~need to do~~ all need to keep in mind

I am excited about the opportunity that Governor Perdue has given me to help shape our public schools for the future. While the future presents greater economic challenges than we've ever faced, we cannot short change our students as we prepare them for the future.

Our accountability system served us well for many years. Times have changed and the global economy requires higher standards and expectations for students. It's time to take a hard look at our system and rethink how we provide teachers the information needed to make better decisions to serve all of our students all of the time. We owe it to our public and more importantly to our children.

As a society, we cannot afford to have students dropping out of school. We have to continue to support pre-school programs to ensure students get off to a good start and continue to expand Learn and Earn type programs to meet the needs of high school aged students. We have to connect with our students at all levels and engage them. Technology can do that. We need to continue to support the NC Virtual Public School. Watching our Cumberland County Schools' Web Academy grow from two courses in 1998 to the NCVPS, I am well aware of the power of online learning. While these initiatives do not come without cost, delaying the implementation of such programs is much more costly.

Attachment 1

We have schools systems that continue to struggle. We cannot ignore our districts that are in the most need of our help. We need to continue funding the plan to transform the schools that do not have the tools to build capacity. In Cumberland County we found a way to provide differentiated support to our schools based on numerous factors. A major part of that support came in the form of leadership development. I believe we can provide similar support from the state level.

Although I don't officially begin until Monday, I am learning and have had numerous conversations with people in and out of DPI. Having been a superintendent for 17 years I know what I looked for in terms of support. Over the past few weeks I have talked with numerous superintendents in formal and informal settings. I have pledged to them that we will be responsive to their needs.

I have accepted this challenge because I know we can make our public schools better. The challenge is greater due to our fiscal crises. We will work with you and Governor Perdue to balance our State's Budget. I understand the challenges at the state level and am very familiar with the challenges at the local level. My experiences in 3 very different school systems provide me with a unique understanding of the impact of state funding. I assure you that I will be straightforward with you, without exaggerating, the impact of not funding programs that are needed to provide our students a successful future.

HOKE ORANGE CCS

APPLAUD YOU. BUILDING ON TAKING A COMPREHENSIVE LOOK AT ALL FUNDING FORMULAS

(2) MORE CMS PER $ MORE

(3) WE SPEND A GREAT DEAL OF TIME TALKING ABOUT ECONOMIC DEVELOPMENT. ECONOMIC DEVELOPMENT STARTS WITH THE PUBLIC SCHOOLS. WHEN WE RECOVER FROM OUR ECONOMIC CONDITIONS, IT WILL BE BECAUSE OF THE SUCCESS OF OUR PUBLIC SCHOOLS.

Attachment 2

Public Schools of North Carolina
State Board of Education | Department of Public Instruction

FY 2008-2009 Required Reversion

Reduction Notification Timeline

9/18/2008	Notification of 1% budget reduction to Public Schools and 2% reduction to DPI	$ 78,000,000
11/4/2008	Notification of 1.5% budget reduction to Public Schools and 4% reduction to DPI	$ 117,000,000
1/15/2009	Notification of 2% budget reduction to Public Schools and 6% reduction to DPI	$ 158,948,312

Sources of Reductions

Total reduction required as of 1/15/09	$ 158,948,312 *
Sources of Reductions:	
Required Reversion from LEAs	(58,000,000)
Remainder from Agency and Other Reversions	100,948,312
10% from DPI Agency budget	(4,650,543)
School Bus Fuel	(35,000,000)
ADM Contingency Reserve	(14,000,000)
Prior Year Refunds from LEAs	(14,000,000)
Other (natural reversion)	(33,297,769)
Difference	$ -

*On 2/25/09 LEAs were notified that undistributed corporate taxes and lottery receipts deposited in the Public School Building Capital Fund for capital projects are being redirected to assist with the current budget shortfall. This amount is $43,254,092 ($37,632,989 from lottery; $5,621,104 from corporate taxes).

Required Reversion by LEA
FY 08-09

LEA No.	LEA Name	Allotment
010	Alamance Co.	(893,430)
020	Alexander Co.	(222,003)
030	Alleghany Co.	(62,291)
040	Anson Co.	(159,280)
050	Ashe Co.	(129,332)
060	Avery Co.	(87,961)
070	Beaufort Co.	(282,450)
080	Bertie Co.	(119,519)
090	Bladen Co.	(213,093)
100	Brunswick Co.	(467,243)
110	Buncombe Co.	(1,011,458)
111	Asheville City	(146,171)
120	Burke Co.	(555,401)
130	Cabarrus Co.	(1,120,929)
132	Kannapolis City	(201,593)
140	Caldwell Co.	(516,268)
150	Camden Co.	(78,109)
160	Carteret Co.	(324,841)
170	Caswell Co.	(125,054)
180	Catawba Co.	(695,017)
181	Hickory City	(186,481)
182	Newton-Conover City	(112,140)
190	Chatham Co.	(308,238)
200	Cherokee Co.	(143,502)
210	Chowan Co.	(95,458)
220	Clay Co.	(54,480)
230	Cleveland Co.	(658,160)
240	Columbus Co.	(270,439)
241	Whiteville City	(100,286)
250	New Bern Craven	(575,301)
260	Cumberland Co.	(2,072,058)
270	Currituck Co.	(159,594)
280	Dare Co.	(189,111)
290	Davidson Co.	(818,029)
291	Lexington City	(121,442)
292	Thomasville City	(102,563)
300	Davie Co.	(264,551)
310	Duplin Co.	(352,748)
320	Durham Public	(1,290,297)
330	Edgecombe Co.	(292,616)
340	Forsyth Co.	(2,032,611)
350	Franklin Co.	(338,500)
360	Gaston Co.	(1,276,559)
370	Gates Co.	(78,463)
380	Graham Co.	(47,062)
390	Granville Co.	(351,021)
400	Greene Co.	(132,119)
410	Guilford Co.	(2,834,665)
420	Halifax Co.	(178,317)
421	Roanoke Rapids City	(116,340)
422	Weldon City	(40,114)
430	Harnett Co.	(735,327)
440	Haywood Co.	(313,772)
450	Henderson Co.	(517,956)
460	Hertford Co.	(128,979)
470	Hoke Co.	(296,031)
480	Hyde Co.	(25,160)
490	Iredell Statesville	(859,400)
491	Mooresville City	(221,415)

LEA No.	LEA Name	Allotment
500	Jackson Co.	(148,172)
510	Johnston Co.	(1,236,915)
520	Jones Co.	(48,946)
530	Lee Co.	(378,576)
540	Lenoir Co.	(378,144)
550	Lincoln Co.	(484,946)
560	Macon Co.	(174,039)
570	Madison Co.	(103,701)
580	Martin Co.	(159,791)
590	McDowell Co.	(259,802)
600	Mecklenburg Co.	(5,321,841)
610	Mitchell Co.	(86,313)
620	Montgomery Co.	(174,824)
630	Moore Co.	(484,043)
640	Nash-Rocky Mount	(696,862)
650	New Hanover Co.	(944,221)
660	Northampton Co.	(107,077)
670	Onslow Co.	(941,277)
680	Orange Co.	(275,934)
681	Chapel Hill-Carrboro City	(457,902)
690	Pamlico Co.	(58,876)
700	Pasquotank Co.	(241,864)
710	Pender Co.	(320,131)
720	Perquimans Co.	(73,831)
730	Person Co.	(218,785)
740	Pitt Co.	(912,035)
750	Polk Co.	(99,344)
760	Randolph Co.	(750,949)
761	Asheboro City	(174,745)
770	Richmond Co.	(312,948)
780	Robeson Co.	(936,803)
790	Rockingham Co.	(562,545)
800	Rowan Co.	(817,637)
810	Rutherford Co.	(379,400)
820	Sampson Co.	(330,061)
821	Clinton City	(126,506)
830	Scotland Co.	(265,807)
840	Stanly Co.	(373,826)
850	Stokes Co.	(286,179)
860	Surry Co.	(342,661)
861	Elkin City	(49,417)
862	Mount Airy City	(65,588)
870	Swain Co.	(74,224)
880	Transylvania Co.	(148,447)
890	Tyrrell Co.	(22,530)
900	Union Co.	(1,546,841)
910	Vance Co.	(301,016)
920	Wake Co.	(5,478,413)
930	Warren Co.	(106,252)
940	Washington Co.	(80,307)
950	Watauga Co.	(177,414)
960	Wayne Co.	(759,977)
970	Wilkes Co.	(397,848)
980	Wilson Co.	(497,113)
990	Yadkin Co.	(239,823)
995	Yancey Co.	(98,638)
	Charter Schools	(1,405,145)
	Total	(58,000,000)

*Reduction is $39.25 per ADM.

House Pages

Name Of Committee: APPR. Ed Date: 2-26-09

1. Name: Immanuel Vinson
   County: Wake
   Sponsor: Stam
2. Name: Ethan Roper
   County: Cleveland
   Sponsor: Moore
3. Name: Fahim Lodhi
   County: Cumberland
   Sponsor: Sen. Shaw
4. Name: Fred Irving
   County: Cabarrus
   Sponsor: Hartsell
5. Name: Lauren Frederick
   County: Wake
   Sponsor: Sen. Malone

Sgt-At-Arms

House

1. Name:
2. Name: Charles Williams
3. Name: EARL COKER
4. Name:

Senate

Jon Fitchett

VISITOR REGISTRATION SHEET

Jt. Appropriations Subcommittee on Education — February 26, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Matt Howell	TPG
Ashley Parkinson	Everett Gaskins Hancock, LLP
Evelyn Hawthorne	PENC; CSNC
Carol Vandenberg	PENC
Tina Hayes	Ed consultant
Jo Anne Norris	Public School Forum
Myra Burt	Governor's Office

VISITOR REGISTRATION SHEET

Jt. Appropriations Subcommittee on Education — February 26, 2009

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.
Becki Gray	John Locke Foundation
Emily Doyle	NCPAPA
Katherine Joyce	NCASA
Leanne Winner	NCSBA
Sean Hoke	WCPSS
Karen Garr	NBPTS
Alice Garland	NCEL
Conar Brockett	NCSBA
Michael Hutson	MWC
Peggy Mayo	
Gene Causby	NCSCA
	NCICU

VISITOR REGISTRATION SHEET

Jt. Appropriations Subcommittee on Education — February 26, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rebecca Troxler	NCACC
Ann McArthur	Governor's Off.
[illegible]	NCJCDC
Brian Lewis	NCAE
Jonathan Rhyne	Intern - Rep. Rick Glazier
Luke HARRISON	Intern - Rep. Rick Glazier
Elizabeth Hoffmann	OSBM
[illegible]	OSBM
John Brim	NCVPS
BELINDA BLACK	NCDPI
Angela H. Quick	NCDPI

VISITOR REGISTRATION SHEET

Jt. Appropriations Subcommittee on Education — February 26, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID RICE	MANNING FULTON
Becky McConkey	DPI
Phillip Price	DPI
Chris Minard	State Bd of Ed
Cecil Banks	NCAE
Ben Bryan	NCTA
Julia Kron	NCTA
Erin Schuldt	
Rob Nelson	UNC
Erin Oschwald	Teach For America
B. LOEBKE	C. INSTITUTES

VISITOR REGISTRATION SHEET

Jt. Appropriations Subcommittee on Education — February 26, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Anita Watkins	UNC GA

Joint Appropriations Subcommittee on Education

Agenda

Tuesday, March 3, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Senator Richard Stevens, Presiding

I. Welcome

Senator Richard Stevens

II. UNC System Update

Erskine Bowles, President of the University of North Carolina

III. Private College Update

Dr. Hope Williams, President of the N.C. Independent Colleges & Universities

IV. Committee Discussion

V. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Senate Appropriations on Education/ Higher Education
Sen. Malone (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Graham (Vice Chair)
Sen. Queen (Vice Chair)
Sen. Davis, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
Tuesday, March 3, 2009, 8:30 A.M
Room 421, Legislative Office Building

MINUTES

The Joint Legislative Subcommittee on Education/Higher Education met on Tuesday, March 3, 2009 at 8:30 AM in room 421 of the Legislative Office Building. Senator Richard Stevens chaired the meeting. In addition to the chair, the following members were present: Senators Hartsell, Queen, Vaughan, Davis, Tillman, and Preston, Representatives Blackwell, Tarleton, Lucas, Bell, Wiley, and Co-Chairs McLawhorn, Rapp and Glazier. Staff members Richard Bostic, Brian Matteson, Andrea Poole, Kris Nordstrom, Shirley Iroiro, Drupti Chauhan, and Kara McCraw were also present.

Senator Stevens called the meeting to order at 8:30, welcomed members and guests and recognized pages Vernon Arrington of Edgecombe County, Cameron Peirce of Burke County, Blake Ware of Harnett County, Patricia Barnard of Wake County, and Hannah Gardner, also of Wake County. Agenda, visitor registration, and a list of pages are attached. (Attatchments 1-3)

Following the welcome, Senator Stevens introduced Erskine Bowles, President of the University of North Carolina system.

President Bowles presented on state budget cuts and the affects that they have had and will have on the UNC system. During his presentation, President Bowles covered cuts that had already been made at North Carolina universities and pointed at areas that had been affected. He also made the requests that the committee make fully funding enrollment growth and need-based aid a priority. President Bowles concluded his presentation requesting budget cuts for the universities be held to five percent, that the cut be made non-recurring, and that last only for the duration of the economic crisis.

Following the conclusion of his presentation, members of the committee raised questions which President Bowles subsequently answered.

Senator Stevens then introduced Hope Williams, President of North Carolina Independent Colleges and Universities who presented on the ramifications of the state budget cuts on private North Carolina colleges and universities. (Attachment 4) Following President Williams presentation, Senator Stevens requested that she make herself available for questions after adjournment and adjourned the meeting at 10:00 AM.

Respectfully Submitted,

Amber Harris

Senator Richard Stevens, Chairman

Amber Harris, Committee Clerk

Attach I

Joint Appropriations Subcommittee on Education

Agenda

Tuesday, March 3, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Senator Richard Stevens, Presiding

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Senator Richard Stevens

II. UNC System Update

Erskine Bowles, President of the University of North Carolina

III. Private College Update

Dr. Hope Williams, President of the N.C. Independent Colleges & Universities

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House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
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Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Senate Appropriations on Education/ Higher Education
Sen. Malone (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Graham (Vice Chair)
Sen. Queen (Vice Chair)
Sen. Davis, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

Computer Dict - Healthcare

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50% acts of the

North Carolina INDEPENDENT Colleges & Universities



THE FOUR PILLARS OF EDUCATION IN NORTH CAROLINA

1. Public Schools
2. Community Colleges
3. Public Universities
4. Independent Colleges and Universities



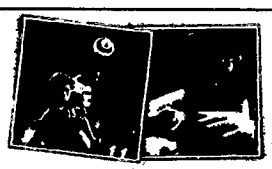
THE FOUR PILLARS OF EDUCATION IN NORTH CAROLINA



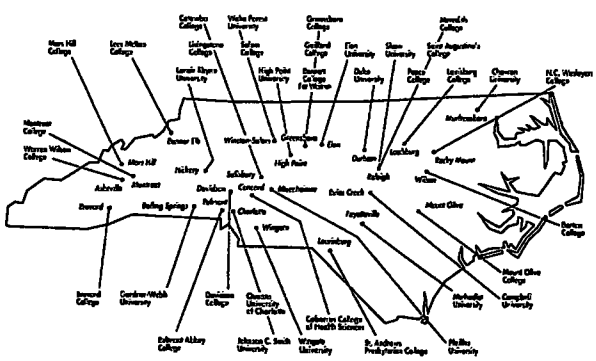
Without independent colleges and universities, North Carolina's education foundation would be incomplete.



North Carolina
INDEPENDENT
Colleges & Universities

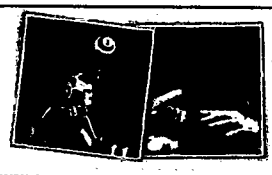


CAMPUSES ACROSS NC





North Carolina
INDEPENDENT
Colleges & Universities

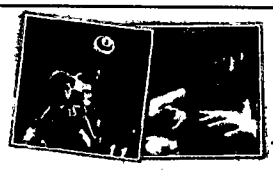


PUBLIC PURPOSE

- 36 private, non-profit colleges and universities
- Liberal arts, comprehensive and research institutions
- 83,000 students
- 37,000 undergraduate North Carolinians
- $7 billion annual economic impact
- 1,000 North Carolina trustees



North Carolina
INDEPENDENT
Colleges & Universities

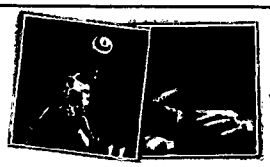


EDUCATIONAL IMPACT ON THE STATE

- Confer almost 1/3 of the baccalaureate degrees
- Award nearly 60% of the medical degrees
- Award more than 60% of the law degrees
- Grant more than 43% of the pharmacy degrees
- Award 25% of the teacher education degrees



North Carolina
INDEPENDENT
Colleges & Universities

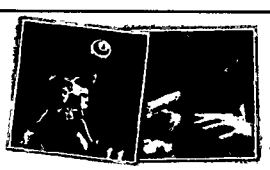


PARTNERSHIPS

Public Schools • UNC System • Community Colleges • Early College • Middle College • High School Counselors • New Schools Project • CFNC • Public Libraries • North Carolina Communities in Schools • North Carolina Mentoring Council • National and International Health Care • Researchers • Economic Developers • Research Parks • Health Care Providers • Non-Profit Organizations • Private Corporations • Law Enforcement • Federal Government • State Government • Local Governments • Service Learning Partnerships



North Carolina
INDEPENDENT
Colleges & Universities

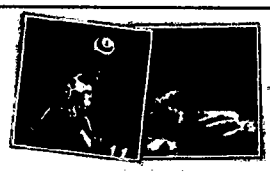


% OF FULL-TIME/PART-TIME STUDENTS RECEIVING NEED-BASED AID

Barton College	65%		Livingstone College	90%	
Belmont Abbey College	77%		Louisburg College	87%	
Bennett College for Women	62%		Mars Hill College	86%	
Brevard College	62%		Meredith College	61%	
Cabarrus College of Health Sciences	71%		Methodist University	90%	
Campbell University	55%		Montreat College	83%	
Catawba College	55%		Mount Olive College	81%	
Chowan University	90%		N. C. Wesleyan College	94%	
Davidson College	34%	NC: 51.4%	Peace College	72%	
Duke University	40%	NC: 53%	Pfeiffer University	81%	
Elon University	31%		Queens University of Charlotte	65%	
Gardner-Webb University	88%		St. Andrews Presbyterian College	77%	
Greensboro College	70%		Saint Augustine's College	96%	
Guilford College	59%		Salem College	50%	
High Point University	62%		Shaw University	93%	
Johnson C. Smith University	70%		Wake Forest University	36%	NC: 56%
Lees-McRae College	55%		Warren Wilson College	54%	
Lenoir-Rhyne University	74%		Wingate University	51%	



North Carolina
INDEPENDENT
Colleges & Universities



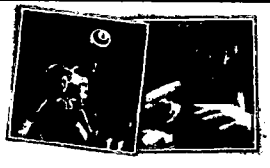
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March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education



North Carolina
INDEPENDENT
Colleges & Universities



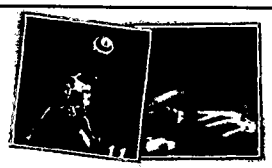
AFFORDABILITY

- **1/3 of students receive Pell Grants**
- **Federal Financial Aid.....$383,000,000**
  - *Federal Pell Grants.....$52,000,000*
  - *Other Grants.....$22,000,000*
  - *Loans.....$309,000,000*
- **State Aid.....$110,000,000**
- **Institutional Aid.....$310,000,000**

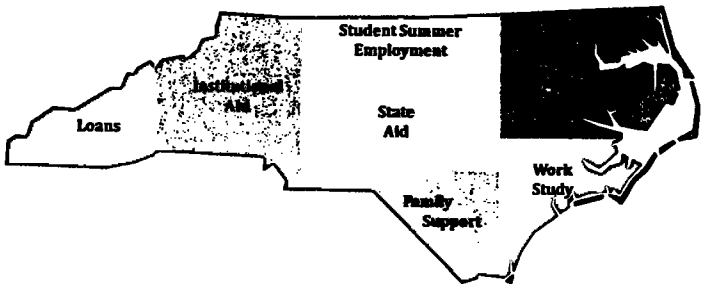
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education



North Carolina
INDEPENDENT
Colleges & Universities



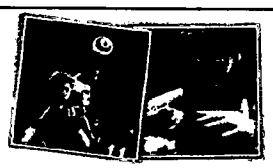
SOURCES OF FINANCIAL AID:
THE PIECES OF THE PUZZLE



March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education



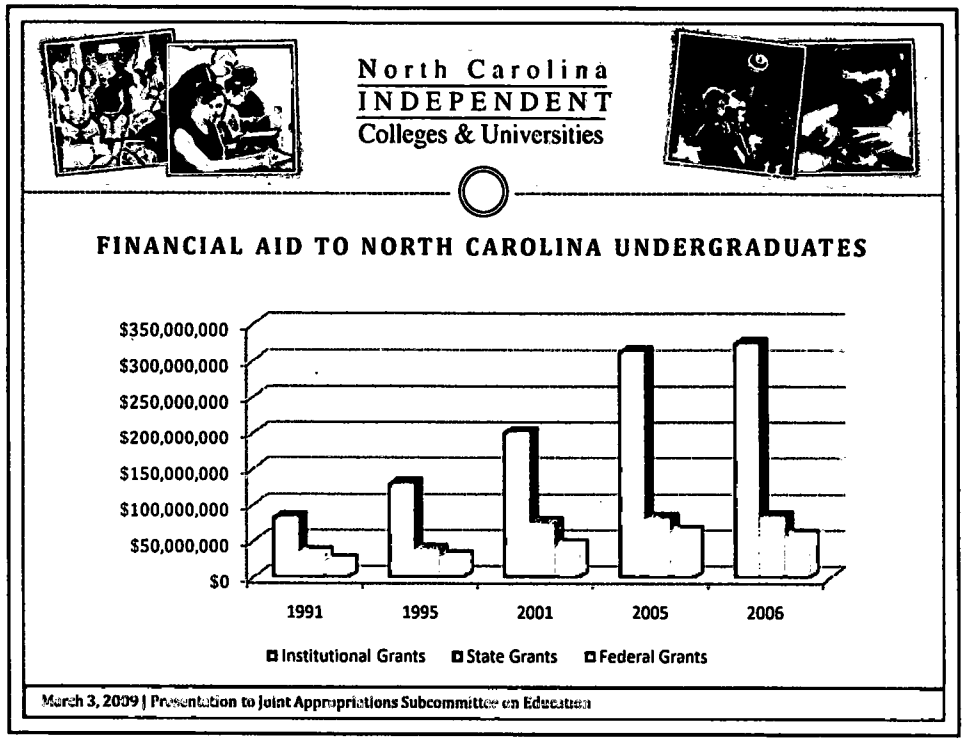
North Carolina
INDEPENDENT
Colleges & Universities

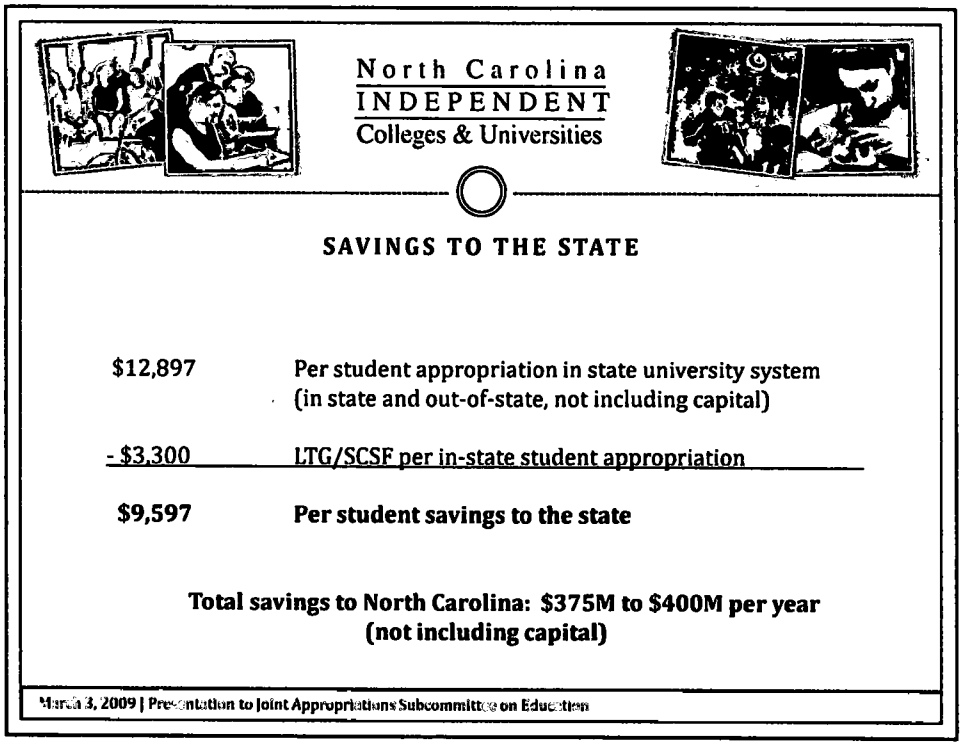


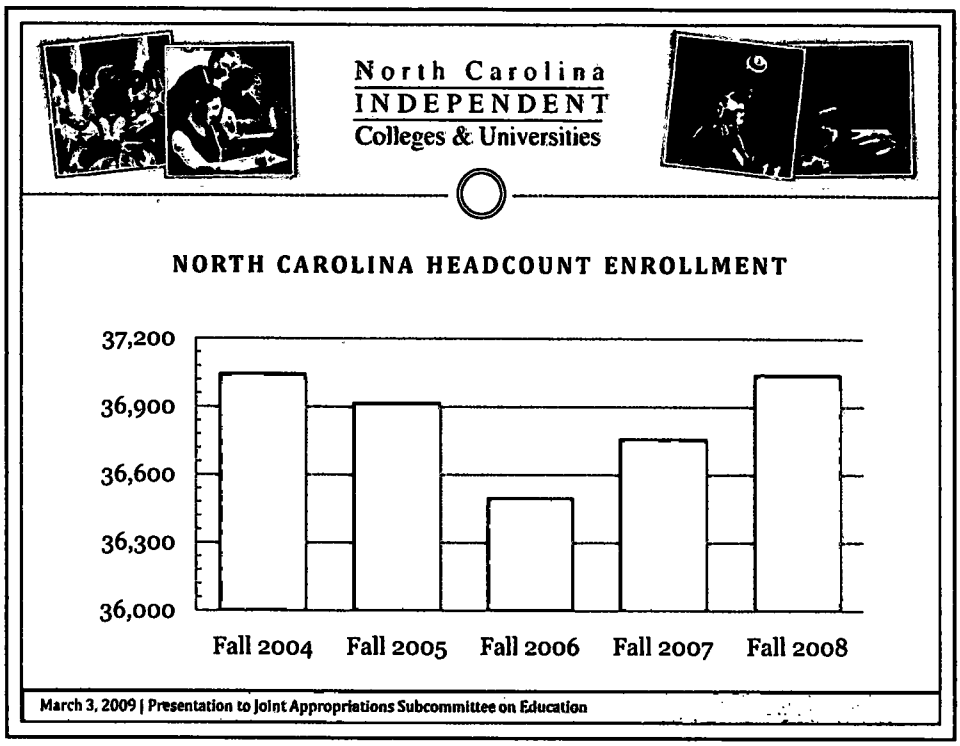
STATE AID

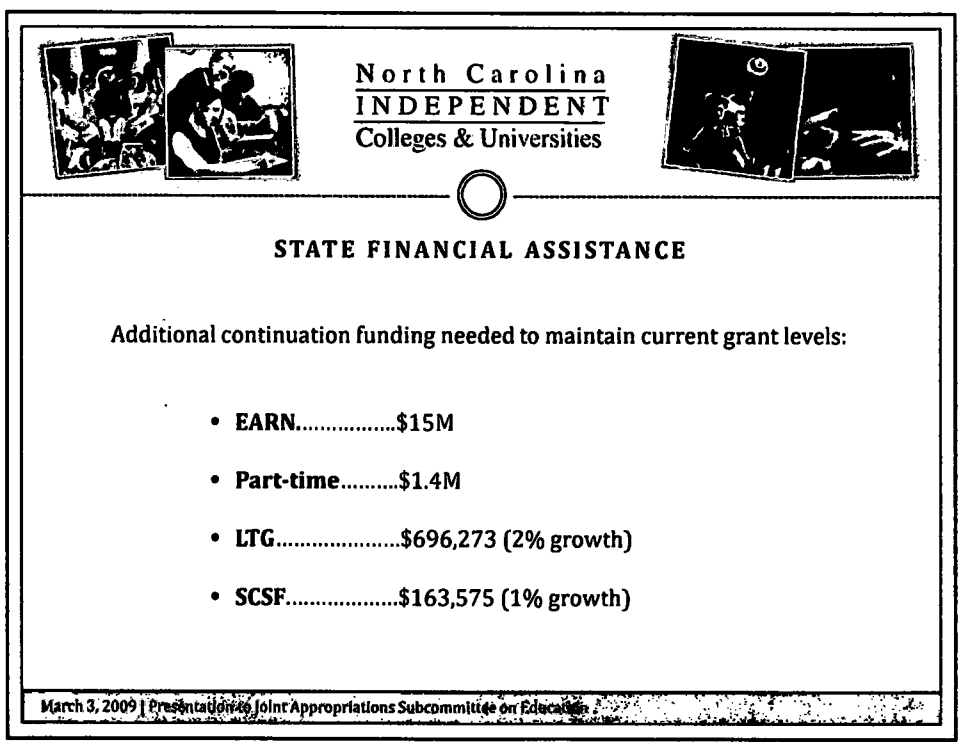
- **Legislative Tuition Grant (LTG)**
  - *Provides $1,950 to full-time, NC undergraduates*
  - *Grants are deducted from student's tuition bill*
- **State Contractual Scholarship Fund (SCSF)**
  - *Funded at $1,350 per full-time equivalent NC undergraduate*
  - *Grants awarded through financial aid office for varying amounts to financially-needy students*
- **EARN Scholarships**
  - *Provides up to $4,000 per year for up to 2 years for loan replacement*
  - *Funded for 2008-09 with non-recurring funds*

March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education


North Carolina
INDEPENDENT
Colleges & Universities
FINANCIAL AID TO NORTH CAROLINA UNDERGRADUATES
$350,000,000
$300,000,000
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$0
1991
1995
2001
2005
2006
Institutional Grants
State Grants
Federal Grants
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education


North Carolina
INDEPENDENT
Colleges & Universities
SAVINGS TO THE STATE
$12,897
Per student appropriation in state university system
(in state and out-of-state, not including capital)
- $3,300
LTG/SCSF per in-state student appropriation
$9,597
Per student savings to the state
Total savings to North Carolina: $375M to $400M per year
(not including capital)
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education

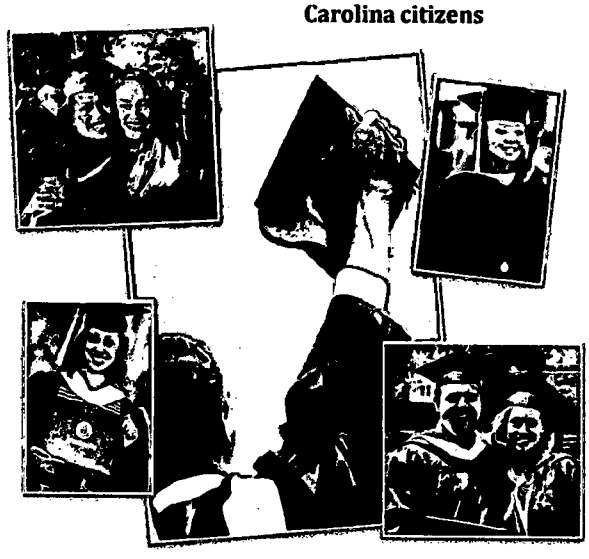

North Carolina
INDEPENDENT
Colleges & Universities
NORTH CAROLINA HEADCOUNT ENROLLMENT
37,200
36,900
36,600
36,300
36,000
Fall 2004
Fall 2005
Fall 2006
Fall 2007
Fall 2008
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education


North Carolina
INDEPENDENT
Colleges & Universities
STATE FINANCIAL ASSISTANCE
Additional continuation funding needed to maintain current grant levels:
• EARN.....$15M
• Part-time.....$1.4M
• LTG.....$696,273 (2% growth)
• SCSF.....$163,575 (1% growth)
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education

THE GOAL: More college educated North Carolina citizens

US CENSUS BUREAU:

4-year degree recipients earn $1M more than those with only a high school diploma



March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education

VISITOR REGISTRATION SHEET

Joint Appropriations Subcommittee on Education Higher Education 3/3/2009
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Toni Wethington	UNC-GA
Erin Schwettzely	UNC
Ginger Burks	UNC
Rob Nelson	UNC
Hannah Sage	UNC
Jan Debo	UNCSA
James D. Smith	UNC
Anita Watkins	UNC GA
Jerry Boarman	NCSSM
Monica Yelverton	Senator Davis' Intern
Jennifer Wills	NCCCS

VISITOR REGISTRATION SHEET

Joint Appropriations Subcommittee on Education Higher Education 3/3/2009
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jennifer Haygood	NCCCS
Ted Morris	East Carolina University
Kenny Flowers	East Carolina Univ.
Kevin Howell	NC State Univ.
Luke Hardison	Rep. Glazier's office
Brian Lewis	NCAE
Ann McArthur	Governor's Office
[illegible]	DPI
Stephanie Caplan	Center for Int'l Understanding (UNC)
Patrick Buffkin	NMRS

VISITOR REGISTRATION SHEET

Joint Appropriations Subcommittee on Education Higher Education 3/3/2009
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Brittany Farrell	NCFPC
B. Locke	C. Institute
Michael Hutson	MWC
Phil Haglund	Impru
Meredith Harbin	CW
Emily Boyle	NCPAPA
[illegible]	NCCPS
Henry Hutaff	N.C. B.A.
Conor Brockett	ncsba
[illegible]	WCPSS
Alice Garland	NCEL

VISITOR REGISTRATION SHEET

Joint Appropriations Subcommittee on Education Higher Education 3/3/2009
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
ANN LOVE	DUKE
[signature]	Public School Forum of NC
[signature]	NCCU
[signature]	NCICU
[signature]	TPG
[signature]	NCACCT
[signature]	DTH
JOEL P. MAYNARD	CHARLOTTE/MECK
[signature]	NC CCC

House Pages

Approp Ecd

Name Of Committee: _____ Date: 3-2-09

1. Name: Vernon Arrington James Robinson Road
   County: Edgecombe
   Sponsor: Jean Farmer-Butterfield
2. Name: Cameron Pierce
   County: Burke
   Sponsor: Hugh Blackwell
3. Name: Blake Ware
   County: Harnett
   Sponsor: Lewis
4. Name: Patricia Barnard
   County: Wake
   Sponsor: Stephens
5. Name: Hannah Gardner
   County: Wake
   Sponsor: Stevens

House Sgt-At-Arms

1. Name: Charles Williams
2. Name: Earl Coker
3. Name: VA
4. Name: _____

Senate

Charles Harper
Curtis Dowd
Richard Telfair

North Carolina INDEPENDENT Colleges & Universities



March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education

THE FOUR PILLARS OF EDUCATION IN NORTH CAROLINA

1. Public Schools
2. Community Colleges
3. Public Universities
4. Independent Colleges and Universities



March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education

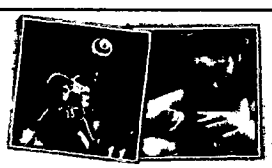
THE FOUR PILLARS OF EDUCATION IN NORTH CAROLINA



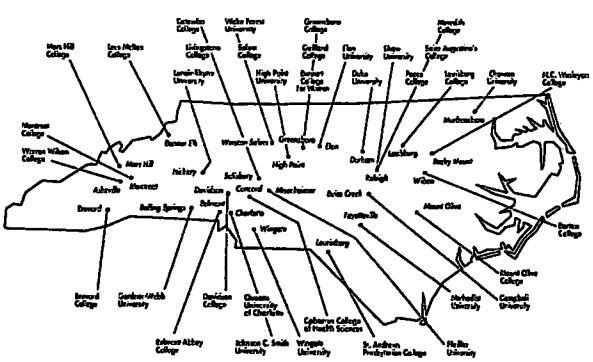
Without independent colleges and universities, North Carolina's education foundation would be incomplete.



North Carolina
INDEPENDENT
Colleges & Universities

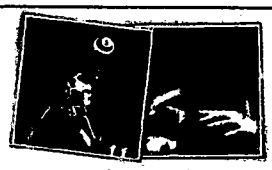


CAMPUSES ACROSS NC





North Carolina
INDEPENDENT
Colleges & Universities

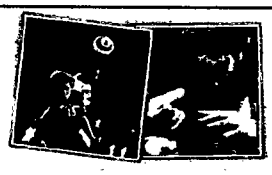


PUBLIC PURPOSE

- 36 private, non-profit colleges and universities
- Liberal arts, comprehensive and research institutions
- 83,000 students
- 37,000 undergraduate North Carolinians
- $7 billion annual economic impact
- 1,000 North Carolina trustees



North Carolina
INDEPENDENT
Colleges & Universities

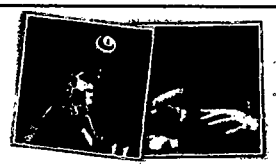


EDUCATIONAL IMPACT ON THE STATE

- Confer almost 1/3 of the baccalaureate degrees
- Award nearly 60% of the medical degrees
- Award more than 60% of the law degrees
- Grant more than 43% of the pharmacy degrees
- Award 25% of the teacher education degrees



North Carolina
INDEPENDENT
Colleges & Universities

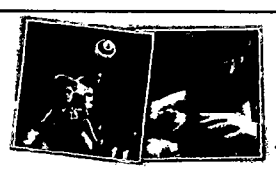


PARTNERSHIPS

Public Schools • UNC System • Community Colleges • Early College • Middle College • High School Counselors • New Schools Project • CFNC • Public Libraries • North Carolina Communities in Schools • North Carolina Mentoring Council • National and International Health Care • Researchers • Economic Developers • Research Parks • Health Care Providers • Non-Profit Organizations • Private Corporations • Law Enforcement • Federal Government • State Government • Local Governments • Service Learning Partnerships



North Carolina
INDEPENDENT
Colleges & Universities



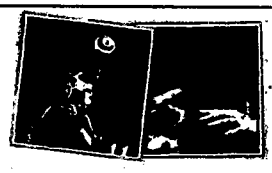
% OF FULL-TIME/PART-TIME STUDENTS RECEIVING NEED-BASED AID

Barton College	65%		Livingstone College	90%	
Belmont Abbey College	77%		Louisburg College	87%	
Bennett College for Women	62%		Mars Hill College	86%	
Brevard College	62%		Meredith College	61%	
Cabarrus College of Health Sciences	71%		Methodist University	90%	
Campbell University	55%		Montreat College	83%	
Catawba College	55%		Mount Olive College	81%	
Chowan University	90%		N. C. Wesleyan College	94%	
Davidson College	34%	NC: 51.4%	Peace College	72%	
Duke University	40%	NC: 53%	Pfeiffer University	81%	
Elon University	31%		Queens University of Charlotte	65%	
Gardner-Webb University	88%		St. Andrews Presbyterian College	77%	
Greensboro College	70%		Saint Augustine's College	96%	
Guilford College	59%		Salem College	50%	
High Point University	62%		Shaw University	93%	
Johnson C. Smith University	70%		Wake Forest University	36%	NC: 56%
Lees-McRae College	55%		Warren Wilson College	54%	
Lenoir-Rhyne University	74%		Wingate University	51%	

March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education



North Carolina
INDEPENDENT
Colleges & Universities



% OF FULL-TIME/PART-TIME STUDENTS RECEIVING NEED-BASED AID

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March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education



North Carolina
INDEPENDENT
Colleges & Universities



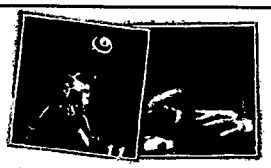
AFFORDABILITY

- **1/3 of students receive Pell Grants**
- **Federal Financial Aid.....$383,000,000**
  - *Federal Pell Grants.....$52,000,000*
  - *Other Grants.....$22,000,000*
  - *Loans.....$309,000,000*
- **State Aid.....$110,000,000**
- **Institutional Aid.....$310,000,000**

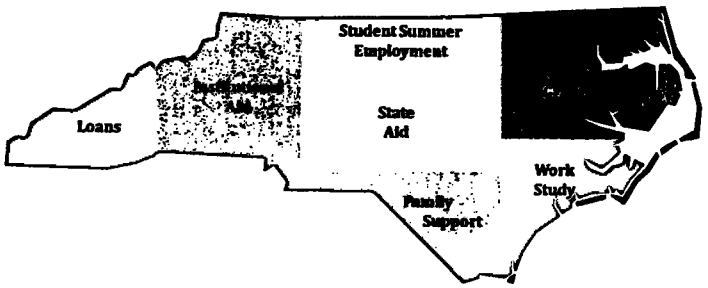
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education



North Carolina
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Colleges & Universities

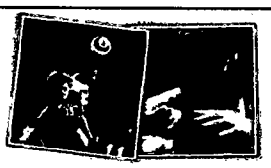


SOURCES OF FINANCIAL AID:
THE PIECES OF THE PUZZLE



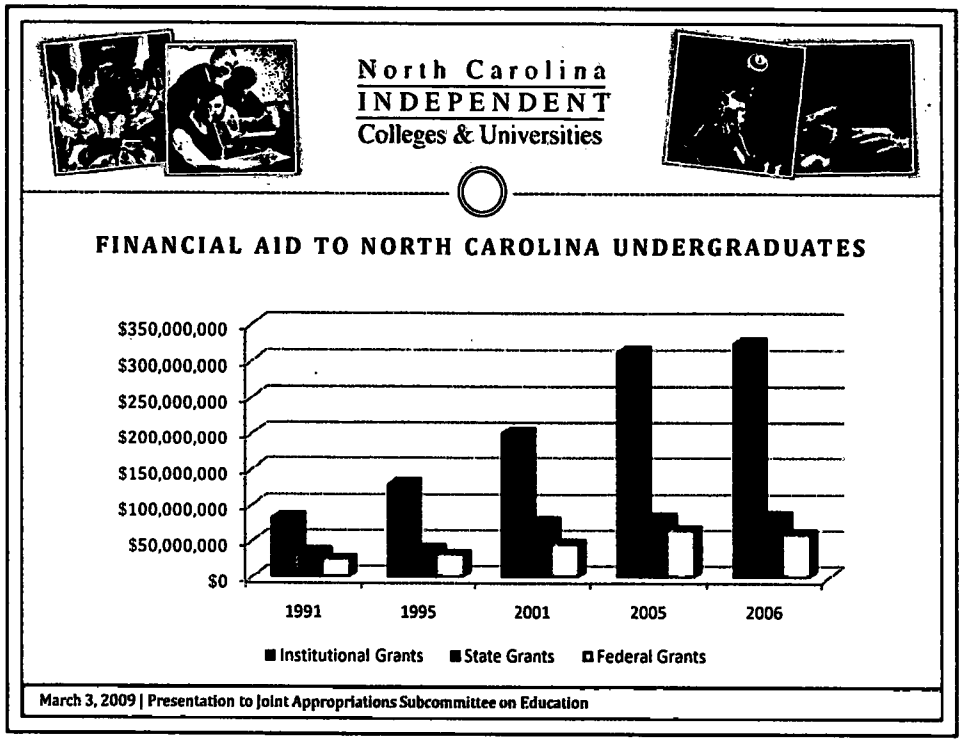


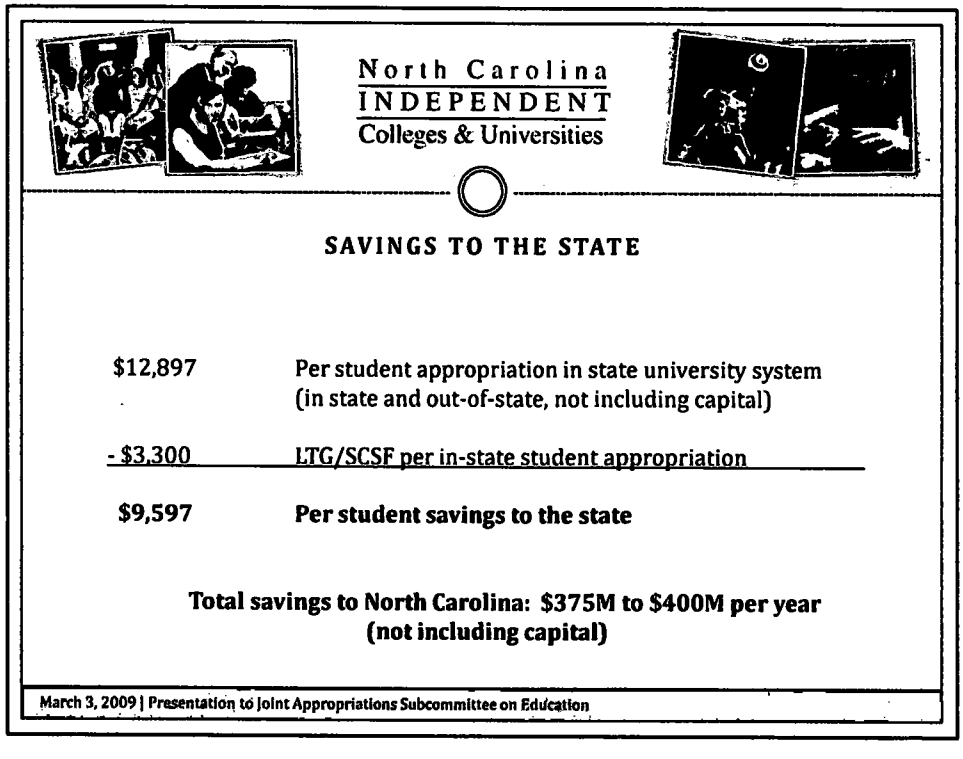
North Carolina
INDEPENDENT
Colleges & Universities

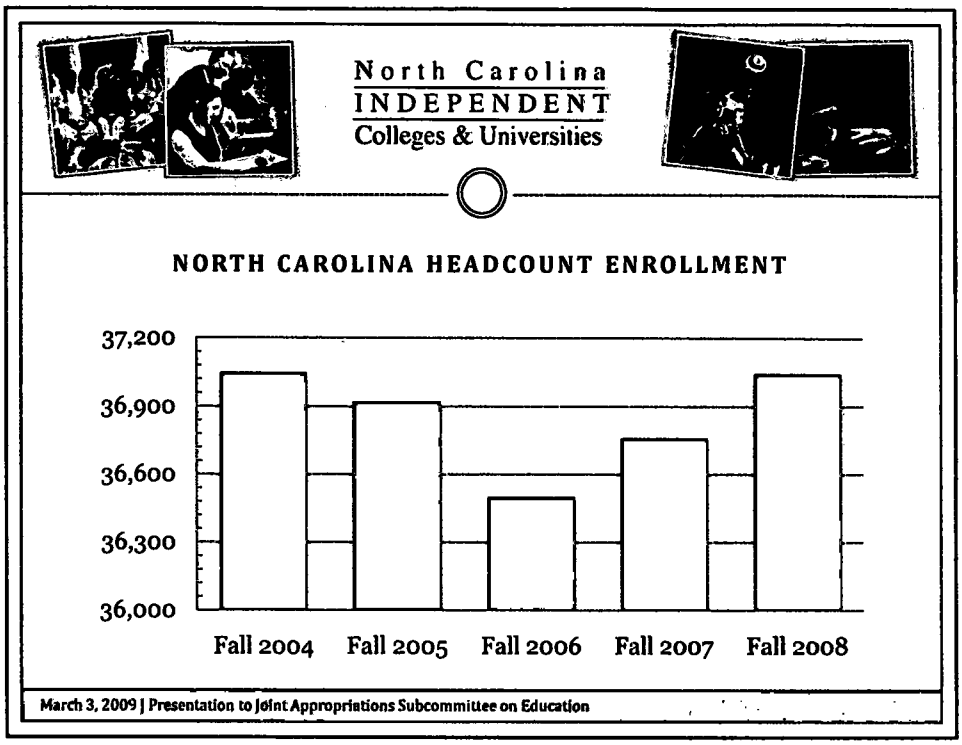


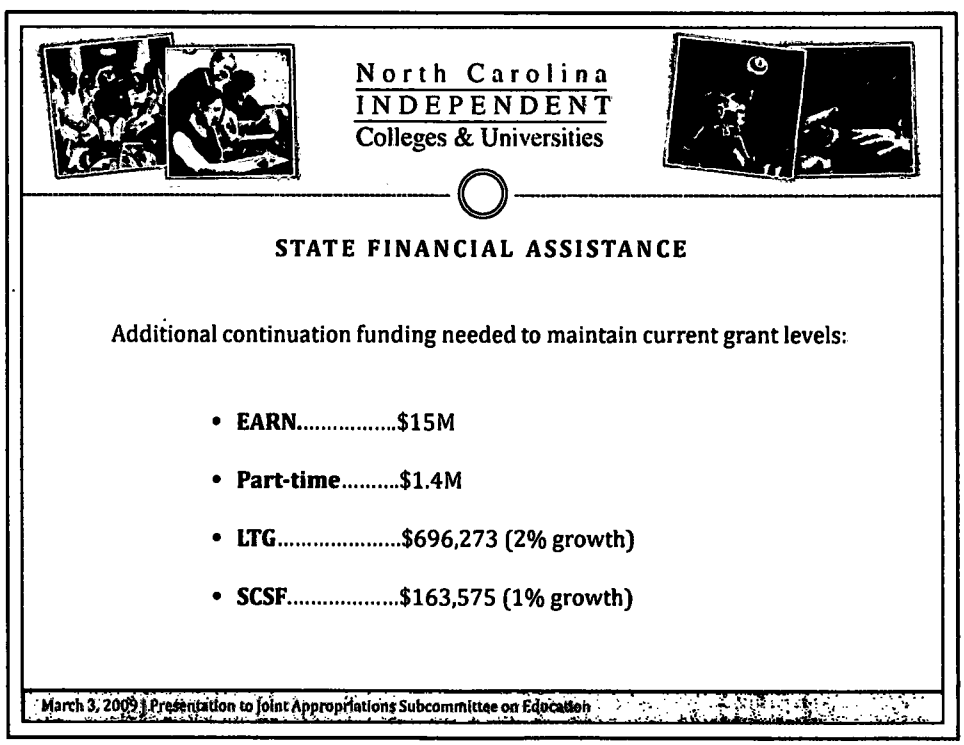
STATE AID

- **Legislative Tuition Grant (LTG)**
  - *Provides $1,950 to full-time, NC undergraduates*
  - *Grants are deducted from student's tuition bill*
- **State Contractual Scholarship Fund (SCSF)**
  - *Funded at $1,350 per full-time equivalent NC undergraduate*
  - *Grants awarded through financial aid office for varying amounts to financially-needy students*
- **EARN Scholarships**
  - *Provides up to $4,000 per year for up to 2 years for loan replacement*
  - *Funded for 2008-09 with non-recurring funds*


North Carolina
INDEPENDENT
Colleges & Universities
FINANCIAL AID TO NORTH CAROLINA UNDERGRADUATES
$350,000,000
$300,000,000
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$0
1991
1995
2001
2005
2006
Institutional Grants
State Grants
Federal Grants
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education


North Carolina
INDEPENDENT
Colleges & Universities
SAVINGS TO THE STATE
$12,897 Per student appropriation in state university system (in state and out-of-state, not including capital)
- $3,300 LTG/SCSF per in-state student appropriation
$9,597 Per student savings to the state
Total savings to North Carolina: $375M to $400M per year (not including capital)
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education

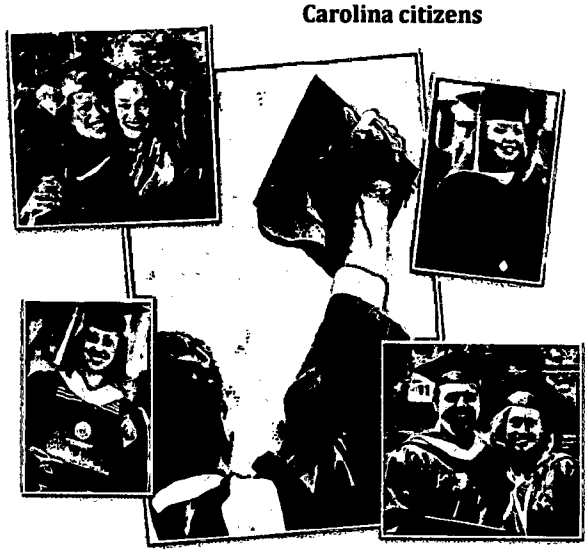

North Carolina
INDEPENDENT
Colleges & Universities
NORTH CAROLINA HEADCOUNT ENROLLMENT
37,200
36,900
36,600
36,300
36,000
Fall 2004
Fall 2005
Fall 2006
Fall 2007
Fall 2008
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education


North Carolina
INDEPENDENT
Colleges & Universities
STATE FINANCIAL ASSISTANCE
Additional continuation funding needed to maintain current grant levels:
• EARN.....$15M
• Part-time.....$1.4M
• LTG.....$696,273 (2% growth)
• SCSF.....$163,575 (1% growth)
March 3, 2009 | Presentation to Joint Appropriations Subcommittee on Education

THE GOAL: More college educated North Carolina citizens

US CENSUS BUREAU:

4-year degree recipients earn $1M more than those with only a high school diploma



Forrest Gilliam (Rep. Rapp)

From: Carin Savel (Rep. Glazier)
Sent: Thursday, March 12, 2009 10:46 AM
Subject: Joint House and Senate Appropriations Subcommittee on Education
Importance: High

Meetings for Wednesday, March 18th and Thursday, March 19th at 8:30 a.m.

Principal Clerk _____
Reading Clerk _____

THE JOINT SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEE on Education

The Joint Senate and House Appropriations Subcommittee on **Education/Higher Education** will meet a following times:

DAY	DATE	TIME	ROOM
Wednesday	March 18, 2009	8:30 a.m.	421 LOB
Thursday	March 19, 2009	8:30 a.m.	421 LOB

The following will be discussed:

- Tuesday, March 18, 2009 — OSBM – Governor's Education Budget
- Wednesday, March 19, 2009 — NC Military Business Center; Principals' Executive Program (PEP)

Representative Rick Glazier, Chair
Representative Marian McLawhorn, Chair
Representative Ray Rapp, Chair
Senator Vernon Malone, Chair
Senator Richard Stevens, Chair

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, March 18, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Ray Rapp, Presiding

I. Welcome

Rep. Ray Rapp

II. OSBM Overview of Governor's Education Budget

Elizabeth Grovenstein	Overview & Introduction
Pam Leaman	Public School Budget
Joyce Wallace	University of North Carolina Budget
Bryan Conrad	Community College System Budget

III. Committee Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Senate Appropriations on Education/ Higher Education
Sen. Malone (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Graham (Vice Chair)
Sen. Queen (Vice Chair)
Sen. Davis, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Wednesday, March 18, 2009, 8:30a.m.

The House Appropriations Subcommittee on Education met jointly with the Senate Appropriations Subcommittee on Education/Higher Education in Room 421 of the Legislative Building at 8:35a.m. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representative McLawhorn, Co-Chair, Representatives Bell, Johnson, Lucas, Tarleton, Blackwell, Hilton and Wiley. The following Senate members were present: Senators Malone and Stevens, Co-Chairs, Senators Queen, Davis, Hartsell, Preston, and Tillman. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted the meeting.

The Chair recognized **Elizabeth Grovenstein, Pam Leamon, Joyce Wallace,** and **Bryan Conrad,** with the Office of State Budget and Management, to give an overview of the Governor's proposed education budget (See Attachment #1 for a copy of the education section of the Governor's proposed budget).

Throughout the presentation, there were questions and discussion. With there being no further business, the meeting adjourned at 9:37 a.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

VISITOR REGISTRATION SHEET

JT APPR Ed — 3-18-09

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Jay Salvadia	Pope Center
Karen Gaskill	NBPTS
Shinya Zikubo	Univ. of Tokyo
Carolyn McKinney	NC PTSC
John D. Denning	All Kinds of Minds
Conor Broderick	NCSBA
[illegible]	WCPSS
Jim Stegall	U.C.P.S.
Katherine Joyce	NCASA
Bill McNeal	NCASA
Emily Doyle	NCPAPA
Alice Garland	NCEL
Jessica Gray	VIF Program
Bryan Conrad	OSBM
Elizabeth Thornton	OSBM
Joyce Wallace	OSBM
Pam Leaman	"
Jennifer Bennett	Durham Public Schools.
[illegible]	NCICU
[illegible]	Public School Forum of NC
[illegible]	Education Consultant
Meredith Henderson	NCCIU
DALE BOLIEK	EXPLORANET CTRS FOR QUALITY & LANG
Robin Ford	"

VISITOR REGISTRATION SHEET

JT APPR Ed — 3-18-09

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Phillip Price	NC DPI
Anita Watkins	UNC GA
James O. Smith	UNC-GA
Erin Schwallpoly	UNC-GA
Brittany Farrell	NCFPC
[illegible]	NCDPI
[illegible]	NCDPI
Tony Johnson	NC REAL
Brenda Rogers	Durham Tech CC
Jennifer Hangood	NC Community College System
Jennifer Willis	NC Comm College System
Charlie Penuel	DSRM
Kenny Lillie	Rep. Ray Rapp Ass.
Stella Higgins	NCCU
Kevin Howell	NCSU
Brian Lewis	NCAE
Dianne Lynch	WCU
Ben Bryan	NCTA
Julia Kroon	NCTA
David Rice	Manning Fulton
[illegible]	Catawba Valley CC
[illegible]	Haster College
David Marft	TBM
Trishana-Jones	NC YAIO

VISITOR REGISTRATION SHEET

3-18-09

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Mallory Hatcher	MWC
Leann Winner	NBSBA
Evelyn Hawthorne	PBNC; GSNC
Matt Hall	TPG
Ch. Cl Mathews	NCCC Faculty Assoc
Marge Freeman	NCAE
KARL RECTANUS	IMCNC

House Pages

JT APPR.

Name Of Committee: Ecd. Date: 3-18-09

1. Name: Madison Ayers
   County: Mecklenburg
   Sponsor: Representative Lillian
2. Name: DiQuan McGill
   County: Wake
   Sponsor: Blue
3. Name: Devin Gerney
   County: Wake
   Sponsor: Sen. Stevens
4. Name: Kevin Wiggins
   County: Wake
   Sponsor: Sen Malone
5. Name: Danielle Howell
   County: Cleveland
   Sponsor: Clary

6- Keifer Wynn
Wake
Senator Malone

7. Chrystan
McLymore
Wake cty.

House

Sgt-At-Arms

1. Name: Charles Williams
2. Name: Earl Coker
3. Name: ~~Cristan McLymore~~ (Wake County)
4. Name:
5. Name:

SENATE

Wade Anders
Curtis Dowd

Governor's Recommended Adjustments to Base Budget

Public Education (13510)

Recommended General Fund Budget and Positions

	2009-10	2010-11
Base Budget		
Requirements	$11,114,471,337	$11,227,289,838
Receipts	$2,869,129,510	$2,868,491,615
Appropriation	$8,245,341,827	$8,358,798,223
Adjustments		
Requirements	$47,208,076	$95,147,637
Receipts	$344,809,560	$344,809,560
Appropriation	($297,601,484)	($249,661,923)
Total		
Requirements	$11,161,679,413	$11,322,437,475
Receipts	$3,213,939,070	$3,213,301,175
Recommended Appropriation	$7,947,740,343	$8,109,136,300
Positions		
Base Budget Positions	738.950	738.950
Technical Adjustments	-	-
Reductions	-	-
Expansion	23.000	23.000
Recommended Positions	761.950	761.950

Appropriation Items -- Recommended Adjustments

Reductions

	2009-10	2010-11
State Public School Fund		
1. **Truth-in-Budgeting Reform (Budget Benefits at Less Than 100 Percent)**		
The Governor recommends budgetary reform by reducing the budgeted benefits to more closely match the actual benefit expenditures. Budget line items which normally use lapsed salaries for State Public School Fund operations were increased in the continuation budget. This recommended reduction represents an average 3.54% adjustment to social security and medical insurance amounts budgeted in the 2009-10 State Public School Fund (SPSF) budget. This adjustment does not impact school personnel salaries.		
Appropriation	**($23,310,334)**	**($23,310,334)**
2. **Central Office**		
This is a dollar allotment to the Local Education Agencies (LEAs) for salaries and benefits for central office staff which includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. This recommended reduction reflects a 5% decrease from the 2009-10 continuation budget.		
Appropriation	**($6,470,262)**	**($6,470,262)**
3. **Local Education Agency (LEA) Flexibility Reduction**		
A flexibility reduction in state aid to LEAs is recommended. LEAs are strongly encouraged to use funds received through the American Recovery and Reinvestment Act to mitigate this reduction. The State Board of Education shall distribute this reduction based upon average daily membership (ADM). This reduction shall not directly impact classroom services.		
Appropriation	**($144,000,000)**	**($144,000,000)**
4. **Textbooks**		
A reduction is recommended in the textbook allotment due to the delay in adopting the grades 6-12 math textbooks. Textbook funds will be allotted to LEAs at $40 per ADM for 2009-10. The department has determined this amount to be sufficient to support the remaining textbook adoptions based upon historical purchasing data.		
Appropriation - Nonrecurring	**($37,977,278)**	

5. **Adjust School Resource Officer (SRO) Allotment**

The At-Risk Student Services funding is a categorical allotment disseminated to the LEAs. A portion of this allotment provides each high school with $37,838 for the salary and benefits for a School Resource Officer (SRO). This would adjust the allotted SRO salary to the 2008-09 actual salary and benefits expenditures. There are approximately 265 full-time equivalents (FTE) supported with state appropriations. The remaining SROs across the state are supported with non-state funding sources.

Appropriation ($1,202,256) ($1,202,256)

6. **School Technology**

School technology funds are distributed based on grades K-12 allotted ADM. The recommended reduction represents a 40% nonrecurring decrease to the $10 million appropriation; however, the American Recovery and Reinvestment Act includes $16 million for North Carolina for educational technology which may be used to mitigate this reduction. The Governor also recommends the transfer of $18 million in civil penalties held in escrow at University of North Carolina campuses to the Civil Penalty and Forfeiture Fund for appropriation.

Appropriation - Nonrecurring ($4,000,000) ($4,000,000)

7. **Finance Officer Staff Development**

It is recommended that this appropriation be eliminated. The appropriation supplements the receipts that are collected to provide this professional development opportunity for LEA finance officers.

Appropriation ($64,500) ($64,500)

8. **Financing School Bus Replacement**

It is recommended that school bus financing be extended from three years to four years on a recurring basis. This adjustment does not reduce the number of buses scheduled to be replaced in the 2009-11 biennium.

Appropriation ($7,500,000) ($7,500,000)

9. **Textbook Freight**

This reduction eliminates the funding for textbook freight on a recurring basis. Freight costs shall be covered through receipts from books purchased by the LEAs.

Appropriation ($217,837) ($217,837)

10. **Critical Foreign Language Pilot**

It is recommended that the $500,000 appropriation be eliminated on a recurring basis. Funds were appropriated in 2007-08 and in 2008-09 for the development and piloting of programs that would implement both online and traditional high school courses in Chinese and Arabic. The Arabic language course is currently available to students. A federal language assistance grant has funded the development and implementation of the Chinese course Levels I through IV, and AP which are now available. Russian and Japanese language courses are in development using the 2008-09 funds and will be piloted in the 2009-10 and 2010-11 school years respectively.

Appropriation	**($500,000)**	**($500,000)**

11. **NC Wise Owl**

NC WISE Owl is an online reference resource for teachers and students. This recommended reduction eliminates 38% of the online subscription costs for the portion of the reference service that is being provided at no cost by SAS Institute.

Appropriation	**($500,000)**	**($500,000)**

12. **Information Highway**

This appropriation previously paid for LEAs to access distance learning which is now replaced with the appropriation for the School Connectivity Initiative (SCI) which provides increased services to the LEAs. The recommended reduction eliminates the appropriation on a recurring basis.

Appropriation	**($1,200,000)**	**($1,200,000)**

13. **More at Four**

The recommended reduction decreases the appropriation for this Pre-Kindergarten program for at-risk four-year olds by $1,010,000 on a recurring basis due to 202 slots that remain unallocated in 2008-09. These slots have not been distributed to providers, therefore no children will be removed from the More at Four rolls due to this adjustment.

Appropriation	**($1,010,000)**	**($1,010,000)**

14. **Civil Penalties Receipts**

A portion of the Civil Penalty and Forfeiture Fund is appropriated to the State Public School Fund (SPSF). The Civil Penalties and Forfeitures receipts budgeted for 2009-10 are $114.0 million. The actual receipts collected in 2007-08 were $120.3 million. It is recommended that these receipts be budgeted at the 2007-08 level on a recurring basis.

Requirements	**-**	**-**
Receipts	**$6,324,790**	**$6,324,790**
Appropriation	**($6,324,790)**	**($6,324,790)**

15. **Instructional Materials and Supplies**

It is recommended that the inflationary adjustment for instructional materials and supplies be decreased from 6% to 3% in 2009-10, and from 12% to 6% in 2010-11.

Appropriation ($2,565,064) ($5,207,207)

16. **Noninstructional Support**

These funds support clerical and custodial positions. The recommended reduction decreases appropriated funds by 2.5%. There are approximately 11,486 positions supported with this appropriation and a 2.5% reduction would eliminate approximately 300 positions. The reduction may be offset by a statewide average turnover rate of 10% that would result in approximately 1,148 vacancies statewide.

Appropriation ($10,305,072) ($10,305,072)

17. **Eliminate Allotment**

This recommended reduction eliminates the Improving Student Accountability allotment category from the 2009-11 budget. This reduction may be offset by Title I American Recovery and Reinvestment Act funds for North Carolina.

Appropriation ($38,339,798) ($38,339,798)

18. **Staff Development**

This recommended reduction decreases the staff development funds that are allotted to the LEAs by 50% on a nonrecurring basis for each year of the biennium.

Appropriation - Nonrecurring ($6,278,960) ($6,278,960)

19. **Focused Education Reform**

This three year pilot was funded in 2007-08. The 2008-09 appropriation is $7.1 million. The Public School Forum receives $2,342,705 for the pilot now titled The Collaborative Project, and the Department of Public Instruction (DPI) receives $4,833,728. The recommended reduction decreases the share of funds appropriated to DPI by 10% on a recurring basis.

Appropriation ($483,373) ($483,373)

20. **Testing**

The State Board of Education shall identify and eliminate certain unnecessary or duplicative tests not required for high school graduation, or by the federal government for No Child left Behind (NCLB) to determine Adequate Yearly Progress (AYP). LEAs will continue to administer appropriate tests that hold schools accountable for the educational growth of their students.

Appropriation ($2,000,000) ($2,000,000)

Department of Public Instruction

1. **Truth-in-Budgeting Reform (Budget Salaries at Less Than 100 Percent)**

   The Governor recommends budgetary reform by reducing the budgeted salaries to more closely match the actual salary expenditures. These changes along with budget flexibility will allow the agency to operate more efficiently. General Fund salaries in the Department of Public Instruction are recommended to be reduced by 3%.

   Appropriation ($929,001) ($929,001)

2. **Legacy Funds**

   These funds were appropriated on a nonrecurring basis for agency IT infrastructure. This recommended reduction eliminates $2 million of the cash balance.

   Appropriation - Nonrecurring ($2,000,000)

3. **Agency Operating**

   This recommended reduction decreases agency operating and purchased services budgeted expenditures.

   Appropriation ($1,591,552) ($1,591,552)

4. **Membership Dues**

   This recommended reduction eliminates the allowable inflation that was included in the 2009-11 continuation budget.

   Appropriation ($209,238) ($209,238)

5. **Agency Position Reduction**

   This recommended reduction requires the State Board of Education to identify vacant or filled positions as the source of this recurring adjustment.

   Appropriation ($1,998,705) ($1,998,705)

6. **Governor's Schools**

   The Governor's Schools are held each summer for six weeks at two college campuses. Student selection is competitive. The current appropriation supports a total of 800 student participants. This recommended reduction eliminates the inflation built into both years of the 2009-11 continuation budget and decreases the appropriation to support 400 student participants in 2010-11.

   Appropriation - Nonrecurring ($59,752) ($789,409)

7. **Personal Financial Literacy**

The recommended reduction eliminates the appropriation which is no longer necessary as Personal Financial Literacy has been integrated into the curriculum and is also available to students through the North Carolina Virtual Public School (NCVPS). Department of Public Instruction (DPI) K-12 Social Studies personnel shall continue to provide curriculum materials, professional development and technical assistance to teachers. The State Employees Credit Union (SECU) and the National Endowment for Financial Literacy (NEFL) have partnered with DPI to provide free instructional materials for teachers and students.

Appropriation	**($500,000)**	**($500,000)**

Other Reserves and Transfers

1. **Children's Trust Fund**

It is recommended that the state appropriation for this program be eliminated. Other receipts of approximately $365,000 generated from marriage license fees will continue to support this program that awards grants to entities that support child neglect and abuse prevention initiatives.

Appropriation	**($247,500)**	**($247,500)**

2. **Teaching Fellows Trust Fund**

The Teaching Fellows Trust Fund cash balance is currently $18.76 million. This recommended nonrecurring reduction of $16.5 million from the cash balance will not negatively impact program participants or operations.

Appropriation - Nonrecurring	**($16,500,000)**

Total Recommended Reductions

	2009-10	2010-11
Recurring		
Requirements	($245,144,492)	($247,786,635)
Receipts	6,324,790	6,324,790
Appropriation	($251,469,282)	($254,111,425)
Positions	-	-
Nonrecurring		
Requirements	($66,815,990)	($11,068,369)
Receipts	-	-
Appropriation	($66,815,990)	($11,068,369)
Positions	-	-

Expansion

	2009-10	2010-11
Education Accountability		
1. **Diagnostic Assessment and Accountability**		
The funds in this recommended nonrecurring expansion will support development and implementation of a new Standard Course of Study for all content areas and grade levels based on new essential standards. The SBE shall investigate replacing existing EOG and EOC tests with nationally normed assessments. Nationally normed or newly developed tests replacing End of Course (EOC) and End of Grade (EOG) tests will be aligned with the new essential standards and included in the State Board of Education's ABCs Accountability restructuring plan due no later than January 31, 2010. The SBE is further directed to investigate and pilot a commercial student diagnostic test that provides teachers with information specific to individual student strengths and weaknesses. The test should be targeted to the elementary grades to ensure that basic deficiencies in reading and math are identified and addressed before students move to middle school. Up to $800,000 of these funds may be used to implement the writing assessment as approved by the State Board of Education.		
Appropriation - Nonrecurring	**$4,703,917**	
2. **Comprehensive School Reform (Statewide System of Support)**		
The purpose of this initiative is to provide tailored, sustained support to help struggling schools and districts improve student achievement. Currently 363 individual schools receive some level of support based on categories of need due to state and federal student achievement criteria. Districts selected for support are those identified as having high need and limited capacity to assist school improvement. Goals of the initiative include: increasing the percentage of No Child Left Behind (NCLB) targets met, increasing the percentage of students scoring at achievement Level III and IV, assisting schools in making data-driven decisions to improve student achievement, and increasing the school's capacity to achieve student academic growth over time for all student subgroups. The recommended appropriation supports the addition of twenty-three (23) full-time positions to expand services to additional districts and schools. The recommended expansion includes nonrecurring costs for start-up costs and professional development to DPI staff to build local capacity.		
Appropriation	**$3,023,546**	**$3,023,546**
Appropriation - Nonrecurring	**$342,000**	
Positions	**23.000**	**23.000**

3. **Leadership Academy**

This recommended appropriation will support a Leadership Academy which will provide professional development to superintendents enabling them to train principals to address critical areas such as student achievement and teacher working conditions.

Appropriation $200,000 $200,000

Connecting Students and Learning

1. **North Carolina Virtual Public School (NCVPS)**

The NCVPS received an initial appropriation of $2.7 million in 2006-07. This program has continued to expand since its inception. Course enrollments have increased 80% over 2007-08. Course enrollments for 2008-09 are 33,131 compared to 18,365 in 2007-08. In addition, approximately 600 students from more than 100 high schools and 60 districts are enrolled in the credit recovery program. These funds would provide a recurring source of funds to support the cost of teachers and instructional materials for students enrolled in NCVPS courses. In addition, elementary and middle school courses will be developed as specific course needs are identified. In order to fully fund NCVPS course enrollments funds from the American Recovery and Reinvestment Act and School Technology appropriation may be used.

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

Increase High School Graduation Rates

1. **Dropout Prevention Grants**

This recommended appropriation supports dropout prevention grants to be disseminated to entities that are selected by the Dropout Prevention Committee. Projects awarded grant funding should address those elements most highly correlated with students leaving school prior to graduation including but not limited to truancy, academic failure, and school transition.

Appropriation $6,693,060 $6,693,060

2. **Learn and Earn Early College High Schools**

This recommended appropriation supports 12 schools that have completed planning and will enroll students for the 2009-10 academic year. This brings the total number of sites to 68 (plus 4 virtual sites). The 12 sites are: Cabarrus-Kannapolis Early College, Early College EAST (at Craven CC), Franklin County Early College (at Vance-Granville CC), Henderson Early College (at Blue Ridge CC), Mayland Early College, Stokes County Early College (at Forsyth Tech), Wake NC State Early College, Roanoke Valley Early College (at Halifax CC), Wilkes Early College, Wilson Early College Academy, Granville County Schools Learn and Earn Early College, and James Kenan Early College High School.

Appropriation	**$3,601,265**	**$3,601,265**
Appropriation - Nonrecurring	**$120,000**	

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1. **American Recovery and Reinvestment Funds to LEAs**

The Governor recommends appropriating the American Recovery and Reinvestment Act funds provided for LEAs.

1. Title I	167,064,680	167,064,680
2. IDEA	163,240,590	163,240,590
3. Educational Technology	8,179,500	8,179,500
Requirements - Nonrecurring	**$338,484,770**	**$338,484,770**
1. Title I	167,064,680	167,064,680
2. IDEA	163,240,590	163,240,590
3. Educational Technology	8,179,500	8,179,500
Receipts - Nonrecurring	**$338,484,770**	**$338,484,770**
Appropriation	-	-

Total Recommended Expansion

	2009-10	2010-11
Recurring		
Requirements	$15,517,871	$15,517,871
Receipts	-	-
Appropriation	$15,517,871	$15,517,871
Positions	23.000	23.000
Nonrecurring		
Requirements	$343,650,687	$338,484,770
Receipts	338,484,770	338,484,770
Appropriation	$5,165,917	-
Positions	-	-

Total Recommended Adjustments for Public Education (13510) 2009-11

	2009-10	2010-11
Recurring		
Requirements	($229,626,621)	($232,268,764)
Receipts	6,324,790	6,324,790
Appropriation	($235,951,411)	($238,593,554)
Positions	23.000	23.000
Nonrecurring		
Requirements	$276,834,697	$327,416,401
Receipts	338,484,770	338,484,770
Appropriation	($61,650,073)	($11,068,369)
Positions	-	-
Total Appropriation Adjustments	($297,601,484)	($249,661,923)
Total Position Adjustments	23.000	23.000

Governor's Recommended Adjustments to Base Budget

The University of North Carolina (160xx)

Recommended General Fund Budget and Positions

	2009-10	2010-11
Base Budget		
Requirements	$4,327,168,114	$4,419,355,782
Receipts	$1,300,982,859	$1,318,484,207
Appropriation	$3,026,185,255	$3,100,871,575
Adjustments		
Requirements	($167,866,999)	($172,173,244)
Receipts	=	=
Appropriation	($167,866,999)	($172,173,244)
Total		
Requirements	$4,159,301,115	$4,247,182,538
Receipts	$1,300,982,859	$1,318,484,207
Recommended Appropriation	$2,858,318,256	$2,928,698,331
Positions		
Base Budget Positions	36,915.210	37,148.710
Reductions	(75.600)	(121.800)
Expansion	2.000	2.000
Recommended Positions	36,841.610	37,028.910

Appropriation Items -- Recommended Adjustments

Reductions

	2009-10	2010-11
1. Truth-in-Budgeting Reform (Budget Salaries at Less than 100%) - General Administration		
The Governor recommends budgetary reform by reducing the budgeted salaries to more closely match the actual salary expenditures. Budget line items which normally use lapsed salaries for the agency's operation were increased in the continuation budget. These changes along with budget flexibility will allow the agency to operate more efficiently. General Fund salaries in UNC General Administration are recommended to be reduced by 3%.		
1. Center for Public Television	(225,500)	(225,500)
2. Community Services	(16,000)	(16,000)
3. NC Center for School Leadership	(53,000)	(53,000)
4. North Carolina Center for International Understanding (NCCIU)	(15,300)	(15,300)
5. Institutional Support	(456,200)	(456,200)
Appropriation	**($766,000)**	**($766,000)**
2. Truth-in-Budgeting Reform (Budget Salaries at Less than 100%) - UNC Campuses		
The Governor recommends budgetary reform by reducing the budgeted salaries to more closely match the actual salary expenditures. Budget line items which normally use lapsed salaries for the institutions' operations were increased in the continuation budget. These changes along with budget flexibility will allow the campuses to operate more efficiently. General Fund salaries at the UNC campuses are recommended to be reduced by 2%.		
Appropriation	**($54,238,000)**	**($54,238,000)**
3. Building Reserve Adjustments for Delays		
Adjustments to campus building reserves are recommended to correspond with changes in project completion dates as submitted by UNC General Administration (UNC-GA). These adjustments will not impact current projects.		
Appropriation - Nonrecurring	**($2,692,333)**	**($2,256,597)**
Positions	**(41.100)**	**(23.700)**

4. **Building Reserve Reductions**

The UNC System received funding for building reserves during the 2009-11 continuation budget process. It is recommended that UNC building reserves be reduced as follows: (1) recurring costs will be reduced 25% and; (2) nonrecurring costs will be removed.

Appropriation	**($2,578,250)**	**($6,265,803)**
Appropriation - Nonrecurring	**($1,434,788)**	**($4,707,288)**
Positions	**(34.500)**	**(98.100)**

5. **Remove Inflationary Increase for Library Books**

The UNC system received inflationary increases for library books through the 2009-11 continuation budget process. It is recommended that inflationary increases for library books be removed.

Appropriation	**($14,129,584)**	**($18,411,905)**

6. **Reduction to Reflect Decreases in Utility Costs**

The UNC system received inflationary increases for utilities through the 2009-11 continuation budget process. While most campuses had increased utility budget needs, some campuses had utility savings primarily due to a decrease in the price of residual fuel oil. It is recommended that the appropriations for these campuses be reduced consistent with actual expenditures.

Appropriation	**($1,603,910)**	**($1,362,610)**

7. **Reduce UNC Hospital Transfer**

Given the large fund balance currently held by UNC Hospitals, it is recommended that the transfer from the General Fund to the UNC Hospitals operating fund be temporarily reduced by $10 million in both years of the 2009-11 biennium.

Appropriation - Nonrecurring	**($10,000,000)**	**($10,000,000)**

8. **Adjust Appropriation for New Tax Projections**

Based on the most recent Tax on Other Tobacco Products projections, a lower General Fund contribution than initially anticipated will bring the UNC Cancer Research fund to the required $50 million. It is recommended that the General Fund appropriation be reduced by the amount of the projected increase to Tax on Other Tobacco Products collections.

Appropriation	**($561,179)**	**($592,890)**

9. **Reduction from Consolidation of Online and Distance Education Programs**

Since distance education is now built into the enrollment formula, it is recommended that the recurring reserve for Distance Education and Capacity Enhancement be reduced by 10%.

Appropriation	**($112,936)**	**($112,936)**

10. **Reduce Reserve for Information Technology**

The Reserve for Information Technology represents a residual balance from a $10 million recurring appropriation in 1999-00 and has been used to fund nonrecurring projects. A 10% reduction to the Reserve for Information Technology is recommended.

Appropriation	**($90,592)**	**($90,592)**

11. **Reduce Funding for NC Live**

A 10% reduction to the funding for NC Live is recommended.

Appropriation	**($145,440)**	**($145,440)**

12. **Reduce Non-Need-Based Grants to Private Colleges**

A reduction to the Legislative Tuition Grant (NCLTG) 2009-11 budget, consistent with the percentage reduction for the UNC campuses, is recommended. Held harmless in this reduction is the State Contractual Scholarship Fund, the need-based financial aid program for private colleges and universities.

Appropriation	**($3,700,343)**	**($3,700,343)**

13. **Nonrecurring Reduction to the Strategic Initiative Reserve**

It is recommended that the fund used by the UNC System President to fund special projects be temporarily reduced by $1 million. The UNC System President has the authority to use funds available to continue the implementation of the UNC Finance Improvement and Transformation Project.

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

14. **Suspend Legislature Schools for Leadership Development**

It is recommended that the two-week summer programs for middle and high school students at East Carolina University and Western Carolina University be suspended for the 2009-11 biennium.

Appropriation - Nonrecurring	**($500,000)**	**($500,000)**

15. **Discontinue State Funding for UNC Center for Alcohol Studies**

The total endowment fund for the Center for Alcohol Studies at the University of North Carolina at Chapel Hill has exceeded ten million dollars and thus the statutory cap for the endowment has been met (G.S. 20-7 (i1)). Discontinuation of state funding for this endowment is recommended.

Appropriation	**($500,000)**	**($500,000)**

16. **Eliminate Reserve for Focus Growth - Administrative Portion**

In 1998, UNC Board of Governors identified seven campuses as having underutilized facilities and excess capacity to serve additional students. Campuses have since received incremental increases in recurring funding totaling $33 million to develop high demand degree programs. It is recommended that the undistributed funds which currently reside in reserves be removed.

Appropriation	**($1,343,002)**	**($1,343,002)**

17. **Phase Out Tuition Waiver for NC School of Science and Math (NCSSM)**

It is recommended that the funding of tuition remissions for graduates of NCSSM entering the UNC system be discontinued. Held harmless would be NCSSM graduates already in the UNC system. Funding would be completely eliminated by 2012-13.

Appropriation	**($990,619)**	**($2,034,190)**

18. **Management Flexibility Reduction - General Administration (UNC-GA)**

A management flexibility reduction is recommended for UNC General Administration. The recommended reduction for North Carolina Research and Education Network (NCREN) is 10% of the continuation budget in both years of the biennium. The recommended reduction for all other UNC-GA programs is an average of 5% of the continuation budget in both years of the biennium. This recommended reduction eliminates General Fund support at UNC-GA for Teaching and Learning through Technology (TLTC) Collaborative, UNC in Washington Program, UNC advancement campus support contract with UNC-Chapel Hill, and additional administrative efficiencies. The UNC President and the UNC Board of Governors have the authority to allocate these reductions.

1. North Carolina Research and Education Network (NCREN)	(660,000)	(660,000)
2. General Administration	(1,847,683)	(1,847,683)
Appropriation	**($2,507,683)**	**($2,507,683)**

19. **Management Flexibility Reduction - UNC Campuses**

A management flexibility reduction is recommended for all UNC constituent institutions. The recommendation represents a 3.6% reduction in 2010-11 and a 3.2% reduction in 2011-12. It is expected that the institutions will use this flexibility to make reductions in areas based on the best interests of each campus.

Appropriation	**($96,569,651)**	**($85,235,276)**

Total Recommended Reductions

	2009-10	2010-11
Recurring		
Requirements	($179,837,189)	($177,306,670)
Receipts	-	-
Appropriation	($179,837,189)	($177,306,670)
Positions	(75.600)	(121.800)

Nonrecurring		
Requirements	($15,627,121)	($18,463,885)
Receipts	-	-
Appropriation	($15,627,121)	($18,463,885)
Positions	-	-

Expansion

	2009-10	2010-11
Higher Education Access and Affordability		
1. **Need-Based Financial Aid - College Promise**		
The UNC Need-Based Student Financial Aid Program, first funded by the General Assembly in 1999-00, has a current recurring budget of $116.4 million. A General Fund appropriation of $23.4 million is recommended to continue the successful expansion of the program to include more middle-income students, while protecting lower-income students (who tend to apply later). The additional funds would cover expected growth in the number of students eligible for the program and hold recipients harmless from increases in the cost of education. This recommendation will continue the investment toward meeting the Governor's goal of a college promise.		
Appropriation	**$23,397,311**	**$23,397,311**
2. **Hickory Regional Partnership**		
In order to centralize public four-year higher education offerings in Hickory, it is recommended that the Hickory Metro Higher Education Center (HMHC) at Catawba Valley Community College be combined with the NC Center for Engineering and Technology. This recommendation moves the funding for the directors of the HMHC from the North Carolina Community College System to Appalachian State University.		
Appropriation	**$200,000**	**$200,000**
Positions	**2.000**	**2.000**
Improving Access to Healthcare		
1. **East Carolina University (ECU) Indigent Care**		
In 2007-08, ECU physicians provided over $9.5 million in indigent care (one out of every seven patients). In order to sustain the Brody School of Medicine's ability to provide care for the patients of eastern North Carolina as well as maintain a safety net of clinical services for the region, a nonrecurring increase of $4 million is recommended.		
Appropriation - Nonrecurring	**$4,000,000**	

Total Recommended Expansion

	2009-10	2010-11
Recurring		
Requirements	$23,597,311	$23,597,311
Receipts	-	-
Appropriation	$23,597,311	$23,597,311
Positions	2.000	2.000
Nonrecurring		
Requirements	$4,000,000	-
Receipts	-	-
Appropriation	$4,000,000	-
Positions	-	-

Total Recommended Adjustments for The University of North Carolina (160xx) 2009-11

	2009-10	2010-11
Recurring		
Requirements	($156,239,878)	($153,709,359)
Receipts	-	-
Appropriation	($156,239,878)	($153,709,359)
Positions	(73.600)	(119.800)
Nonrecurring		
Requirements	($11,627,121)	($18,463,885)
Receipts	-	-
Appropriation	($11,627,121)	($18,463,885)
Positions	-	-
Total Appropriation Adjustments	($167,866,999)	($172,173,244)
Total Position Adjustments	(73.600)	(119.800)

Governor's Recommended Adjustments to Base Budget

Community Colleges System Office (16800)

Recommended General Fund Budget and Positions

	2009-10	2010-11
Base Budget		
Requirements	$1,323,414,664	$1,376,537,485
Receipts	$250,843,512	$262,502,891
Appropriation	$1,072,571,152	$1,114,034,594
Adjustments		
Requirements	($30,851,939)	($30,961,454)
Receipts	$14,926,885	$14,926,885
Appropriation	($45,778,824)	($45,888,339)
Total		
Requirements	$1,292,562,725	$1,345,576,031
Receipts	$265,770,397	$277,429,776
Recommended Appropriation	$1,026,792,328	$1,068,146,255
Positions		
Base Budget Positions	236.000	236.000
Reductions	(9.000)	(9.000)
Expansion	8.000	8.000
Recommended Positions	235.000	235.000

Appropriation Items -- Recommended Adjustments

Reductions

		2009-10	2010-11
System Office			
1. Truth-in-Budgeting Reform (Budget Salaries at Less Than 100 Percent)			
The Governor recommends budgetary reform by reducing the budgeted salaries to more closely match the actual salary expenditures. These changes along with budget flexibility will allow the agency to operate more efficiently. General Fund salaries in the Community College System Office are recommended to be reduced by 3%.			
	Appropriation	**($496,323)**	**($496,323)**
2. Eliminate Vacant Positions			
It is recommended that seven vacant positions in the Community College System Office be eliminated. This recommendation also includes eliminating $46,192 of unused salary reserves.			
	Appropriation	**($523,128)**	**($523,128)**
	Positions	**(7.000)**	**(7.000)**
3. Eliminate Filled Positions			
It is recommended that two positions in the Community College System be eliminated. The duties of these positions shall be eliminated or absorbed by other System Office employees.			
1. Special Events Coordinator		(69,011)	(69,011)
Positions - Recurring		(1.000)	(1.000)
2. BioNetwork Grants Associate		(55,029)	(55,029)
Positions - Recurring		(1.000)	(1.000)
	Appropriation	**($124,040)**	**($124,040)**
	Positions	(2.000)	(2.000)
4. Move Positions to Receipt Support			
It is recommended that one Grants Administrator position be shifted to indirect cost receipts and one Education Consultant be shifted partially to proprietary school receipts. These positions oversee the activities that generate these receipts.			
	Appropriation	**($85,454)**	**($85,454)**

5. **Reduce System Office Operating Budget**

It is recommended that the System Office operating budget be reduced. These reductions will reduce travel, training, information technology project management and training, and other operating expenses.

Appropriation	**($462,425)**	**($462,425)**

6. **Reduce 2+2 E-Learning Initiative**

The 2+2 E-Learning Initiative provides $1 million in recurring funds to support innovative distance learning programs. This reduction will reduce the initiative to the level of historical spending and will continue to support the advancement of distance learning courses. These funds have been used to create the Learning Object Repository and are no longer needed for that purpose.

Appropriation	**($250,000)**	**($250,000)**

Colleges - State Aid

1. **Truth-in-Budgeting Reform (Budget Salaries at Less Than 100 Percent)**

The Governor recommends budgetary reform by reducing the budgeted salaries to more closely match the actual salary expenditures. Budget line items which normally use lapsed salaries for the college operations were increased in the continuation budget. These changes along with budget flexibility will allow the colleges to operate more efficiently. General Fund salaries at the community colleges are recommended to be reduced by 2%.

Appropriation	**($18,543,704)**	**($18,543,704)**

2. **Overrealized Receipts**

The recommended amount budgeted for tuition and registration fees is increased to more accurately reflect anticipated receipts. These additional receipts are expected to be available because 2008-09 actual enrollment has exceeded budgeted levels and additional enrollment growth is projected during the biennium.

Requirements	**-**	**-**
Receipts	**$3,000,000**	**$3,000,000**
Appropriation	**($3,000,000)**	**($3,000,000)**

3. **Merger of the Hickory Metro Higher Education Center**

The Hickory Metro Higher Education Center offers baccalaureate and advanced degrees through partnerships with four-year public and private colleges and universities. The Center is located on the East Campus of Catawba Valley Community College. This center shall be merged with the NC Center for Engineering and Technology, also located in Hickory and offered in cooperation with the University of North Carolina. This merger will centralize all public baccalaureate offerings in Hickory under UNC. This reduction eliminates the categorical allotment received by Catawba Valley. The UNC portion of this budget includes the increase necessary to transfer the administration of the Hickory Metro Higher Education Center to Appalachian State University, fiscal agent for UNC's Hickory Regional Partnership.

Appropriation	**($505,834)**	**($505,834)**

4. Reductions in Categorical Allotments

It is recommended that the following categorical allotments be eliminated or reduced. These categorical allotments are allocated in addition to funds distributed through the enrollment formula.

1. Maintenance of Plant supplement

These supplemental funds are currently allocated to colleges with low county support. If colleges serve a low-wealth county, they may be eligible to use carryforward funds for this purpose. (787,877) (787,877)

2. Botanical Laboratory at Fayetteville Technical Community College

The Governor recommends reducing by 50% the funding for the botanical laboratory at Fayetteville Technical Community College. These funds were first received in 2003-04 and were used by Fayetteville Tech to start up their botanical laboratory in cooperation with the Cape Fear Botanical Gardens. (150,000) (150,000)

3. Community Service Block Grant

Community colleges offer activities based on community interest, with a portion of them supported by the community service block grant. This reduction will eliminate the block grant, requiring all community service programs to be provided on a self-supporting basis. (1,066,603) (1,066,603)

4. Baccalaureate Education Attainment Funds

Community college faculty and staff may receive funds to pursue and attain bachelor's degrees. These faculty often teach in technical areas in which a bachelor's degree is not required. This reduction eliminates funding available for this attainment. Faculty are encouraged to pursue education using existing and expanding financial aid programs at NC public and private colleges and universities. (112,751) (112,751)

5. Faculty and Staff Development Funds

This reduction eliminates funds allocated by the state for professional development of community college faculty and staff. (507,068) (507,068)

6. Compensatory Education Administration

This reduction will eliminate the additional funds allotted to colleges for the administration of compensatory education programs. These programs provide assistance to students and teach students life skills. These programs earn FTE funding, which funds the services delivered to the students. This reduction eliminates those funds used only to administer these programs. (1,229,760) (1,229,760)

Appropriation	**($3,854,059)**	**($3,854,059)**

5. **Reduce Supplemental Multi-Campus Funds**

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. This recommendation will reduce supplemental funding to multi-campus sites by approximately 12.8%. Community colleges will continue to receive FTE funding for the enrollment at multi-campus sites.

Appropriation	**($1,896,178)**	**($1,896,178)**

6. **Eliminate Supplemental Funding for Off-Campus Centers**

This recommended reduction eliminates the special allotment for off-campus centers. Community colleges will continue to receive FTE funding for the enrollment at off-campus centers.

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

7. **Eliminate One Virtual Learning Community Development Center**

There are currently five state-supported Virtual Learning Community development centers. The centers develop and monitor online course content, including two providing quality assurance and faculty development. The centers are awarded annually by the State Board of Community Colleges and pay for faculty release time. The State Board will determine which center to eliminate. This reduction will not affect future online course development, as the State Board will set course development priorities for 2009-11.

Appropriation	**($200,000)**	**($200,000)**

8. **Reduce Funding for Library Books and Materials**

It is recommended that the college allotments for library books and related electronic resources be reduced to a base of $3 million. This reduction includes a 25% reduction from 2008-09 levels and the elimination of inflationary increases included in the 2009-11 continuation budget. The $3 million base matches the funding received by colleges before they received inflationary increases in 2007-09.

Appropriation	**($1,324,641)**	**($1,641,456)**

9. **Reduce Grants and Marketing Funds**

This recommendation reduces the NCCCS BioNetwork by eliminating the grants given to the colleges for biotech programs and reducing the BioNetwork's advertising budget. The NCCCS BioNetwork will centralize their biotechnology programs in their seven industry-specific centers of excellence, located at community colleges.

Appropriation	**($1,440,675)**	**($1,440,675)**

10. **Restructure Continuing Education Fee Rates**

It is recommended that the fees charged to students taking continuing education courses be restructured. The new fee structure would consolidate the current structure from four tiers into three, based on the number of hours of class time. The new

fee structure includes a sliding scale as follows: Classes 1-20 hrs ($65), 21-50 hours ($120), and 51-100+ hours ($175). Continuing education course fees have not been increased since the current sliding scale was adopted in 1999. Fee increases would range from $15 per course (for courses 1-20 hours in length) to $110 per course (for courses 51 or more hours). Continuing education courses are non-credit courses and are taken by students not seeking a degree. Fee increases will not reduce access to training for dislocated workers.

Requirements	-	-
Receipts	**$9,426,885**	**$9,426,885**
Appropriation	**($9,426,885)**	**($9,426,885)**

11. **Management Flexibility Reduction - State Aid**

It is recommended that a flexibility reduction of $20,930,478 be made to give the State Board of Community Colleges the discretion to identify specific reductions in the State Aid budget. This amount reflects a 2% reduction of the 2009-10 budget. The State Board of Community Colleges shall distribute the flexibility reduction based upon FTE or another method that accounts for the unique needs of specific colleges. Each college has the flexibility to adjust their budget to implement this reduction; therefore it is not possible to identify the number of positions impacted. Colleges shall not reduce Huskins or dual enrollment course offerings and shall not impact those activities directly involved in retraining displaced workers.

Appropriation	**($20,930,478)**	**($20,930,478)**

Total Recommended Reductions

	2009-10	2010-11
Recurring		
Requirements	($51,636,939)	($51,953,754)
Receipts	12,426,885	12,426,885
Appropriation	($64,063,824)	($64,380,639)
Positions	(9.000)	(9.000)
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Expansion

	2009-10	2010-11
JobsNOW		
1. **Allied Health Programs - Additional Faculty**		
The lack of qualified faculty is a major barrier to producing nurses. This recommendation would create 65 nursing faculty positions (at a salary of $60,000). These positions shall be distributed to colleges through a competitive grant process based on the shortage of nurses in college service areas and on the length of the college waiting lists of student applicants. These positions may be awarded to colleges expanding associate degree health programs and preparing students for in-demand, high-wage jobs. These funds may be used to leverage funds from the Golden LEAF Foundation and the Health and Wellness Trust Fund for health care equipment and training.		
Appropriation	**$4,835,000**	**$5,242,300**
2. **Vocational and Technical Education Programs**		
There is a shortage of workers in technical fields, including the transportation, engineering, industrial, military, construction and green technology sectors. Colleges have been reluctant to start new programs because of the start-up costs. This amount would support program grants to colleges for programs serving areas of major need in their service area, particularly those aimed at retraining displaced workers, assisting with growth in the defense and military sectors, and increasing the use of green technologies. This amount would provide twenty $150,000 grants. These funds may be used to leverage funds from the Golden LEAF Foundation for technical education equipment and training.		
Appropriation	**$3,000,000**	**$3,000,000**

3. **JobSupport**

The Governor recommends funds for financial assistance to allow displaced workers to pay for child care, tuition, and transportation costs while they are pursuing job re-training. These funds may be offered through the existing Child Care Grant process and by expanding the Targeted Assistance Programs at the colleges (which would allow colleges to tailor their programs and assistance to meet the needs of the displaced workers in their service area). These funds may also be used to pay continuing education fees for courses that significantly enhance retraining for displaced workers. The Governor directs that funds received through the American Recovery and Reinvestment Act be used to support this recommendation, consistent with federal statutes and guidelines.

Requirements - Nonrecurring	**$2,500,000**	**$2,500,000**
Receipts - Nonrecurring	**$2,500,000**	**$2,500,000**
Appropriation - Nonrecurring	**-**	**-**

Developing the 21st Century Workforce

1. **Equipment and Technology**

The Governor recommends appropriating $5 million to help address equipment and technology needs in the community colleges. This recommendation maintains the base funding for equipment and technology at the amount funded in 2008-09. These funds will help reduce program waiting lists and meet technology training needs, thereby supporting quality education and training experiences for community college students.

Appropriation	**$5,000,000**	**$5,000,000**

2. **Military Business Center**

The Governor recommends funds be provided to support the Military Business Center at Fayetteville Technical Community College. The Center received nonrecurring funds in 2008-09 while undergoing a legislative continuation review. The Military Business Center works with communities and companies to develop and obtain business with the US military at NC military installations.

Appropriation	**$1,250,000**	**$1,250,000**

3. **Fayetteville Tech 3-D Technology**

The Governor recommends funding for the 3-D technology at the Advanced Visualization Center at Fayetteville Technical Community College. This technology is used to assist classroom instruction and the US military through the use of manipulable holograms (such as disassembling an M-16 rifle, dissecting a cell, diagramming parts of the human body). This recommendation will permit the continued development of 3-D technology. Future uses could include such things as traffic planning, protection and maintenance of critical infrastructure, and battlefield simulations. This technology is compatible with and is integrated into the NCCCS Learning Object Repository.

Appropriation - Nonrecurring	**$200,000**

Higher Education Access and Affordability

1. **Enrollment Growth Adjustment for 2009-10**

Community colleges receive regular term enrollment growth funding as part of their continuation budget. The Governor's recommended 2009-11 continuation budget includes enrollment estimates based on the 2008 fall semester census. The final enrollment for fall semester 2008 has exceeded the fall census estimates by 98 FTE. This recommendation fully funds the final fall semester enrollment growth.

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

2. **Enrollment Growth Reserve**

This recommendation will provide funds to colleges who experience an increase in fall 2009 enrollments greater than 5% above the previous fall. Community colleges receive enrollment growth funding based on prior year's actual enrollment. This method does not fund colleges for their current year's enrollment. This reserve has been funded on a nonrecurring basis each of the past three fiscal years, including $2.5 million nonrecurring in 2008-09.

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

3. **Restructure Apprenticeship Training Program**

The Community College System Office shall develop a restructured Apprenticeship Training Program to maximize the development of employer-sponsored flexible training programs. These programs shall cultivate highly skilled workers who meet the workforce demands of a competitive global economy.

Appropriation	**$500,000**	**$500,000**
Positions	**8.000**	**8.000**

Total Recommended Expansion

	2009-10	2010-11
Recurring		
Requirements	$18,085,000	$18,492,300
Receipts	-	-
Appropriation	$18,085,000	$18,492,300
Positions	8.000	8.000
Nonrecurring		
Requirements	$2,700,000	$2,500,000
Receipts	2,500,000	2,500,000
Appropriation	$200,000	-
Positions	-	-

Total Recommended Adjustments for Community Colleges System Office (16800) 2009-11

	2009-10	2010-11
Recurring		
Requirements	($33,551,939)	($33,461,454)
Receipts	12,426,885	12,426,885
Appropriation	($45,978,824)	($45,888,339)
Positions	(1.000)	(1.000)
Nonrecurring		
Requirements	$2,700,000	$2,500,000
Receipts	2,500,000	2,500,000
Appropriation	$200,000	-
Positions	-	-
Total Appropriation Adjustments	($45,778,824)	($45,888,339)
Total Position Adjustments	(1.000)	(1.000)

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
Thursday, March 19, 2009, 8:30 A.M.
Room 421, Legislative Office Building

MINUTES

The Joint Legislative Subcommittee on Education/Higher Education met on Thursday, March 19, 2009 at 8:30 AM in room 421 of the Legislative Office Building. The following members were present: Co-chairs Senator Malone and Senator Stevens; Senators Hartsell, Queen, Vaughan, Davis, Tillman, and Preston, Co-Chairs McLawhorn, Rapp and Glazier; Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley and staff members Richard Bostic, Brian Matteson, Andrea Poole, Kris Nordstrom, Shirley Iroiro, Drupti Chauhan, and Kara McCraw were also present. The agenda (Attachment 1) visitor registration sheet (Attachment 2) page and sergeant-at-arms list (Attachment 3) are attached.

Senator Malone called the meeting to order at 8:30 a.m. Senator Malone welcomed members, guests and recognized pages and sergeant-at-arms staff.

Senator Malone introduced Andrea Poole, Staff to give an overview of the 2008-09 Continuation Review process and potential sub-committee options.

Andrea Poole stated gave a little history of the Continuation Review Process (Attachment 4). Ms. Poole stated that this was the second year of continuation reviews. In 2006, the Fiscal Research Division did justification reviews. In 2007 you looked at the Center for Nursing and 2008 you have been directed to look at the NC Military Business Center. Ms. Poole stated that direction of S.L. 2008-107, Sec. 6.7 requires the Continuation Review of seven programs within State government. Ms. Poole stated that those programs was given non-recurring funding for FY2008-09 and in order for them to continue in 2009-10 and beyond the committee would need to take action to reinstate their funding or not to continue to fund them. Ms. Poole stated that the NC Military Business Center would need to give certain pieces of information in their report (Attachment 5- NC Military Business Center-Continuation Review Final Report March 1, 2009). Ms. Poole also stated that the recommendations and potential subcommittee options for the NC Military Business Center was a part of *Attachment 4.* Ms. Poole stated that the first recommendation that was not part of the review was the Governor's Budget, which recommended including their funding back into the budget on a recurring basis at the same level they had been receiving before.

Senator Malone introduced Dr. Larry Keen, President of Fayetteville Technical Community College for brief remarks. Dr. Keen thanks the committee for allowing him to speak. Dr. Keen stated that his purpose was to say that as a President of the Fayetteville Technical Community College, we take pride in hosting the NC Military Business Center on their campus. As a foundational base for the program, it coincides with the mission the community college system has in terms of contributing to the economic growth and development of our State. Dr. Keen stated the NC Military

Center's purpose can be broken down into three words; jobs, jobs and jobs. The services we provide to the NC Military Business Center are certainly not centered only in Fayetteville but literally go throughout the entire State. When you stop and consider the growth that they have had over the years in terms of the services to businesses and the touch throughout the entire state that have either resulted in creating new jobs for citizens or retaining jobs that could have been lost then I think we are fulfilling the mission of two organizations; 1) the NC Military Business Center in doing the work that it has done for the investment you have made and the return on that investment you will see in the presentation is extraordinarily powerful; and 2) those jobs that have been retained and people that are currently working that might not otherwise be working is again consistent with what we do in the community college system at large and at the same time is consistent with what the NC Military Business Center was established to do.

Dr. Keen introduced Mr. Scott Dorney, Executive Director of the NC Military Business Center.

Mr. Dorney thanked to committee for giving him the opportunity to speak before the committee. Mr. Dorney's presentation included a packet of information in reference to the NC Military Business Center including PowerPoint presentation (Attachment 6). Mr. Dorney stated that at the bottom of each slide there is a footer which is very typical examples of contracts that great companies here in NC have won with some assistance from the NC Military Business Center. Mr. Dorney stated that everyone of those contracts that have won by a great company in North Carolina because they got the best products, the best services and the best employees and they are retaining and hiring people to perform these contracts everyday. Mr. Dorney stated that their goals are to make sure that no business in North Carolina makes a no bid decision out of ignorance on a federal opportunity. Never again will it happen, what happened in the Fall of 2004 when the Army assigned a billion dollars in new uniforms, companies in North Carolina did not know about the opportunity and did not win those contracts with the exception of one, Foxx Apparel in Asheville, NC.

Representative Glazier asked Mr. Dorney to provide the Committee information about the office in Boone, NC. i.e. the specific cost of the addition of adding a person. Mr. Dorney stated he would provide the committee with the information.

The committee members made additional comments and asked questions that was answered by Mr. Dorney.

Senator Malone recognized several business people who came with Mr. Dorney to show support of the NC Military Business Center.

Senator Malone introduced Dr. Alan Mabe, UNC Vice President for Academic Planning and University-Schools Programs.

Dr. Mabe answered the question as to what (PEP) Principals' Executive Program has to do as condition to restore funding (Attachment 7). It was to do three things (1) provide

data showing PEP as a positive measurable impact on conditions for teaching and learning in schools (2) to develop a formalized admissions policy, to give priority school administrators working in high need areas and to take into account geographical other considerations and (3) to recommend to the Joint Legislative Education Oversight Committee a plan to provide input on the Principals' Executive Program priorities and feedback on it performance. Dr. Mabe stated that reported in April, 2008 and addressed all of these and provided information. What they would like to do now is to follow-up and provides additional information. The plan and data was provided to then to show impact on teaching and the conditions for teaching and learning. We now have actual full studies of some of the work of PEP and the Center. The project involved a three person leadership team from 31 low performing high schools in NC and each of these teams included the principal and other leaders at the school. The project was done throughout 2007-08 and we just got the evaluation results. While there is a lot of data about the impact of the training on school leaders, and the leaders impact on their schools, the composite student performance data for the schools, it really provides some very positive and solid information. Of these 31 schools in these projects, 93.5% of these schools had their student performance composite scores increase from 2006-07 to 2007-08. The average composite score percentage increase was 6.9% for all high schools in North Carolina that year. The low performing school cohort increased by 8.7%, on average they were better than the overall average in the State. Sixty-five percent of the schools in this cohort average percentage increase were higher than the State average. This is a measurable impact, not just on the condition for teaching and learning but on the actual composite performance of the schools and this is from an independent analysis and evaluation by Service Center of UNC-Greensboro.

Representative Glazier asked staff to send out to all the members of the committee Judge Manning's ruling on Halifax County (Attachment 8).

Questions by committee members were asked and answered.

With no further discussion, meeting adjourned at 9:45 a.m.

Senator Vernon Malone, Co-Chairman

Bonnie McNeil, Committee Clerk

Joint Appropriations Subcommittee on Education

Agenda

Thursday, March 19, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Senator Vernon Malone, Presiding

I. Welcome

Senator Vernon Malone

II. Overview of Continuation Review Process and Potential Subcommittee Options

Andrea Poole, Fiscal Research Division

III. NC Military Business Center Presentation

a. Opening Remarks
Dr. Larry Keen, President
Fayetteville Technical Community College

b. Presentation and Closing Remarks
Scott Dorney, Executive Director
NC Military Business Center

IV. Principals' Executive Program (PEP)

Dr. Alan Mabe
UNC Vice President for Academic Planning and University-Schools Programs

V. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Senate Appropriations on Education/ Higher Education
Sen. Malone (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Graham (Vice Chair)
Sen. Queen (Vice Chair)
Sen. Davis, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

VISITOR REGISTRATION SHEET

JT APPR Ed. 3-19-09

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
David A. Durham	D+D Technical Services, Inc.
Brian H. Self	SourceHorizon, Inc.
Lonn Baumhover	ASU
Luke Hardison	Rep. Glazier's office
W M Gregory	NCMBC
Ed Garcia	DHi
JOE GRAGG	NC-AA
Tony Johnson	NC REAL
Carole Snider	Thomasville Furniture Indus.
Erin Schuettpelz	UNC-GA
Anita Watkins	UNC-GA
Rob Nelson	UNC-GA
JOHN BENNETT	WOMBLE & ANDERSON & ASSOC.
Ali Ezami	New Phoenix Aerospace
Ann Roberts	Solutions-IES
Greg Padgett	MACTEC Engineering
Courtney Shedrick	NC Military Business Center
Joyce Wallace	OSBM
Bryan Conrad	OSBM
Julia Kron	NCTA
Ron Bryan	NCTA
Frank Baker	Baker Roofing Co.
Jesse Dingle	DPI
Nancy-Farmer	UNC-Center for Sch'l & Dev-PEP
Mike Williams	UNC-CSLD
ALAN MABE	UNC
Jennifer Haygood	NCCCS

VISITOR REGISTRATION SHEET

JT APPR ED — 3-19-09

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
	WCPSS
Crockett	ncsba
CHRIS CARLSON	WHITTINGS TURNER CONTRACTING CO.
Bill Gammon	Nelson Mullins
Chris Minard	State Bd of Ed
Kelly Sokolowski	Skanska USA Building
MATT SMITH	BARNHILL
Jim Stegall	U.C.P.S.
[illegible]	NCPAPA
Emily Doyle	NCPAPA
[illegible]	NCEL
DAVE BOLICK	CQTL
Robin Fred	Partnership for Quality Teaching & Learning
Michael Hutson	MWC
Douglas Howell	CROWDER CONSTRUCTION COMPANY
[illegible]	NCICU
Meredith Hedrick	NCCCU
[illegible]	Public School Forum of NC
ANTHONY MARSHALL	[illegible] of the ISG
JOSEPH ANGELL	TCI ASSOCIATES OF NC
Mac O'Donnell	W.S. LLC
Dave Simpson	CAUC
[illegible]	NCSBA
KOBBIE FERRIS	SFLA ARCHITECTS
[illegible]	NCTCDL

VISITOR REGISTRATION SHEET

3-19-09

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
LARRY KEEN	FAYETTEVILLE TECH COM COLL
Joseph Adamczyk	SDV Command Source, LLC
Brian Lewis	NC Asso. Educators
ZEB ATLI	NMRS

House Pages

JT APPR Ed

Name Of Committee: _____ Date: 3-19-09

1. Name: Mary Webb
   County: McDowell
   Sponsor: Gillespie
2. Name: Jared Knecht
   County: New Hanover
   Sponsor: Justice
3. Name: Devin Gerney
   County: Wake
   Sponsor: Sen Stevens
4. Name: Preston Rodeniser
   County: Wake
   Sponsor: Richard Stevens
5. Name: Charles Nowotny
   County: Granville
   Sponsor: D. Berger

House Sgt-At-Arms

1. Name: CHARLES WILLIAMS
2. Name: EARL COKER
3. Name: _____
4. Name: _____
5. Name: _____

SENATE
RON SPANN
CURTIS DOWD

Attachment 4

2008-09 Continuation Reviews

- S.L. 2008-107, Sec. 6.7 required Continuation Review of seven programs within State government (see below for complete special provision).
- These programs received non-recurring funding for FY 2008-09. They will not be funded in the Continuation Budget.
- Programs under Continuation Review were required to submit a report by March 1, 2009, which included:
    - Description of program
    - Measures of performance
    - Rationale for continuing, reducing, eliminating funding
    - Consequences of eliminating funding
    - Recommendations for improving program
    - Recommendations for reducing costs
    - Identification of policy issues requiring attention by NCGA
- For Education, the NC Military Business Center (NCMBC) within the Community College System was required to complete a continuation review.
- The NCMBC received the $1.25 million NR in funding for FY 2008-09.

SESSION LAW 2008-107
HOUSE BILL 2436

CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND DIVISIONS

SECTION 6.7.(a) It is the intent of the General Assembly to establish a process to periodically and systematically review the funds, agencies, divisions, and programs financed by State government. This process shall be known as the Continuation Review Program. The Continuation Review Program is intended to assist the General Assembly in determining whether to continue, reduce, or eliminate funding for the State's funds, agencies, divisions, and programs subject to continuation review.

SECTION 6.7.(b) The Appropriations Committees of the House of Representatives and the Senate may review the funds, programs, and divisions listed in this section and shall determine whether to continue, reduce, or eliminate funding for the funds, programs, and divisions, subject to the continuation review program. The Fiscal Research Division may issue instructions to the State departments and agencies subject to continuation review regarding the expected content and format of the reports required by this section. No later than December 1, 2008, the following agencies shall report to the Fiscal Research Division:

(1) Tarheel Challenge Academy – Department of Crime Control and Public Safety.
(2) Spot Safety Program – Department of Transportation.
(3) Safety Inspection Program – Department of Commerce.
(4) Military Business Center – Community College System.
(5) Purchase of Medical Care Services Program – Department of Health and Human Services.
(6) Parking Office – Department of Administration.
(7) Forest Development Fund – Department of Environment and Natural Resources.

SECTION 6.7.(c) The continuation review reports required in this section shall include the following information:

(1) A description of the fund, agency, division, or program mission, goals, and objectives.
(2) The statutory objectives for the fund, agency, division, or program and the problem or need addressed.
(3) The extent to which the fund, agency, division, or program's objectives have been achieved.
(4) The fund, agency, division, or program's functions or programs performed without specific statutory authority.
(5) The performance measures for each fund, agency, division, or program and the process by which the performance measures determine efficiency and effectiveness.
(6) Recommendations for statutory, budgetary, or administrative changes needed to improve efficiency and effectiveness of services delivered to the public.
(7) The consequences of discontinuing funding.
(8) Recommendations for improving services or reducing costs or duplication.
(9) The identification of policy issues that should be brought to the attention of the General Assembly.
(10) Other information necessary to fully support the General Assembly's Continuation Review Program along with any information included in instructions from the Fiscal Research Division.

SECTION 6.7.(d) State departments and agencies identified in subsection (b) of this section shall submit a final report to the General Assembly by March 1, 2009.

Recommendation and Potential Subcommittee Options
NC Military Business Center

Recommendation

- The purpose of the NC Military Business Center was initially to "to serve as a coordinator and facilitator for small- and medium-sized businesses throughout the State seeking to win and complete military contracts." The original special provision is included below.
- The NCMBC has since expanded their mission to "leverage military and other federal business opportunities for economic development and quality of life in North Carolina."
- If the General Assembly wishes to continue funding the NCMBC at any level, it is recommended that their mission and activities be aligned with each other, either:
  - Restrict activities to only military-related, or
  - Rename the NCMBC and change its purpose officially to reflect all federal contracting (for example, NC Federal Contracting Business Center).

Funding Options

A. Provide no funding for FY 2009-10.
   1. Eliminate the program.
   2. Take no action – program would be allowed to continue, but with no funding from the General Assembly.

B. Provide a reduced level of funding (non-recurring or recurring)

C. Restore funding to previous level ($1.25 million).

D. Restore funding and provide new funding as requested by NCMBC's report ($1.6 million).

Session Law 2004-124
House Bill 1414

STATEWIDE MILITARY BUSINESS CENTER AND HOMELAND SECURITY BUSINESS INCUBATOR

SECTION 8.17.(a) The funds appropriated in this act to the Community Colleges System Office for a military business center to provide for a statewide system of military procurement shall be used as follows:

(1) The sum of two hundred thousand dollars ($200,000) shall be used by the North Carolina Electronics and Information Technologies Association to develop, in conjunction with MCNC, a proposal for the development and operation of a homeland security business incubator. The North Carolina Electronics and Information Technologies Association shall make a report on this proposal to the Joint Legislative Education Oversight Committee no later than February 28, 2005.

(2) The remainder of these funds shall be used for the development and operation of a military business center by Fayetteville Technical Community College. The military business center shall provide services to residents and businesses throughout the State. These funds shall be used for:

a. The development and operation of a statewide business assistance center. The purpose of the business assistance center is to serve as a coordinator and facilitator for small- and medium-sized businesses throughout the State seeking to win and complete military contracts. Activities of the business assistance center shall include:
   1. Training and mentoring eligible businesses on effectively marketing their products and services to military clients and contracting offices.
   2. Assisting eligible businesses with any required accreditations and qualifications for government contracting.
   3. Teaching eligible businesses about federal set-aside programs and how to take advantage of these programs directly or through partnering with other eligible businesses.
   4. Training and assisting clients with the registration, proposal development, and bidding processes related to military contracts.
   5. Training eligible businesses on legal and regulatory compliance.
   6. Designing and implementing mentoring programs to facilitate the development of interrelationships between eligible businesses.
   7. Forecasting the need for and assisting eligible businesses in obtaining advanced certifications and accreditations and advanced manufacturing skills and technologies.
   8. Assisting eligible businesses in advising military clients on retaining project funding.
   9. Working with Small Business Centers throughout the State to carry out these activities on a statewide basis.

b. The development and maintenance of an Internet-based system to match the knowledge, skills, and abilities of active-duty military personnel, veterans, and their families throughout the State with the needs of North Carolina businesses.

c. The study of community resources and existing business capacity to meet the current and future needs of the military and the development of proposals for further developing community resources and developing or recruiting new businesses to meet those needs.

d. The marketing of the services provided by the military business center.

e. The planning and implementation of the development of an industrial park to house military contractors.

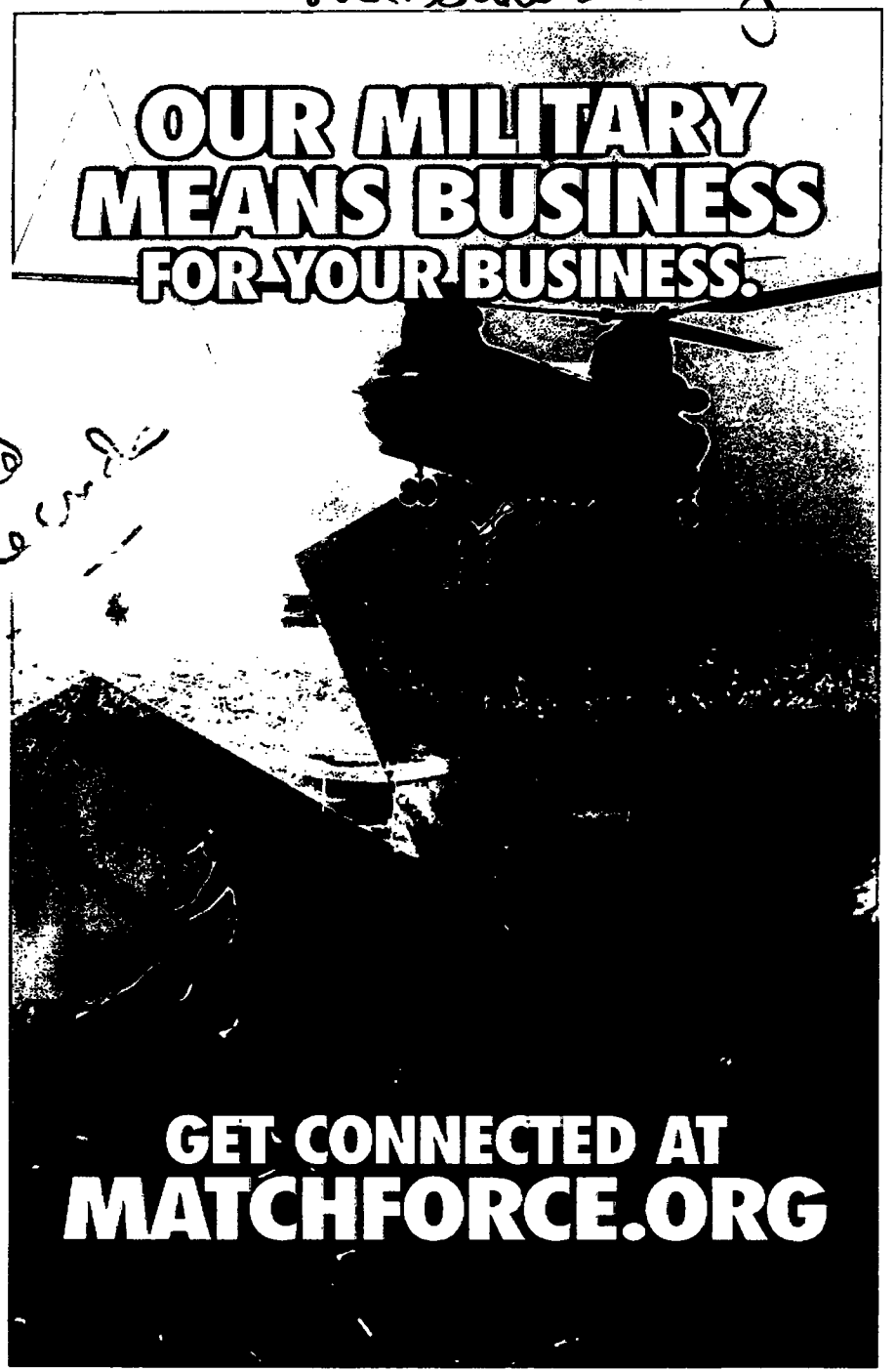
These funds shall not revert at the end of the fiscal year but shall remain available for expenditure for these purposes.

SECTION 8.17.(b) G.S. 66-58(c) is amended by adding a new subdivision to read:

"(3b) The operation of a military business center by a community college. For the purposes of this subdivision, the term 'military business center' means a facility that serves to coordinate and facilitate interactions between the United States Armed Forces; military personnel, veterans, and their families; and private businesses."

SECTION 8.17.(c) Fayetteville Technical Community College shall report to the Joint Legislative Education Oversight Committee prior to September 1, 2005, on expenditures of funds pursuant to this section.

Attachment 1 (Record)
Mr. Scott Dorney



To be filed w/Record

ncmbc
CONNECTING BUSINESS AND MILITARY

North Carolina Military Business Center

Continuation Review Report

March 19, 2009

NORTH CAROLINA MILITARY BUSINESS CENTER

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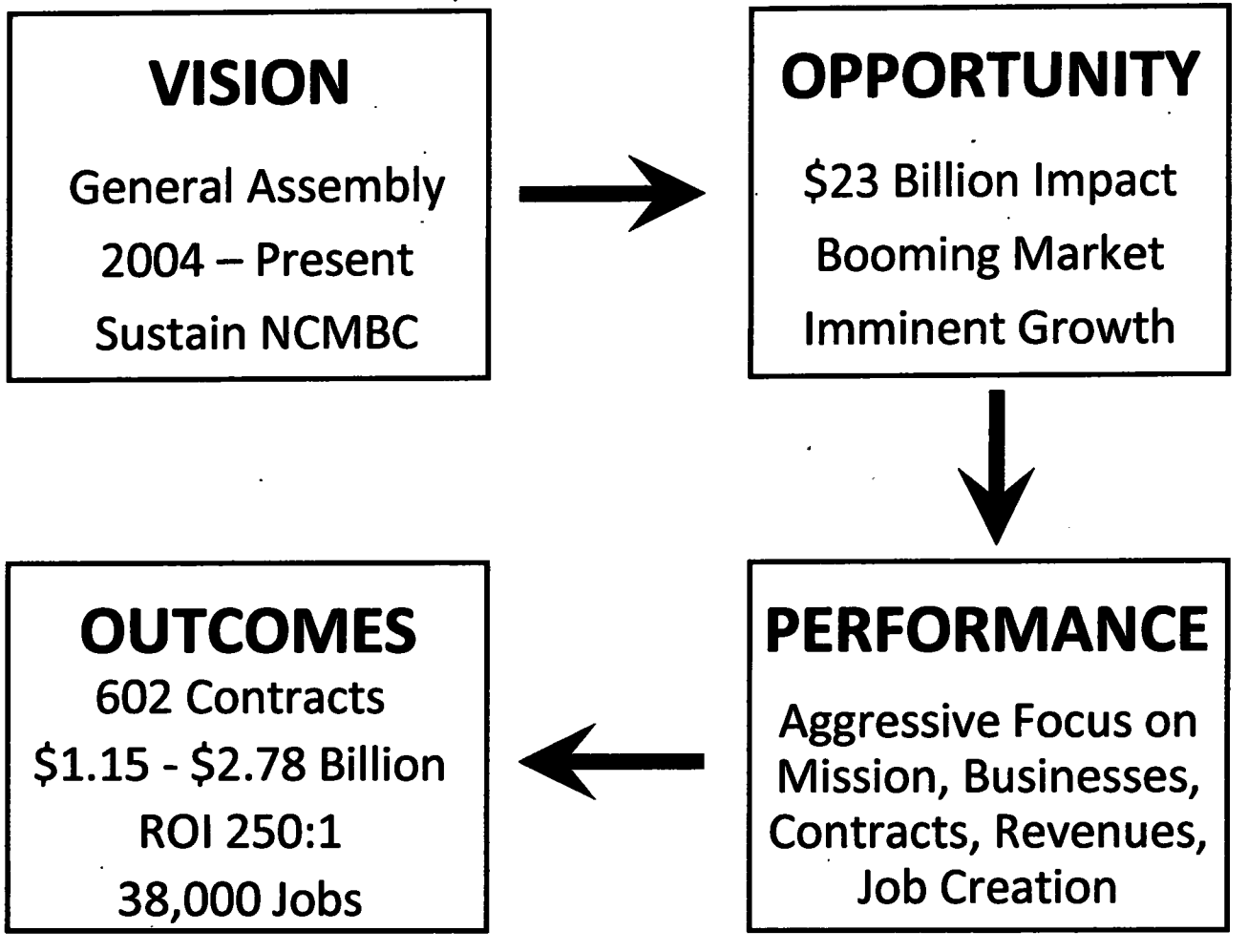
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Agenda

- Introduction & Acknowledgments
- Overview & Outcomes
- Vision, Mission, Goals, Programs, Initiatives
- Resources & Performance Outcomes
- Funding Level & Service
- Comments & Questions

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Overview & Outcomes



WIN: $48M for Boots, Wellco Enterprises Inc., Haywood County, 2008

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Mission & Goals

MISSION

To leverage military and other federal business opportunities for economic development and quality of life in North Carolina

GOALS

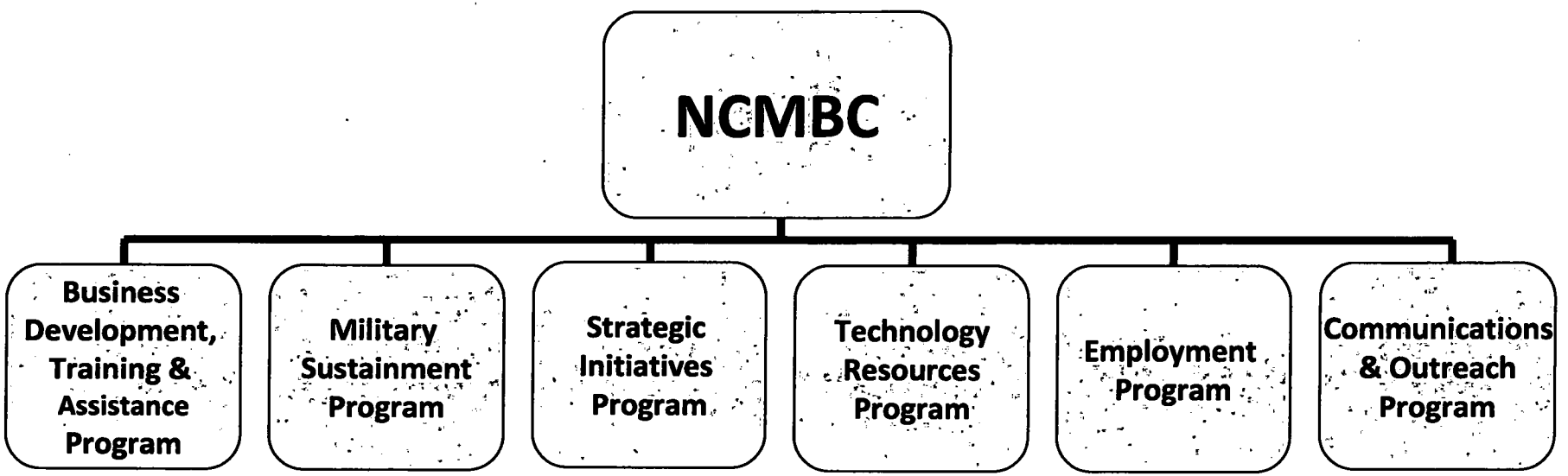
1 - Increase federal business for NC companies

2 - Integrate military/families into workforce

3 - Support defense-related recruitment

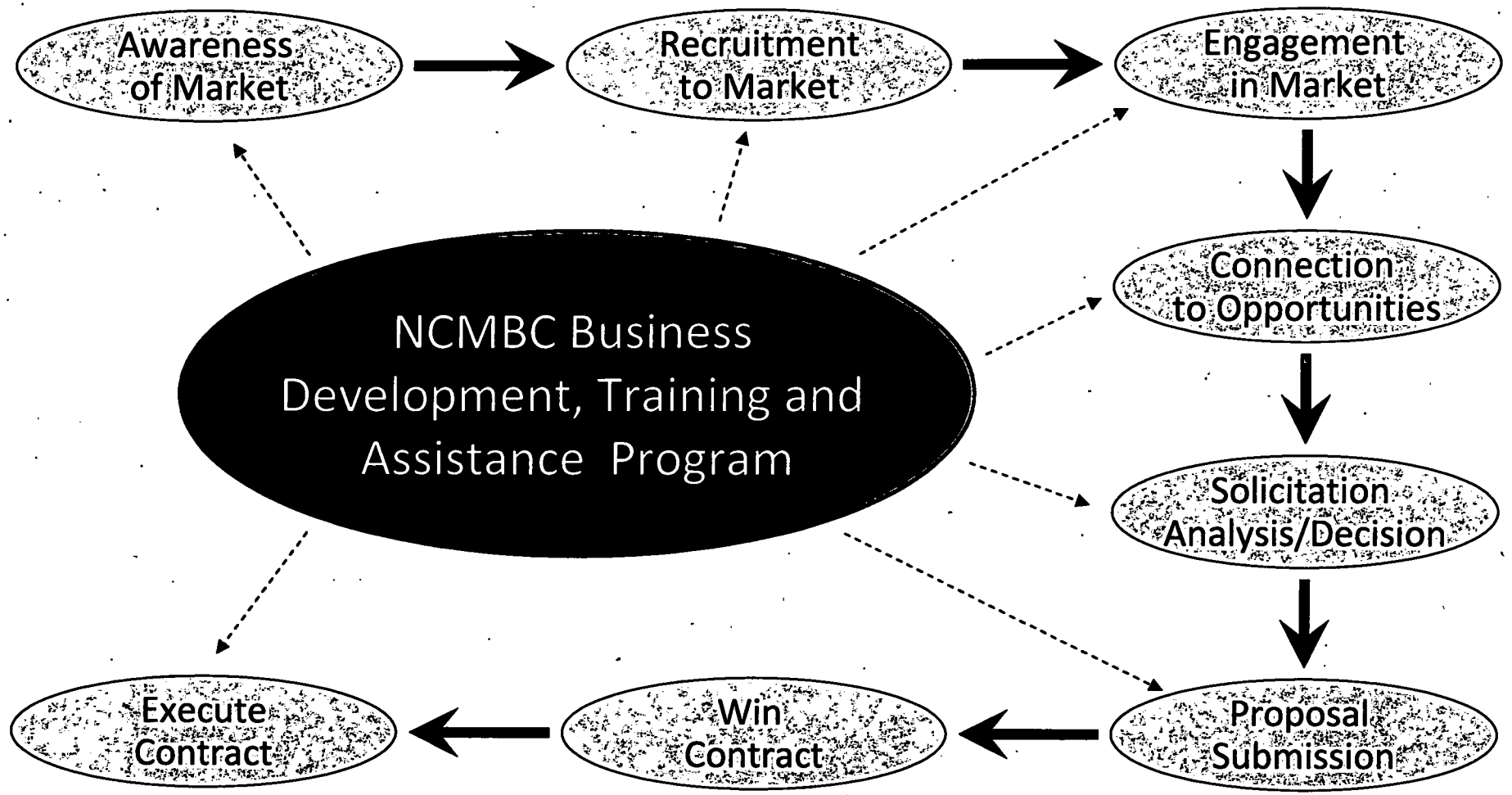
NCMBC Programs

Six aggressive, focused programs designed to engage & train businesses & maximize job creation



WIN: $23.5M, Design/Construction of KC-135 Aircraft Operations at SJAFB, Daniels & Daniels Construction Company, Inc., Wayne County, 2007

NCMBC Programs - Business Development

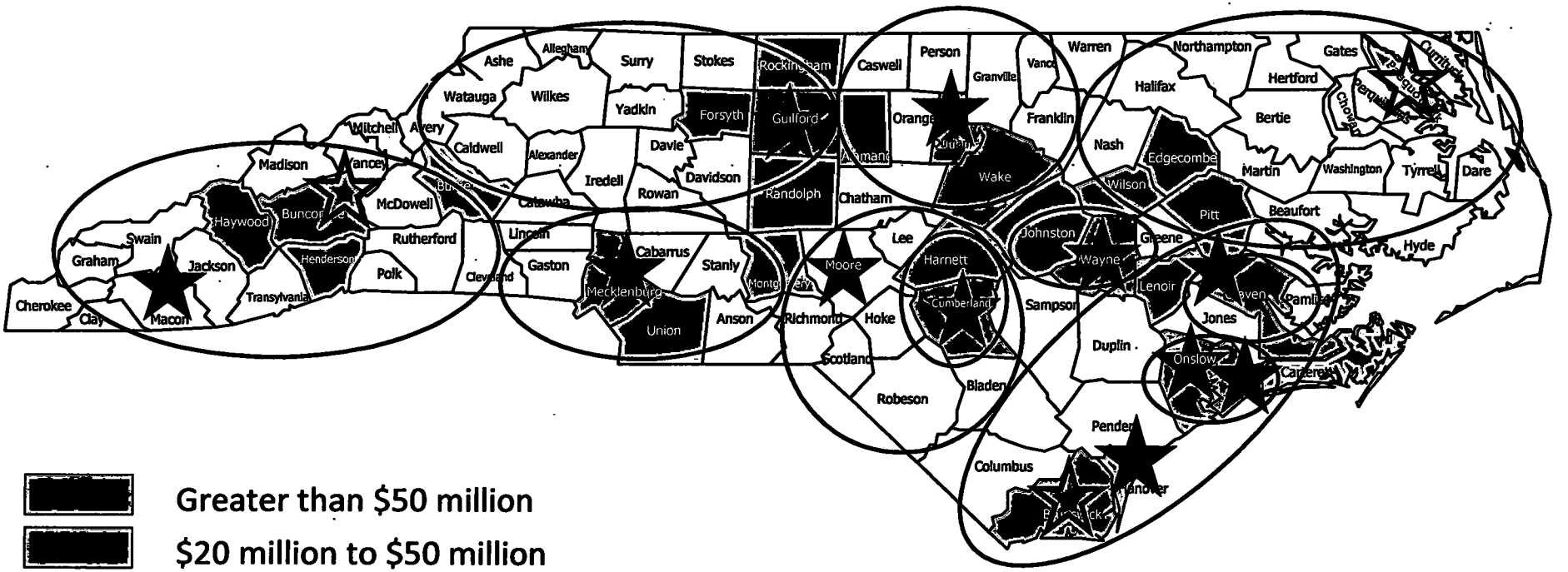


WIN: $14.4M for Publishing Environmental Health Perspectives for NIEHS, Brogan & Partners, Wake County, 2008

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DoD Procurement & NCMBC Business Developers



Greater than $50 million

$20 million to $50 million

$10 million to $19 million

Less than $10 million

Data as of FY2007

WIN: $4.7M for Engineering Services for the USCG, VectorCSP, LLC, Pasquotank County, 2007

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MatchForce

- Matches businesses to federal opportunities
- Matches prime contractors to NC subcontractors
- Matches businesses to NC job seekers
- Businesses won >$450 million, 2006-09 contracts
- Currently on MatchForce:

12,897 NC Businesses	27,851 Individuals
9,499 Contract Opportunities	3,618 Job Opportunities

WIN: $4.6M for Dike Improvements in Wilmington Harbor, E S & J Enterprises, Inc., Sampson County, 2007

MatchForce

North Carolina Military Business Center
Connecting You to Contracts, Businesses, and Jobs

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March 18, 2009, 09:27 AM

Returning Users (Login)
Username:
userName
Password:
••••••••
▶ Login

Forgot Your Password?

Quick Search
I am seeking:
--- Select an Item ---

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About MatchForce

About Us





Businesses

Create your business profile, access government contracts & purchasing opportunities, and find employees!

▶ Enter Now

Government

Post solicitations and purchase card requirements, and match local businesses - quickly and easily!

▶ Enter Now

Individuals

Create your personal profile, post your skills, or search area jobs just for you!

▶ Enter Now

New to MatchForce?

MatchForce matches North Carolina businesses to government contracts, government purchasers to NC suppliers, and job seekers to NC jobs. Businesses, contracting officers, cardholders and job seekers can register, post, search and receive opportunities - and get results - TODAY!

What's New:

NCMBC launched a new Defense Machining Program. NC machine shops should register in both MatchForce and the new machining portal, www.SourceNC.com! **[More]**

Click here for the NCMBC 2007-2008 Summary Report

MatchForce Portfolio:

Current Contracts 16,642	Current Jobs 3,618
Businesses 12,897	Individuals 27,851

State of North Carolina Jobs Now Matching on MatchForce!

UNC TV **NCMBC Featured on North Carolina Now**

AIT Realty

WANTED: HOMEBUYERS & SELLERS

We Offer Personalized Service

$300 Moving Allowance



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MATCH FORCE

NEW! Subcontracting
NCMBC News click here
Transitioning Military Personnel Data

The North Carolina Military Business Center (NCMBC) is a business development organization and a collaborative effort between North Carolina business and the North Carolina Community College System. Funded in 2004 by the North Carolina General Assembly and opened in 2005, the NCMBC operates under the supervision of Fayetteville Technical Community College and has offices at eleven Community Colleges across the state.

The **mission** of the Military Business Center is to leverage military and other federal business opportunities for economic development and quality of life in North Carolina. Organizational **goals** are:

- Contracts - To increase military and federal business for existing North Carolina companies
- Employment - To integrate transitioning military personnel and family members into the workforce
- Recruitment - To support recruitment and development of defense related businesses in North

STRATEGIC PROGRAMS

Federal Construction

Subcontracting

Service Contracts

Economic Development

Emerging Opportunities

Aerospace Alliance

CALENDAR OF EVENTS

Mar 11, 2009-Rising Construction Opportunities in a Failing Economy read more

Currently on MatchForce			
Current Contracts	**Current Jobs**	**Businesses**	**Individuals**
3,916	**3,612**	**12,886**	**27,833**

MatchForce.org is a web-based tool provided by the State of North Carolina and the North Carolina Military Business Center to individuals and government purchasers worldwide and to companies in North Carolina. The tool matches: government purchasers to NC suppliers; individuals to job opportunities with NC companies; and NC companies to government business opportunities, potential business partners, and potential employee profiles. To visit MatchForce.org, click here.

The American Recovery and Reinvestment Act

This Act was designed to stimulate the economy and may offer new business opportunities for your firm. Click here for the latest details including

NC Aerospace Alliance First Quarter Meeting

Mar 12, 2009

If you are a machining business, aerospace company or a company interested in expanding into the DoD Market, click here

NEWS & AWARDS

Archaeological Consultants of the Carolinas, Inc from Clayton, NC wins $119,930 award - read more

Hotel Logistics from High Point, NC wins $81,761 award - read more

View All News and Awards

RSS

NC BASE LINKS

Fort Bragg

Pope Air Force Base

Seymour Johnson Air Force Base

Done
Internet
100%

Username: Password: Login

Forgot your password?

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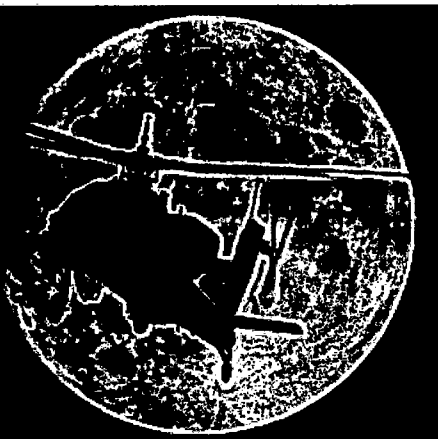
CONNECTING BUSINESS AND VILLAGE

north carolina defense machining initiative

Home Overview Register My Account Briefing Room Charter Members Sponsors Roundtable

are you a north carolina machine shop?

grow your business with the Department of Defense!



Register now

Explore | Evaluate | Engage | Login

What you will find at SourceNC.com:

- Resources to help you register and better position your company to do business with DoD
- Prescreened RFQs and RFPs (Solicitations) that match your business strengths and goals
- Tools to help you collaborate with other manufacturers
- Assistance in creating and submitting your quote or proposal to DoD

Sponsored by NTMA PRECISION

Register now. **Its free!**

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Strategic Initiatives

PARTIALLY FUNDED

- Military Construction
- Subcontracting
  - Major DoD contractors
  - $800 million in NC
- Emerging Opportunities
  - Team, train businesses
- Business Capacity
  - Support recruitment

UNFUNDED

- Base Growth
- Technology Transition

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Strategic Initiatives – Military Construction

OPPORTUNITY

- Booming market in North Carolina
- $5 billion - $7 billion at bases by 2013

SERVICES

- Forecast opportunities & engage, assist, connect businesses

RESULTS

- $446 million in contracts won
- $342 million in bids outstanding
- Companies engaged for long term success

WIN: $15.7M for Construction of Wounded Warrior BEQ, Camp Lejeune , R. N. Rouse, Wake County, 2009

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Resources

PARTNERSHIPS

- Industry, military, agencies, 58 community colleges

PERSONNEL

- 18 funded positions, 12 offices statewide
- Operationally focused & lean

FINANCIAL RESOURCES

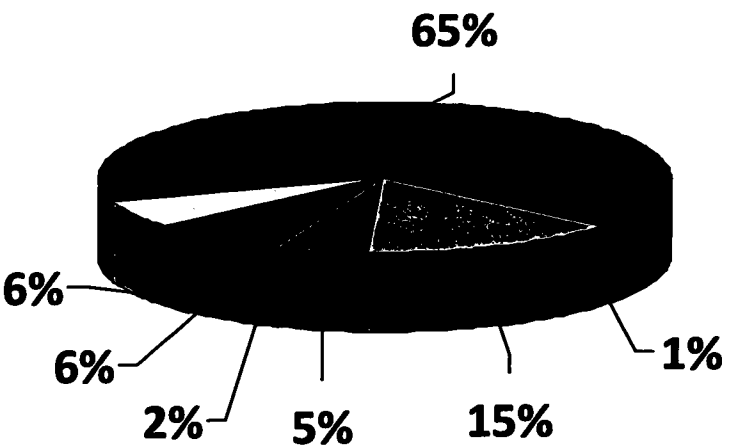
- Budget: $1.25 million base & limited one-time funds
- In-kind funding: community colleges

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Resources - Financial

Base Budget: $1.25 million		
Program (or Activity)	**Budget Funds**	**% Base Budget**
Business Development, Training and Assistance	$813,703	65.1%
Technology Resources	$182,879	14.6%
Strategic Initiatives	$70,743	5.7%
Communications and Outreach	$67,165	5.4%
Employment Program	$26,691	2.1%
Military Sustainment Program	$12,619	1.0%
General Support and Admin	$76,217	6.1%

Base Budget Program Allocation



WIN: $1.7M for Thread for Federal Prison Industries, Miami Thread, Burke County, 2007

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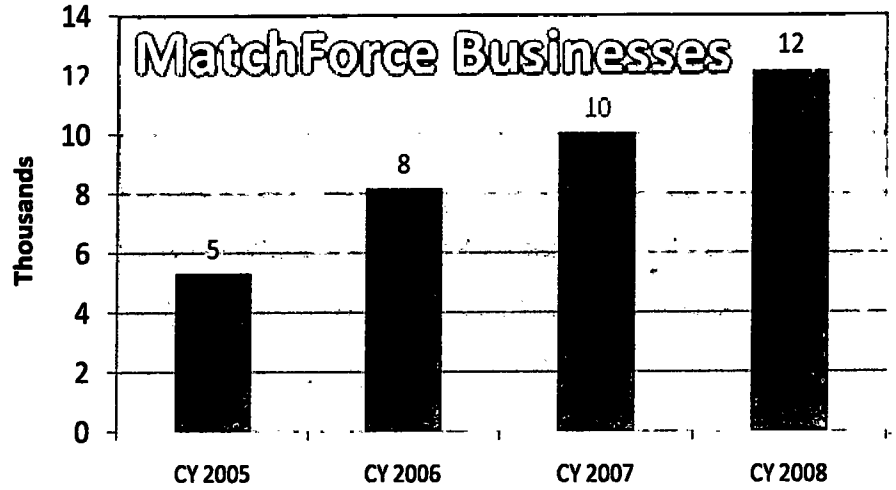
Performance Outcomes

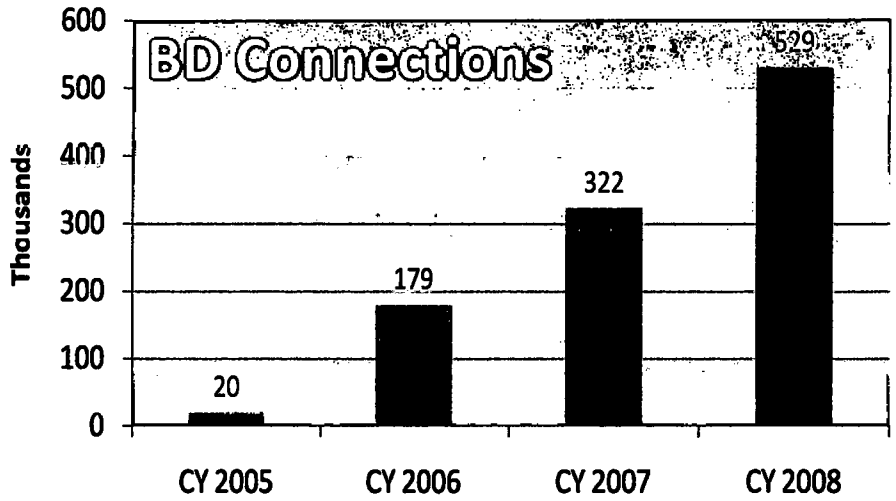
BUSINESSES ENGAGED

- 12,897 on MatchForce

OPPORTUNITIES CONNECTED

- BD Team:
  - 7,700 opportunities
  - 1.1 million connections
- MatchForce:
  - 430,000 opportunities
  - 97 million connections

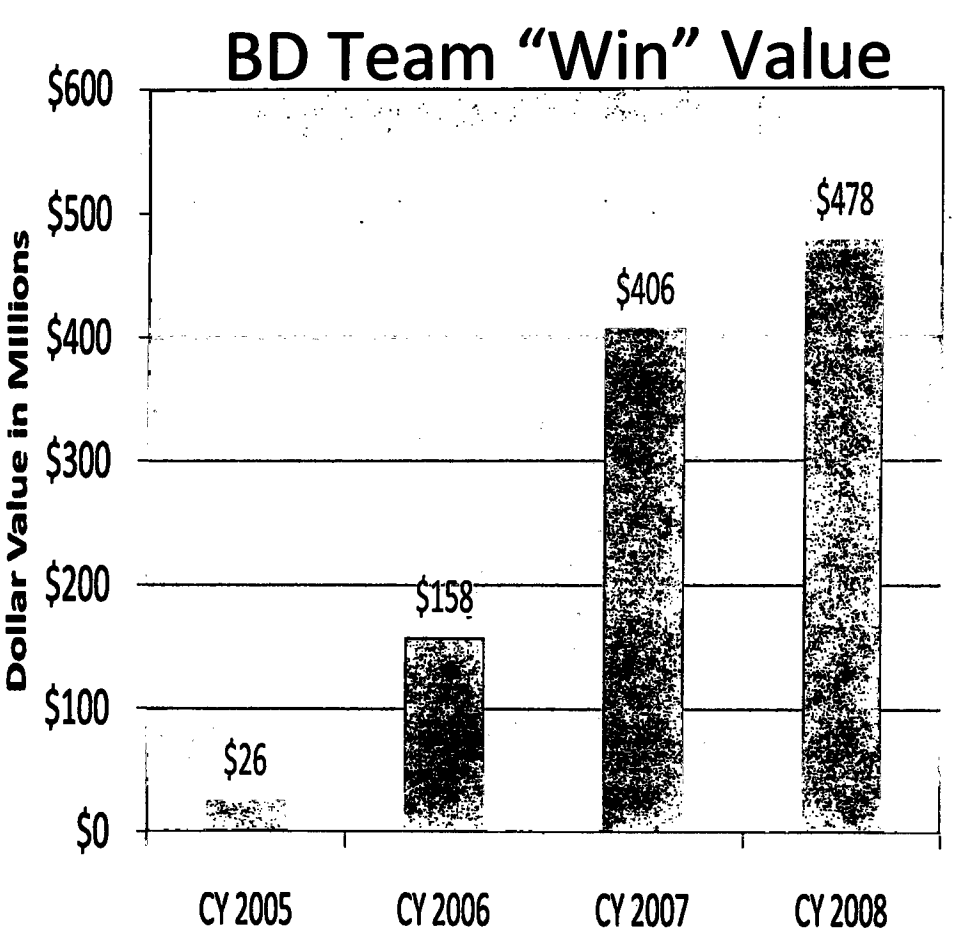




WIN: $265,368 for Position Actuators for NASA Tracking & Data Relay Satellites System, New Phoenix Aerospace, Wake County, 2009

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Performance Outcomes



VALUE OF CONTRACT WINS

Business Development Team:

- Contract wins: 602
- Value: $1.15 billion
  $2.78 billion

MatchForce:

- Contract wins: 144
- Value: $450 million

WIN: $86,000 for Sound System for Hummer, The Stereo Shop, Forsyth County, 2008

Performance Outcomes

"THE BIG PICTURE"

- NCMBC-trained clients win additional contracts
- NCMBC leads hundreds of winners to market
- Total federal awards to NC small businesses:
  - Up 98% during NCMBC lifetime ($0.9 to $1.7 billion)
- Total federal awards to NC companies
  - Up 46% during NCMBC lifetime ($2.8 to $4.1 billion)

WIN: $13.4M for USCG Operational Dress Uniforms, Fox Apparel, Randolph County, 2008

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Performance Outcomes

"RETURN ON STATE INVESTMENT"

- Funds spent: ~$4.5 million in 4 years
- Minimum contract value: $1.155 billion
- Return on State investment: 250:1
- State tax revenues: $80 million (ROI 18:1)
- 38,000 jobs created, retained ($30,000 per job)

WIN: $3.5M for USCG T-Shirts, SDV Command Source, LLC, Cumberland County, 2009

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Service & Funding Level

$1.25 MILLION RECURRING FUNDING

- Reallocate resources to strategic programs
  - Construction, Subcontracting, Emerging Opportunities
- Reduce business development staff
- Continue to produce incredible results:
  - Businesses engaged in market
  - Contract wins valued in billions of dollars
  - Thousands of jobs created and retained

WIN: $1M for Medical Coding for RTI, Carrboro Small Business Services (CSBS), LLC, Orange County, 2008

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Service & Funding Level

$1.60 MILLION RECURRING FUNDING

- Meet skyrocketing service demand statewide
- Fund temporarily and partially funded initiatives:
  - Construction, Subcontracting, Emerging Opportunities
- Fund currently unfunded high growth sectors:
  - NE North Carolina
  - Base Growth
  - Foreign Military Sales
  - GSA Contracts
  - Technology Transition

WIN: $361,741 for Refurbishment of Trailers for DLA, Smith's Paint & Body Inc., Cabarrus County, 2008

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Conclusion

FEDERAL MARKET

- Booming engine for job creation
- Companies surging to market & NCMBC services

NCMBC

- Young, vibrant, mission-focused, lean, incredibly successful, yielding high return on investment
- Integral component of community college services
- State's recurring investment in the federal market and "tip of the spear" for economic expansion, job creation and quality of life in North Carolina

WIN: $17M for Offsite Sanitary Sewer Force Main & Wastewater System Modifications, TEAM Construction, LLC with Crowder Construction, Onslow/Wake Counties, 2008

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Contact Information

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- Courtney Smedick, Employment Specialist, 910-323-4892, smedickc@ncmbc.us

NORTH CAROLINA MILITARY BUSINESS CENTER CONTINUATION REVIEW EXECUTIVE SUMMARY

OVERVIEW

Because the General Assembly had the vision to create the North Carolina Military Business Center (NCMBC) in 2004, North Carolina is now uniquely positioned to leverage the NCMBC's proven record of success and a booming federal market to grow jobs and expand the economy, particularly in a challenging economic environment with contraction in other markets.

The General Assembly had the vision to create the NCMBC in 2004.

The NCMBC is a statewide economic and business development organization that helps companies win federal contracts and grow jobs. A component of the North Carolina Community College System headquartered at Fayetteville Technical Community College, the NCMBC operates with 12 offices statewide - from Franklin to Havelock.

North Carolina is uniquely positioned to leverage the NCMBC's success and an expanding federal market.

Since opening in 2005 to address the "opportunity gap" between North Carolina's high military presence and low (1%) capture rate of defense contracts, the NCMBC fortuitously expanded its focus to the entire federal market. Expending approximately $4.5 million in State funds over 4 years, the NCMBC contributed to at least 597 federal contract awards to businesses in 66 counties, with a value of $1.15 to $2.77 billion. This represents a minimum 250:1 return on the State's investment. These contracts preserved or created up to 38,200 jobs statewide. With a burgeoning federal market, imminent growth of military bases, and a record of NCMBC success and operational excellence, recurring investment in the NCMBC is critical to job creation and economic growth.

The NCMBC has helped companies win 597 contracts worth at least $1.15 billion – a 250:1 return on State investment.

VISION, MISSION, AND GOALS

The NCMBC's program of work cascades from an ambitious vision of the future to a mission, goals, objectives, strategies and programs. The NCMBC vision is a future in which companies in an expanded defense sector in every county aggressively compete for and win contracts that exceed $10 billion annually. The NCMBC pursues this vision by executing its mission to leverage military and other federal business opportunities for economic development and quality of life in North Carolina. Goals focus on contract awards, employment of transitioning military and recruiting defense firms (see sidebar).

NCMBC Goals

Goal 1
Increase federal prime and subcontract awards

Goal 2
Increase employment of transitioning military and family members

Goal 3
Support recruitment of defense businesses

PROGRAMS

The NCMBC's six operational programs, continuously measured and refocused, include:

- **Business Development ("BD"), Training and Assistance** (supports Goal 1): Team members engage thousands of businesses in the market, identify and connect opportunities to businesses and provide technical assistance to help businesses understand solicitations, compete for and win federal prime and subcontracts.
- **Military Sustainment** (supports Goal 1): The NCMBC coordinates the North Carolina Aerospace Alliance and the reverse engineering and defense machining initiatives to help businesses win contracts to manufacture parts for defense systems.
- **Strategic Initiatives** (supports Goals 1 and 3): The military construction initiative helps businesses win contracts in this $5-7 billion market at bases in North Carolina. The emerging opportunities and subcontracting initiatives help businesses preposition and win contracts. Business capacity, base growth and technology transition initiatives expand the defense-related industry in North Carolina.
- **Technology Resources** (supports Goals 1, 2, and 3): MatchForce.org matches businesses to federal opportunities and individuals to jobs posted by registered North

Carolina businesses. SourceNC matches companies to military repair parts contracts, and NCMBC.us provides market forecasts and other valuable business resources.

- **Employment** (supports Goals 1, 2, and 3): MatchForce, transitioning military data, and the "I Hire Military" and "Stay NC" initiatives support employment of the military workforce and the recruitment and expansion of businesses statewide.
- **Communication and Outreach** (supports Goals 1, 2 and 3): A comprehensive program of events, media outreach, and advertising drives companies to the market.

The NCMBC is operationally focused and lean.

RESOURCES

The NCMBC is operationally focused and has little overhead. It executes programs through 18 highly skilled professionals, partnerships with 58 community colleges and other entities and funding provided by the General Assembly and Golden LEAF.

In 3.5 years, the NCMBC engaged thousands of businesses in the market –12,600 registered on MatchForce.

PERFORMANCE OUTCOMES

In 3.5 operational years, the NCMBC promoted and engaged thousands of North Carolina businesses in the federal market, including over 12,600 businesses that registered on MatchForce. MatchForce captured over 425,000 federal contract opportunities and made 97 million business notifications. The BD team managed the most lucrative opportunities and made over 1.0 million connections of 7,500 opportunities to businesses. BD team members also provided technical assistance to help businesses compete, averaging over 3,000 counseling sessions annually. Results include at least 597 federal contract awards to businesses statewide, with a value of $1.15 to $2.77 billion. Although impressive, this outcome is understated. Additional contracts resulted from NCMBC statewide activities to drive companies to the market and from MatchForce/SourceNC. From 2004 to 2008, federal awards to North Carolina businesses rose 46%, from $2.8 billion to $4.1 billion.

The BD team made over 1.0 million connections – and helped businesses win 597 contracts worth $1.15 to $2.77 billion.

IMPROVING AND EXPANDING SERVICES AND FUNDING LEVEL

The NCMBC intends to increase outcomes exponentially by increasing services focused on proven growth opportunities: military construction; emerging prime contracts; subcontracts with major defense primes; opportunities in northeastern North Carolina; and growing defense business capacity through opportunities in technology transition, foreign military sales and base growth. The NCMBC must also meet skyrocketing demand for services, a product of both the economy and the NCMBC's phenomenal success. The NCMBC supports most programs with base funding ($1.25 million) and three initiatives with one-time funds. With $1.25 million recurring funding, the NCMBC would reallocate resources and reduce staff, but continue to achieve incredible results. With $1.60 million recurring funding, the NCMBC will target growth opportunities to achieve "big wins" and meet surging demand for services, while sustaining all current capabilities that have contributed to at least $1.15 billion in federal contract awards to businesses statewide.

Recurring funding of $1.6 million enables the NCMBC to maintain all programs and target growth opportunities for "big dollar wins."

CONCLUSION

A young and vibrant organization, the NCMBC IS North Carolina's statewide investment and the "tip of the spear" in growing jobs through the booming federal market. With contraction in other markets, companies surging to the federal market and base growth poised to generate significant in-migration of defense contractors, the State's moderate and recurring investment in the NCMBC will have a synergistic effect – leveraging the economic and defense environment and the NCMBC's phenomenal success to geometrically increase the return in jobs created, economic and tax base expansion, revenue generation and improved quality of life for all in North Carolina.

The NCMBC is the "tip of the spear" in growing jobs through the booming federal market.

Recurring State investment leverages the NCMBC's phenomenal success to expand the economy.



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NCMBC Client Testimonials

"...after closing our year and reviewing our sales for 2008, it was very apparent that with all of your assistance and education, our sales have increased by 25%, which was due to military participation..."~Leesa Martins, Everglades Electric Supply Inc., Jacksonville, NC

"We have been using [NCMBC] for awhile now and have found it to be very instrumental in locating and bidding government jobs. I believe, without this, we would not be in the position we are in now. We were just awarded a $30,000,000 contract at Seymour Johnson AFB and are working on a $20,000,000 contract at Pope AFB. This is a valuable service and I would recommend it to anyone searching for government contracts." ~John Butler, Southern Management, Inc., Goldsboro, NC

"I was preparing to retire from the Army after 23 years. Of all the resources available to me... the single most valuable resource was MatchForce." ~Mark R. Regensburger, Fayetteville, NC

"I wanted to take a moment and tell you again how much I appreciate the continued service of the NCMBC. Your web site is a daily visit for me... your education sessions are valuable for information and networking, and the personal attention your staff gives me is extraordinary. I cannot tell you many hours I have spent with [NCMBC Staff] during the last few months learning about the process... it is not easy, and your team has helped break down many barriers that have kept us out of this market." ~Matthew Smith, Barnhill Contracting Company, Tarboro, NC

"Two years ago, Baker Roofing Company decided to pursue the acquisition of military contracts... The support, knowledge and energy of your staff has enabled [us] to become a successful entry into this market. I can not tell you how important and pleasant it has been to have your organization shepherd us through this ongoing process." ~Joe Ross, Baker Roofing, Raleigh, NC

This ... is to [let you know about] the success we gained thru the help of [NCMBC]... we are currently doing business with Seymour Johnson, Cherry Point and Corps of Engineers. With continued support and help from [NCMBC] we are growing our business." ~Michael Roebuck, Roebuck Precision Machine, Goldsboro, NC

"I would like to thank [NCMBC] for the assistance over the course of the past six months. I am not sure how we would have traversed this path without ... you. As I am sure you are aware, doing business with the Federal Government and any government agency for that matter, is extremely complicated and in no way similar to doing business in the private sector. I am very thankful that Senator Basnight informed me of the existence of the North Carolina Military Business Center. With your help, we feel that we are much closer to obtaining a contract with the military. "~James R. Carawan, DJM Technologies, LLC, Elizabeth City, NC

"The North Carolina Defense Machining Initiative is extremely important to our area, but more importantly to our nation as a whole. As the economy has slowed and much of our manufacturing base has relocated to other countries in the past 20 years, we are losing vital expertise and skilled machinists that are not being replaced. North Carolina needs a viable and long term commitment in providing opportunities for continued growth and expansion with the machining industry," ~C.A. Foy Machine Company, Kings Mountain, NC

"The NCMBC is my single greatest resource when it comes to getting federal/military contracts. Their resources help my small business compete with the larger companies. "~RAS Sales, Sanford, NC

"The NC Military Business Center has been an invaluable asset to Kinetic Electric in the search for contacts and sales opportunities on the military bases... the lists available on the website, the regular email notices of projects coming up, and then the great customer care have truly simplified the web that binds access to projects with the military in today's market." ~Virginia Jones, Kinetic Electric, Laurinburg, NC

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NCMBC Client Testimonials

"As a small business owner, I appreciate the ability to post job openings on MatchForce at no charge. I have hired two outstanding candidates to fill positions after posting job descriptions on www.MatchForce.org."~Steven Moore, Moore Exposure, Fayetteville, NC

"MatchForce.org is a tool that provides military spouses an opportunity to search for jobs, post their resumes and learn about businesses in the local and surrounding counties. This is not only true for spouses in state but it affords spouses out-of-state who know they will be relocating to Fort Bragg the same opportunity. MatchForce offers the capabilities of making a compatible match not only to a spouse but to employers as well, great asset to the community," ~Cherry Thompson, MWR Employment Readiness Program, Fort Bragg, NC

"I have been working with [other federal and state organizations] for years and I have received more assistance and contacts working with NCMBC Staff than I did with any other group." ~Tony Marshall, Innovative Systems Group, Raleigh, NC

"I went to an NCMBC seminar and learned that I could do business with the federal government. With what I learned, I started my own small business and I use the NCMBC resources (MatchForce) EVERY DAY to help my business grow. NCMBC made me aware of the opportunities and then pointed me in the direction to land those opportunities." ~Betsy Clark, DiamondWater LLP, Willow Springs, NC

"Thank you so very much for all your help in putting together our GSA Solicitation... each and every time we call you, you are always eager to answer our questions... you always know the answers... it's refreshing to know that you are available to help our veteran owned business..." ~R. Renee Jones, A Creative Touch Inc., Wilmington, NC

"[NCMBC] held our hand through the entire process. We had never done a military sale before and we were extremely nervous. T... we made a mistake and had trouble collecting on the invoice. Again, [NCMBC] came to our rescue..."~Marguerite Gibbons, In His Name Inc., Raleigh, NC

"If it were not for [NCMBC], our company would not have been awarded 2 20x40 utility sheds in August of 2008, and also 7 16x20 utility sheds and 1 16x28 utility shed in September 2008. [NCMBC] took the time to show me how to apply for this contract, and [NCMBC] took the time to help me bid on the 8 buildings in September. I can honestly say, I don't know what this company would have done if it were not for them being there to help. Thanks from the bottom of my heart for all your help." ~Juanita Arnold, Continental Cap City, Inc., Jacksonville, NC

"Being a non-profit research company, the International Technology Center has found the NCMBC to be an extremely valuable resource that is unique in the U.S.A. They make us aware of government business opportunities, introduce us to government and business contacts and set up meetings to introduce our technologies. The NCMBC is a vital extension of our own marketing and networking activities." ~Gary E. McGuire, Ph.D., International Technology Center, Research Triangle Park, NC

"I really do appreciate your help in breaking into the Fort Bragg construction market. The information on the NCMBC website has been valuable to my business. I am currently bidding on jobs. Thanks so very much! "~Nash Locklear, Nash Locklear Construction, Inc., Lumberton, NC

"In the past several weeks I have been trying to get my HUBZONE certification. The process has been made much easier since I asked for help and have been working with [NCMBC]... I had several questions about what I needed to do and the computer process as I tried to submit information. Through e-mails and telephone conversations, [NCMBC] was able to give me the guidance I needed." ~Christopher Simmons, Simmons Public Utility & Site Work, Tabor City, NC

North Carolina Military Business Center

Mission:

To leverage military and other federal business opportunities for economic development and quality of life in North Carolina

Goals

- Increase military business for existing North Carolina companies
- Support recruitment and development of defense businesses in North Carolina
- Integrate transitioning military personnel and family members into the workforce

Programs and Strategies

Business Development Program

- Engage North Carolina companies in the military marketplace
- Identify and connect North Carolina businesses to current opportunities
- Provide solicitation and proposal assistance to businesses to win contracts
- Pre-position North Carolina businesses for prime and subcontracts

Military Sustainment Program

- Reverse Engineering Initiative: engineer and produce parts for aging DoD aircraft
- Defense Machining Initiative: assess and post DoD solicitations to SourceNC.com

Technology Resources Program

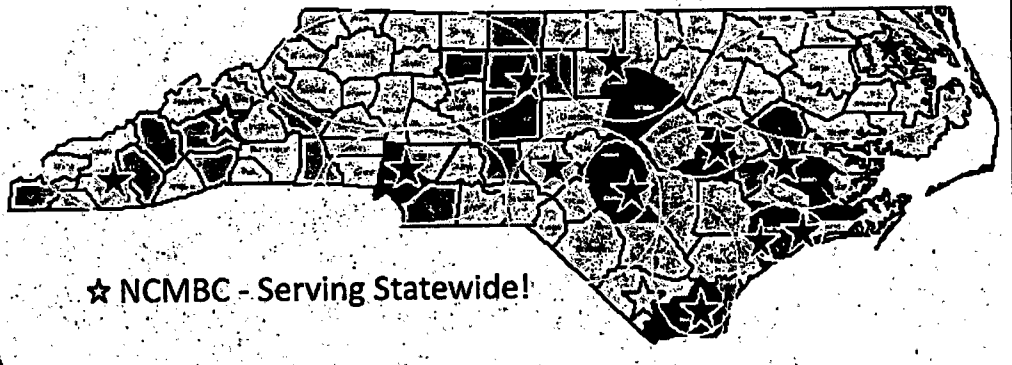
- MatchForce.org: connects businesses to contract opportunities & job seekers
- NCMBC.us: provides program data, capabilities matrices and contracting resources

Employment Program

- MatchForce.org: connects transitioning military personnel & others to NC jobs
- Transitioning military database: identifies potential workforce to growing businesses
- "StayNC" and "I Hire Military": targeted at transitioning military and NC employers

Strategic Initiatives Programs

- Military construction: connect businesses with $5-7 billion in MILCON work in NC
- Subcontracting: develop opportunities with major DoD prime contractors
- Emerging opportunities: identify and pre-position NC firms for future opportunities
- Base growth, technology transition, business capacity: leveraging future growth



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North Carolina Military Business Center

Goals: Increase federal contracting with NC firms; recruit defense contractors; integrate military into the workforce

Business Development (13 MAR 2009)

- Team operating in 12 locations (10 Community Colleges)
- 2009: Firms won 24 contracts, worth $85.8-785.4 million
- 2005-9: Firms won 601 contracts, worth $1.1-$2.7 billion

MatchForce.org (13 MAR 2009)

- 12,872 NC businesses, 27,788 individuals registered
- 9,499 contract, 3,580 job opportunities; all State jobs
- $442.1 million in known "wins" by notified firms, 2006-09

Strategic Focus

- Construction: win fair share of $7 billion at bases by 2013
  - NC firms to compete; out-of-state firms to locate in NC
- Pre-positioning: NC firms for major contracts
- Subcontracting: develop opportunities with major primes
- Sustainment: Aerospace, SourceNC, reverse engineering
- Fully leverage BRAC, recruitment opportunities
- Employment: 10,000 job postings

North Carolina Community College System
Preparing North Carolina's World-Class Workforce

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Ashe County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	Yes
Businesses in Federal CCR.gov	6
Small Businesses***	506
SBA HUBZone Businesses	0
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	1	$16,328
FY2006	2	$400,441
FY2005	0	$0

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Fayetteville, Franklin, Charlotte, Greensboro, Pinehurst, Durham, Goldsboro, Havelock, Jacksonville, Wilmington

Avery County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	56
Small Businesses***	469
SBA HUBZone Businesses	0
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	9	$937,623
FY2006	5	$904,245
FY2005	3	$35,702

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Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

Burke County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	57
Small Businesses***	1,203
SBA HUBZone Businesses	0
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	9	$10.7 m
FY2006	11	$16.6 m
FY2005	7	$24.7 m

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Cabarrus County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,483
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	No
100% HUBZone	No
Businesses in Federal CCR.gov	115
Small Businesses***	2,910
SBA HUBZone Businesses	0
SBA 8(a) Businesses	1

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	19	$707,089
FY2006	9	$2.5 m
FY2005	12	$1.4 m

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Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

Carteret County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	152
Small Businesses***	1,706
SBA HUBZone Businesses	1
SBA 8(a) Businesses	1

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	43	$16.1 m
FY2006	51	$5.3 m
FY2005	53	$21.4 m

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Catawba County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	No
100% HUBZone	No
Businesses in Federal CCR.gov	139
Small Businesses***	3,323
SBA HUBZone Businesses	0
SBA 8(a) Businesses	2

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	36	$4.9 m
FY2006	18	$2.6 m
FY2005	22	$2.7 m

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Craven County

Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $4422 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	212
Small Businesses***	1,776
SBA HUBZone Businesses	7
SBA 8(a) Businesses	1

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	448	$164.3 m
FY2006	448	$235.1 m
FY2005	467	$199.5 m

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Cumberland County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	No
100% HUBZone	No
Businesses in Federal CCR.gov	844
Small Businesses***	4,388
SBA HUBZone Businesses	24
SBA 8(a) Businesses	13

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	1,446	$1,021.5 m
FY2006	1,147	$813.2 m
FY2005	1,094	$946.1 m

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Forsyth County

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County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 M
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	No
100% HUBZone	No
Businesses in Federal CCR.gov	384
Small Businesses***	6,709
SBA HUBZone Businesses	2
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	67	$20.9 m
FY2006	54	$22.1 m
FY2005	53	$30.6 m

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Greene County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	Yes
Businesses in Federal CCR.gov	11
Small Businesses***	243
SBA HUBZone Businesses	1
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	2	$48,805
FY2006	1	$16,560
FY2005	2	$48,255

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NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Guilford County

County Statistics

Profile

Rural County	No
100% HUBZone	No
Businesses in Federal CCR.gov	677
Small Businesses***	10,939
SBA HUBZone Businesses	4
SBA 8(a) Businesses	11

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	150	$141.7 m
FY2006	140	$35 m
FY2005	137	$128.7 m

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Iredell County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	146
Small Businesses***	3,006
SBA HUBZone Businesses	0
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	38	$3.7 m
FY2006	34	$3.5 m
FY2005	19	$955,146

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NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Madison County

County Statistics

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	14
Small Businesses***	288
SBA HUBZone Businesses	0
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	16	$2 m
FY2006	3	$1.7 m
FY2005	5	$2.5 m

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NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Mecklenburg County

County Statistics

Profile

Rural County	No
100% HUBZone	No
Businesses in Federal CCR.gov	1,291
Small Businesses***	21,929
SBA HUBZone Businesses	9
SBA 8(a) Businesses	17

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	286	$93.8 m
FY2006	274	$143.1 m
FY2005	240	$149 m

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McDowell County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	Yes
Businesses in Federal CCR.gov	25
Small Businesses***	587
SBA HUBZone Businesses	5
SBA 8(a) Businesses	1

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	4	$1.7 m
FY2006	3	$54,421
FY2005	4	$78,238

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Mitchell County

Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	Yes
Businesses in Federal CCR.gov	15
Small Businesses***	312
SBA HUBZone Businesses	2
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	1	$15,518
FY2006	2	$68,524
FY2005	5	$388,644

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Montgomery County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	Yes
Businesses in Federal CCR.gov	22
Small Businesses***	446
SBA HUBZone Businesses	6
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	7	$16.2 m
FY2006	4	$20.7 m
FY2005	2	$20.4 m

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New Hanover County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	No
100% HUBZone	No
Businesses in Federal CCR.gov	427
Small Businesses***	5,140
SBA HUBZone Businesses	2
SBA 8(a) Businesses	2

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	4	$1.7 m
FY2006	3	$54,421
FY2005	4	$78,238

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Pamlico County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	21
Small Businesses***	204
SBA HUBZone Businesses	0
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	2	$4,950
FY2006	1	$47,786
FY2005	2	$11,698

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As of: 11 MAR 2009

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CONNECTING BUSINESS AND MILITARY

Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

Pitt County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	187
Small Businesses***	2,666
SBA HUBZone Businesses	2
SBA 8(a) Businesses	1

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	25	$30.1 m
FY2006	14	$35.8 m
FY2005	14	$31.8 m

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Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

Randolph County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	89
Small Businesses***	2,132
SBA HUBZone Businesses	0
SBA 8(a) Businesses	1

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	16	$16.9 m
FY2006	9	$29.8 m
FY2005	13	$17.1 m

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CONNECTING BUSINESS AND MILITARY

Rockingham County

County Statistics

Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	Yes
Businesses in Federal CCR.gov	48
Small Businesses***	1,474
SBA HUBZone Businesses	5
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	27	$16.9 m
FY2006	10	$14.8 m
FY2005	9	$26.7 m

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Sampson County

Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	Yes
Businesses in Federal CCR.gov	44
Small Businesses***	985
SBA HUBZone Businesses	6
SBA 8(a) Businesses	1

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	5	$140,308
FY2006	3	$27,966
FY2005	4	$33,605

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CONNECTING BUSINESS AND MILITARY

Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

Stokes County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	10
Small Businesses***	526
SBA HUBZone Businesses	0
SBA 8(a) Businesses	1

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	46	$4.9 m
FY2006	25	$4 m
FY2005	9	$827,245

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As of: 11 MAR 2009

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Wake County

Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	No
100% HUBZone	No
Businesses in Federal CCR.gov	1,571
Small Businesses***	18,739
SBA HUBZone Businesses	6
SBA 8(a) Businesses	27

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	383	$228.9 m
FY2006	263	$341.9 m
FY2005	250	$197.7 m

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Watauga County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	48
Small Businesses***	1,354
SBA HUBZone Businesses	0
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	7	$97,210
FY2006	8	$372,317
FY2005	6	$53,973

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CONNECTING BUSINESS AND MILITARY

Wayne County

County Statistics

Franklin, Charlotte, Greensboro, Pinehurst, Durham, Fayetteville, Goldsboro, Havelock, Jacksonville, Wilmington

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	No
Businesses in Federal CCR.gov	160
Small Businesses***	1,899
SBA HUBZone Businesses	2
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	222	$105.3 m
FY2006	158	$72.5 m
FY2005	160	$72.1 m

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As of: 11 MAR 2009

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CONNECTING BUSINESS AND MILITARY

Fayetteville, Franklin, Charlotte, Greensboro, Pinehurst, Durham, Goldsboro, Havelock, Jacksonville, Wilmington

Yancey County

County Statistics

NCMBC Business Development

	Federal Contracts	Min. Dollar Value
CY2009	24	$85.8 m
CY2008	216	$478 m
CY2007	163	$406.4 m
CY2006	162	$158.4 m
CY2005	36	$26.3 m

MatchForce.org

NC Businesses	12,843
Individuals	27,751
Contracts	9,499
Job Postings	3,439
Contract Wins	over $442 m

Profile

Rural County	Yes
100% HUBZone	Yes
Businesses in Federal CCR.gov	26
Small Businesses***	284
SBA HUBZone Businesses	6
SBA 8(a) Businesses	0

****NC Rural Economic Development Center*

DoD Procurement

	Contracts	Dollar Value
FY2007	1	$2,593
FY2006	0	$0
FY2005	3	$37,092

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As of: 11 MAR 2009

PEP Presentation – DRAFT

We very much appreciate the opportunity the Joint Committee and has given us to update developments regarding the Principal Executive Program or PEP. I think you are aware of the recent history of PEP and the fact that it is on non-recurring funding for the current biennium.

I want to address a few questions as a way of informing the committee and we welcome other questions you may have.

What was PEP asked to do as conditions for restoring funding?

Provide data showing PEP has a positive, measurable impact on conditions for teaching and learning in schools.

Develop a formalized admissions policy that gives priority to school administrators working in high-need schools, takes into account geographic diversity, offers priority admission to those on a waiting list, and uses waiting lists to assess demand and determine how best to allocate resources.

Recommend to the Joint Legislative Education Oversight Committee a plan to provide input on the Principals' Executive Program's priorities and feedback on its performance.

Each of these was addressed in the April 2008 report to the General Assembly:

A plan was presented in that documents and that plan has been followed*.

Data was provided to show impact on conditions for teaching and learning but we have a more substantial and detailed study to report to you today.

And we want to briefly share the results of the new admissions policy.

Let me briefly update you on one project: the Leadership for Turnaround High Schools a project involving three-person leadership teams (including the Principal) from each of 31 low-performing high schools identified by DPI, in part based on Judge Manning's analysis. This project was done in full partnership with DPI throughout 2007-08. The evaluation just became available in January 2009.

While there are data about impact of the training on the school leaders and of the leader's impact on their school, the composite student performance data for the schools provide solid positive information.

93.5% of the participating schools had their student performance composite scores increase from 2006-07 to 2007-08.

The average composite scores percentage increase was 6.9% for all high schools in NC; the low-performing schools in this cohort increased by 8.7%. 65% of school in this cohort's average percentage increase was higher than the state average increase. This is a measurable impact not just on the conditions for teaching and learning but on the actual composite performance of the schools. This is from an independent analysis and evaluation provided by the SERVE Center at UNCG. One must always

caution that many factors are involved and a longer time frame for tracking results would be better, but this is true for all studies such as this. We will be happy to share the full report with you.

The principals in the Turnaround Project praised the topics such as Improving Student Learning, Formative Assessment, using data for student achievement, and Developing Professional Learning Communities.

The selection process for participation in PEP programs was revised in accord with the legislative direction to provide more opportunity for those in high need districts to have access to PEP programs. 26% of school districts are high need or Tier 5 schools. Overall 28% of the participants in PEP programs in 2008-09 were from those districts. For the Leadership Program for Aspiring Principals 46% of participants were from high need districts and for Leadership program for new principals 40% were. Giving priority in selection to candidates from these districts has clearly paid off and has met the legislative intent.

We believe these are effective responses to what the General Assembly asked PEP to do.

We have been asked additional questions:

Could we operate with a lesser amount than what was requested?

We certainly understand the state's difficulties and would attempt to be as effective as we can with a lesser amount, but the level of programming expected would have to be proportional to the funding since we like everyone else will very likely have much less financial flexibility in the near term.

How many people are involved at PEP?

There are nine positions directly associated with PEP and six positions indirectly associated with PEP.

Since funding ends June 30, with regard to the nine positions, we sent required letters of termination to six individuals (four SPAs and two EPAs), One person occupies a time-limited position, and one person has already accepted another job effective March 31 (she did not receive a letter), and funds from one position was surrendered early in the 2008-09 budget reversions (we would have attempted to fill the position had it not been for the budget reversions).

With regard to the six positions, we lapsed the salaries of four SPA positions in order to have funds for direct costs associated with programs and we lapsed the salaries of two EPA positions in order to have funds with which to contract with professional consultants with special expertise to develop and oversee the delivery of certain PEP programs. This is a practice PEP has utilized for several years.

Would PEP services continue without funding?

While we don't know the full picture yet, it appears that the University will have a wide range of cuts and it is difficult for us to imagine where funds might come from to continue PEP.

What is President Bowles position?

Recurring funding for PEP is in the University Budget request. President Bowles recognizing the dire straits we are in economically has identified two things of importance over all else: enrollment funding to accommodate the growing demand for UNC and financial aid to make it possible for every qualified student to attend in these difficult economic times.

PEP was placed as the highest priority for UNC's K-12 initiative in our budget. UNC and the Board of Governors believed that all the outstanding questions raised by the review of PEP have been resolved and fully supported placing PEP in the University's budget and seeking its continuation.

Does the University want and need to contribute to the professional development of school leaders?

We are working to revision our MSA programs and to meet the new State Board standards and beyond that we are going through a process to assure that we are producing the kind of school leaders that are needed in NC now. The importance of good school leaders cannot be overemphasized. We want to turn out good candidates for AP and P, but we need to have a combination of statewide, regional, and local support for the continued professional development of school leaders. We have been planning the merging of PEP and the Center for School Leadership Development and the local University-school partnerships (between our local universities and local school district) to be able to offer professional development for teachers and school leaders at all levels: locally, regionally and statewide. We expect this development to be in full partnerships with DPI and the focus to be on student achievement for all students in 21st Century skills.

In conclusion PEP has been a great program that has provided a lot of high quality professional development to school leaders all over NC. With its absence there will be a large void in the critical area of school leadership for a period of time and this void will be especially felt in those districts that may not have other options for a while since even regional partnerships will take some time to develop. There will be 600 principals, assistant principals, and aspiring principals in 83 counties in NC that will be without this level of professional development if PEP ends.

[*provide feedback on the effectiveness of its professional development programs in five areas: (1) participant satisfaction, (2) participant acquisition of knowledge and skills, (3) organizational support for change in participants' schools and LEAs, (4) participant workplace application of acquired knowledge and skills, (5a) participant impact on conditions for teaching and learning in their schools, and (5b) the correlation between PEP training and changes in student performance.]

Bonnie McNeil (Sen. Malone)

From: Kristopher Nordstrom (Fiscal Research)

Sent: Thursday, March 19, 2009 11:05 AM

To: @FRD Education Team; Rep. Bryan Holloway; Rep. Cullie M. Tarleton; Rep. Earline W. Parmon; Rep. Hugh Blackwell; Rep. Larry Bell; Rep. Laura Wiley; Rep. Linda Johnson; Rep. Marian McLawhorn; Rep. Mark Hilton; Rep. Marvin Lucas; Rep. Ray Rapp; Rep. Rick Glazier; Sen. Don Davis; Sen. Don Vaughan; Sen. Fletcher Hartsell, Jr.; Sen. Jean Preston; Sen. Jerry W. Tillman; Sen. Joe Sam Queen; Sen. Julia Boseman; Sen. Richard Stevens; Sen. Vernon Malone

Subject: Manning Letter on Halifax County

Attachments: 2009_3_16 Manning Letter.pdf

Members of the Joint Senate and House Appropriations Subcommittee on Education/Higher Education,
Per the request of Rep. Glazier, attached please find the letter from Judge Howard Manning to Dr. Harrison and Dr. Atkinson announcing a Notice of Hearing on April 29, 2009 regarding Halifax County Public Schools.

According to the letter, "the hearing will focus on what measures the State of North Carolina intends to take to remedy the constitutional violation of Halifax County Public Schools failing to provide children with the equal opportunity to obtain a sound basic education."

Thanks,

Kristopher Nordstrom
Fiscal Research Division
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General Court of Justice

HOWARD E. MANNING, JR.
SUPERIOR COURT JUDGE

WAKE COUNTY COURTHOUSE
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March 16, 2009

Dr. William Harrison
Chairman & Chief Executive Officer
State Board of Education
State of North Carolina

Dr. June St. Clair Atkinson VIA FAX ONLY
State Superintendent
North Carolina Department of Public Instruction
State of North Carolina
301 Wilmington Street
Raleigh, North Carolina 27601-2825

Re: The Halifax County Public Schools

Dear Chairman Harrison and Superintendent Atkinson:

I am enclosing a Notice of Hearing and Order Re: Hearing for April 29, 2009. The subject matter of the hearing is the Halifax County Public School system and its apparent failure to provide the children who attend the schools within the system with the equal opportunity to obtain a sound basic education.

The hearing will focus on what measures the State of North Carolina intends to take to remedy the constitutional violation of Halifax County Public Schools failing to provide children with the equal opportunity to obtain a sound basic education.

This letter, together with the Notice of Hearing, will provide you with the factual and legal basis for the Court's actions at this point in time.

On April 4, 2002, a month shy of seven (7) years ago, Final Judgment was entered on the liability phase in ***Leandro*** and the Final Judgment specifically identified three (3) basic educational assets that are required to be present in every school and classroom in our North Carolina Public Schools so that all children can have the equal opportunity to obtain a sound basic education:

1. Article I, Section 15 and Article IX, Section 2 of the North Carolina Constitution, as interpreted by Leandro, guarantee to each and every child the right to an equal opportunity to obtain a sound basic education which requires that each child be afforded the opportunity to attend a public school which has the following educational resources, at a minimum:

> First, that every classroom be staffed with a competent, certified, well-trained teacher who is teaching the standard course of study by implementing effective educational methods that provide differentiated, individualized instruction, assessment and remediation to the students in that classroom.
>
> Second, that every school be led by a well-trained competent Principal with the leadership skills and the ability to hire and retain competent, certified and well-trained teachers who can implement an effective and cost-effective instructional program that meets the needs of at-risk children so that they can have the equal opportunity to obtain a sound basic education by achieving grade level or above academic performance.
>
> Third, that every school be provided, in the most cost effective manner, the resources necessary to support the effective instructional program within that school so that the educational needs of all children, including at-risk children, to have the equal opportunity to obtain a sound basic education, can be met.
>
> [Leandro-Final Judgment, entered April 4, 2002.]

On July 30, 2004, the Final Judgment's declaration of the three (3) essential assets required to be provided to children in every single school and classroom, was affirmed and approved by the Supreme Court and declared to be part of a "*Leandro*-compliant" resource allocation system."

It [the trial court] ultimately provided general guidelines for a Leandro-compliant resource allocation system, including the requirements: (1) that "every classroom be staffed with a competent, certified, well-trained teacher"; (2) "that every school be led by a well-trained competent principal"; and (3) " that every school be provided in the most cost effective manner, the resources necessary to support the effective instructional program within that school so that the educational needs of all children, including at-risk children, to have the equal opportunity to obtain a sound basic education, can be met." *Leandro II* (358 N.C. 605,636).

As you know, I have been monitoring the academic performance of North Carolina schools on a statewide basis for many years. I have been continually concerned over the poor academic performance of school systems, especially in the high schools, in the Northeastern part of North Carolina as well as some of our larger school systems such as CMS and Durham.

One of these school systems was the Halifax County Public Schools. Halifax County's two high schools, Northwest and Southeast, each had terrible performance composites below 41% for 2002, 2003 and 2004. Yet the Middle and Elementary composites were much better.

On May 24, 2005, after conducting hearings and reviewing performance data on high school, I filed a ***Report from the Court*** on the problem of poor performing high schools throughout North Carolina. At that time, there were some 44 high schools that had performance composites below 60% in North Carolina. The bottom line message of the Report was that the lowest performing high schools in North Carolina must be fixed and not in the distant future.

In August 2005, Governor Easley directed the State Board of Education to send "turnaround teams" to the 44 high schools that had been below 60% proficiency on EOG tests for 2004-05 school year.

On March 3, 2006, I wrote a letter to Superintendent Atkinson and then Chairman Howard Lee entitled "The High School Problem - Consequences" in which I wrote the following conclusion about the continued existence of low performing high schools:

THE BOTTOM LINE IS: The constitutional right of every child to have the equal opportunity to obtain a sound basic education **belongs to the child** and **not** to the superintendent, principal, teacher, school board member or other administrators in the LEA.

The consistently low performing, priority high school is not providing the children, who are required to attend that school regardless of where the children live, with the constitutionally mandated competent certified, effective principals, competent, certified effective teachers and the resources needed to carry out an effective educational program.

The children who have to attend such schools are being deprived of a basic constitutional right under the North Carolina constitution when they are not provided the assets that are mandated. That right may not be trumped by those whose duty and responsibility is to provide an equal opportunity to the children and who are not doing so.

The proof is in the ABC scores for the school. A non ***Leandro-compliant*** principal or teacher may not stand between a child and the equal opportunity to obtain a sound basic education in any school, but it is critical in high school.

The children that are attending these low performing priority high schools, regardless of location, should not have to continue to be uneducated and unable to compete effectively with others in today's complex and changing society and economy. There is no longer time to wait for change to come when the educators in charge aren't effective.

There has to be a consequence for continually failing to move a high school upwards in student performance and for failing, after due notice, to seek and embrace change in the high school structure or even make the effort to put in place a ninth grade academy.

Due notice about poor high school performance was given in earnest in 2004 and throughout 2005. Simply put, this dismal high school academic performance cannot continue. There must be a serious consequence for continued poor performance in high schools.

Reduced to essentials, superintendents and principals have run out of room and run out of time. The State is clearly and ultimately legally responsible for these high schools and all other schools. The constitutional threshold has been spelled out and in existence since April 2002.

An ineffective principal cannot stay on any longer and continue to preside over a high school where no more than 55% of the students tested on EOG tests perform at or above grade level.

While I personally believe that the figure should be 65% at a minimum, I have looked to the General Assembly for the definition of a "low performing" school composite score that was enacted during the liability stage of this case to trigger the consequence for continued failure of a high school to achieve decent student performance.

I have found the performance trigger in S.L. 2001-424.

The General Assembly established a budgetary fund in excess of $10,000,000 for the 2001-02 fiscal year, increasing for the 2002-03 fiscal year for low performing elementary schools so that they could receive the "tools needed to dramatically improve student achievement." S.L. 2001-424.

The lowest-performing elementary schools performance composite trigger was "***no more than fifty-five percent (55%) of the students performed at or above grade level*** and the school was 80% FRL. The critical factor to the Court is the performance level selected by the General Assembly in its wisdom – a level of **55% performance composite.** S.L. 2001-424. Section 29.1.

This letter is to put you on notice that in the event the 2005-2006 ABC performance composite for **any** of the 44 priority high schools is at 55%, or below, and that particular high school's performance composite scores for the previous four (4) years are also at 55%, or below, then and in such an event that high school **will not be allowed to open** in the fall of 2006 unless there is (a) new management in place approved by the State Board of Education, and (b) a valid plan underway, approved by the State Board of Education, to redesign the high school with an instructional design for a 21st Century High School and a staff committed to implementing that change.

It's time that our children who are under the thumb of non *Leandro-compliant* principals, teachers and superintendents get out from under.

The State Board of Education, of course, is encouraged to adopt regulations and rules that are **more stringent** than the foregoing and the Court would encourage the State Board of Education and the General Assembly to do precisely that this spring.

Regardless of that, the children that are in these schools have a constitutional right to have effective and competent principals who are progressing forward in their educational program, not just "marking time."

Not only are the children's constitutional rights being deprived by ineffective principals, consider the economic impact that is direct and annual in a low performing high school. More than a quarter billion dollars went into those schools in 2005 and the population of students **unprepared** to face the 21st century marketplace on graduation day was 45% or greater.

We must consider also the long-term human detriment. The detriment is immeasurable in terms of human costs, quality of life, lost opportunity, prison cells, and loss of productive, wage earning citizens in our State of North Carolina. **After 5 years, the "grace period" has run out.**

Needless to say, the "Consequences" letter created a great amount of consternation and hand-wringing in the educational community. But, thanks to Governor Easley, the State began to move with regards to low performance in high schools.

In a press release on June 13, 2006, unilateral action by the State was announced by Governor Easley with respect to low performing high schools: The press release stated in pertinent part:

Gov. Easley today announced a comprehensive plan to improve low-performing high schools across the state. As part of Easley's plan, school districts with high schools where less than 60 percent of students did not meet proficiency on end-of-grade tests for the past two years will be required to select from a menu of proven, long term restructuring options or the school will be reconstituted and redesigned through the state's New Schools Project. Easley is also expanding the turnaround team effort to schools where less than 70 percent of students are not meeting proficiency standards.

"The turnaround teams have done their work and reported back," said Easley. **"Nipping around the edges is not getting the job done and major changes are needed to improve performance."**

"In high schools that are not making the grade, we must take action to improve student performance," said Easley. "It is clear that these schools must go beyond traditional approaches and significant restructuring is required. By overhauling the system, we will ensure that our students get an education that will prepare them for the 21st Century workforce."

The High School Turnaround efforts began in earnest in August, 2006. There were initially 35 high schools identified and placed in Turnaround program for 2006-2007.

In meeting with the principals of those high schools in the winter of 2007, that it became evident to me that great numbers of the ninth graders coming to those poor performing high schools from their feeder middle schools were not, in fact, in the main prepared to do high school work at grade level or above.

By looking at performance composites of middle schools and elementary schools each year since 2000, I had come to believe that the elementary and middle schools, by and large, were performing well academically as shown by the End of Grade ("EOG") tests in reading and math given each year.

The reason for this belief was due to the ABC EOG test scores in reading and math. The tests showed high numbers of students performing well and scoring high in elementary and middle school. For example, in 2003-2004, the performance composite data for elementary and middle schools showed the following:

Elementary Schools - 625 schools statewide

342 schools (54.7%) had performance composites of 90 or above.
225 schools (36.0%) had performance composites of 80 or above.
50 schools (8.0%) had performance composites of 70 to 79

Only eight elementary schools had performance composites below 69%.

Middle Schools - 371 schools statewide

105 schools (28.3%) had performance composites of 90 or above.
198 schools (53.4%) had performance composites of 80 or above.

51 schools (13.7%) had performance composites of between 79 and 70.

Only 17 middle schools had performance composites below 69% and there were none below 50%.

Relying on this data was misleading. Academic achievement in math and reading in grades 3-8 seemed to be generally fine. This was not the reality however because the cut scores for the EOG tests were too low and the academics were not rigorous by any means. The result was that the children entering the pobr performing high schools were not, in the main, prepared for high school work in mathematics, especially.

The truth came to light in October, 2006. In October, 2006, Chairman Lee and the State Board of Education raised the cut scores on the 2006 Math EOG test to reflect a requirement of increased academic rigor in math to bring the children into the 21st Century.

The mathematics EOG scores **plummeted** and performance composites dropped when the more rigorous mathematics requirements were in place.

Elementary Schools

In 2005-2006 there were 151 Elementary Schools with composites at 60 and below as compared to 8 in 2003-2004.

In 2005-2006 there were 231 Elementary Schools with composites at 69 to 60.1 as compared to 7 in 2003-2004.

Middle Schools

In 2005-2006 there were 84 Middle Schools with composites at 59 and under as compared to 2 in 2003-2004.

There were 33 additional Middle Schools whose composites were between 65 and 60 in 2005-2006 as compared to only 15 between 69 and 60 in 2003-2004.

There is no need to dwell on this. Suffice it to say that this data revealed a systemic weakness in mathematics that had not seen the light of day before. Mathematic instruction in grades 3-8 and before was not up to par in way too many elementary and middle schools.

The Court held a hearing on mathematics instruction. It was disclosed that if a child did not reach proficiency in 8th grade math, there was more likelihood than not that the child would not be successful in Algebra I in the 9th grade. Failure of proficiency in Algebra I is a valid predictor of future drop out from high school.

In light of a problem with mathematics education, we began to look backward towards the quality of middle and elementary education in mathematics.

The State properly focused on the feeder middle schools for the Turnaround High Schools and looked at weakness in elementary school math. The feeder middle schools, now that the poor math scores were revealed for all to see, were sending too many children unprepared to be successful in Algebra I to the poor performing high schools in Turnaround.

In 2007-2008, the State expanded the Turnaround effort to include thirty-five (35) middle schools and twenty (20) elementary schools. Halifax County's four (4) middle schools were all in the Turnaround program. Their academic performance is contained in the Notice of Hearing.

The other shoe, reading performance measured by EOG tests, was about to drop in 2008. This is because in 2007-2008, the State increased the rigor and standards of performance for reading in grades 3-8 on the EOG tests just as it had done in mathematics in 2006.

This time, everyone had to know what was coming in terms of an implosion in reading scores in grades 3-8 because everyone knew the reading EOG tests were going to be harder and require more rigorous instruction in the classroom to prepare the children for grade level proficiency.

The educational establishment was prepared for the bad news when the reading EOG scores were released in November, 2008. The education "excusionists" were prepared and DPI prepared a "linking study" showing what the scores would have been if the old easy test had been given instead of the up to date more rigorous 21st Century reading EOG test.

For example:
Grade 3 reading EOG tests. 111169 children took the test in 2008 and 61763 were at grade level or above. The percentage

of proficiency among third graders statewide was 55.1%. Under the old test, according to the "linking study" the percentage of proficiency would have been 80.8%.

Grade 8 reading EOG tests. This is the one a child has to pass to graduate from high school. 106913 children took the test in 2008 and 58,684 were at grade level or above. The percentage of proficiency among eighth graders statewide was 55.1%. Under the old test, according to the "linking study" the percentage of proficiency would have been 93.1%

Still, the results of the reading EOG for 2008 showed that the majority (56.7%) of North Carolina children in grades 3-8 were proficient in reading under the more rigorous test. Those children had been properly prepared by their classroom teachers.

In stark contrast, the reading EOG results in Halifax County can be described as nothing less than academic disaster. The number and percentage of non proficient (students who scored below grade level) in the elementary grades 3,4& 5 are contained in the Notice of Hearing. However, a synopsis is appropriate here:

Grade 3 - 8 elementary schools - **69.3%** 224 out of 323 children were NOT proficient in reading.
Grade 4 - 8 elementary schools - **67.3%** 220 out of 327 children were NOT proficient in reading.
Grade 5 - 8 elementary schools - **77.3%** 245 out of 317 children were NOT proficient in reading.
For a total of 71.3% Not Proficient in Reading in Grades 3 through 5.

Middle Schools are supposed to prepare the children for high school. Proficiency on the 8th grade reading EOG is a key to high school graduation.
Grade 6 - 4 middle schools - **72.4%** 210 out of 290 children were NOT proficient in reading.
Grade 7 - 4 middle schools - **84.8%** 291 out of 343 children were NOT proficient in reading.
Grade 8 - 4 middle schools - **74.2%** 279 out of 376 children were NOT proficient in reading.
For a total of 74.3% Not Proficient in Reading in Grades 6 through 8.

This is irrefutable evidence of a complete breakdown in academics in Halifax County Public Schools. It is no wonder

why the high schools have been such poor performers all of these past seven years. The children in elementary and middle schools are not, as shown, by the reading EOG example, obtaining a sound basic education in reading from year to year and grade to grade.

This is academic genocide and it must be stopped. The State of North Carolina is responsible and it is time for the State of North Carolina, through its Executive Branch and the State Board of Education **to exercise direct command and control over the Halifax County Public Schools.**

The children that go to the Halifax County Public Schools are the focus, not the school board, the superintendent or the principals or teachers. It is now time to shift the focus to children and away from the adults.

I am sure there will be great whining and wailing from the adults but never forget that the adults are the ones responsible for Halifax County Public Schools reaching this situation of academic collapse in classroom instruction and the concurrent violations of those children's right to the equal opportunity to obtain a sound basic education that are occurring everyday in the Halifax County Public Schools.

Sincerely,

Howard E. Manning, Jr.

NORTH CAROLINA: IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

WAKE COUNTY: 95 CVS 1158

HOKE COUNTY BOARD
OF EDUCATION, et al.,
Plaintiffs,

And

ASHEVILLE CITY BOARD OF EDUCATION, et al.,
Plaintiff-Intervenors,

Vs.

STATE OF NORTH CAROLINA;
STATE BOARD OF EDUCATION,
Defendants.

FILED
2009 APR 16 A 11:43
WAKE COUNTY, C.S.C.
BY

NOTICE OF HEARING AND ORDER RE: HEARING

TAKE NOTICE that the Court will hold a hearing in this case during a special scheduled session of the Wake County Superior Court to begin on , April 29 , 2009 at 10:00 a.m. in Courtroom 5A, Wake County Courthouse.

Subject Matter of the Hearing:

The purpose of this non-adversarial hearing will be to provide the State of North Carolina, acting through its Executive Branch, including but not limited to the State Board of Education and The Department of Public Instruction, the opportunity to report to the Court concerning the actions that the Executive Branch will take with regard to the Halifax County Public School system in response to the Court's serious concerns, set forth in this Notice and Order, regarding the failure of the Halifax County Public School system to provide the children of Halifax County with the equal opportunity to obtain a sound basic education as required under the North Carolina Constitution and *Leandro*:

Leandro Tenets and Minimal Compliance Standards

The North Carolina Supreme Court's decisions in ***Leandro I*** (346 N.C. 336) on July 24, 1997 and ***Leandro II*** (358 N.C. 605) on July 30, 2004, set in stone, once

and for all, the following tenets relating to the Constitutional guarantee to each child of the right to an opportunity to obtain a sound basic education:

FIRST: We conclude that Article I, Section 16 and Article IX, Section 2 of the North Carolina Constitution combine to guarantee every child of this state an opportunity to receive a sound basic education in our public schools. For purposes of our Constitution, a 'sound basic education' is one that will provide the student with at least:

1. sufficient ability to read, write and speak the English language and a sufficient knowledge of fundamental mathematics and physical science to enable the student to function in a complex and rapidly changing society;
2. sufficient fundamental knowledge of geography, history and basic economic and political systems to enable the student to make informed choices with regard to issues that affect the student personally or affect the student's community, state and nation;
3. sufficient academic and vocational skills to enable the student to successfully engage in post-secondary education and training; and
4. sufficient academic and vocational skills to enable the student to compete on an equal basis with others in further ***formal education or gainful employment*** in contemporary society.." emphasis added; (***Leandro I p. 347***).....

SECOND: *Article I, Section 15 and Article IX, Section 2 of the North Carolina Constitution, as interpreted by Leandro,* guarantee to each and every child the right to an equal opportunity to obtain a sound basic education which requires that each child be afforded the opportunity to attend a public school which has the following educational resources, at a minimum: LEANDRO COMPLIANT PREREQUISITES

> ***First, that every classroom be staffed with a competent, certified, well-trained teacher who is teaching the standard course of study by implementing effective educational methods that provide differentiated, individualized instruction, assessment and remediation to the students in that classroom.***
>
> ***Second, that every school be led by a well-trained competent Principal with the leadership skills and the ability to hire and retain competent, certified and well-trained teachers who can implement an effective and cost-effective instructional program that meets the needs of at-risk children so that they can have the equal opportunity to obtain a sound basic education by achieving grade level or above academic performance.***
>
> ***Third, that every school be provided, in the most cost effective manner, the resources necessary to support the effective***

instructional program within that school so that the educational needs of all children, including at-risk children, to have the equal opportunity to obtain a sound basic education, can be met.

FOURTH: That a child who is showing Level III (grade level) or above proficiency on the State's ABC tests, End of Grade (EOG) or End of Course (EOC), is obtaining a sound basic education in that subject matter AND that a child who is not showing Level III proficiency (performing below grade level) on the ABC tests is **not** obtaining a sound basic education in that subject matter.

FIFTH: That a showing of Level III proficiency is the proper standard for demonstrating compliance with the ***Leandro*** decision.

SIXTH: That a child who is performing below Level III is "at-risk" of not obtaining a sound basic education.

SEVENTH: That there are children "at-risk" of not obtaining a sound basic education located throughout the State of North Carolina and those children's needs are similar whether they live in a rural or suburban area.

EIGHT: **That the State must assume responsibility for, and correct, those educational methods and practices that contribute to the failure to provide children with a constitutionally – conforming education.**

NINTH: **That when the State assesses and implements plans to correct educational obligations in the face of a constitutional deficiency in an LEA, or particular school, the solution proposed must ensure competent teachers in classrooms, competent principals in schools and adequate resources to support the instructional and support programs in that school so as to be *Leandro* compliant.**

TENTH: Local School Systems (LEAs) are entitled to funding by the State sufficient to provide all students, irrespective of their particular LEA, with, at a minimum, the opportunity to obtain a sound basic education.

The Supreme Court ended its decision in ***Leandro II*** with the following:

This Court now remands to the lower court and ultimately into the hands of the legislature and executive branches, one more installment in the 200-plus year effort to provide an education to the children of North Carolina. Today's challenges are perhaps more difficult in many ways than when Adams articulated his vision for what was then a fledgling agrarian nation. The world economy and technological advances of the twenty-first century mandate the necessity that the State step forward, boldly and decisively, to see that all children, without regard to their socio-economic circumstances, have an educational opportunity and experience that not

only meet the constitutional mandates set forth in Leandro, but fulfill the dreams and aspirations of the founders of our state and nation. Assuring that our children are afforded the chance to become contributing, constructive members of society is paramount. Whether the State meets this challenge remains to be determined. (358 N.C. 605,649)

This has been the law since April 4, 2002, when the Final Judgment was entered on the liability phase of this case. The North Carolina Supreme Court set the law in stone on July 30, 2004, over four and one-half years ago. Since that time, this Court has undertaken to monitor the State's progress with respect to carrying out its constitutionally mandated requirement that each and every child be afforded the equal opportunity to obtain a sound basic education.

For the past several years, the Court has held hearings and has carefully reviewed the academic performance of every school in this State. In conducting this review, the Court has, for the past two years, reviewed the EOC performance in reading and math and the EOG performance in each high school by course.

Following its review, the Court has reported on various aspects of poor academic performance to the Chairman of the State Board of Education, and the Governor. Also, from time to time, the Court has reported this information to members of the General Assembly.

There is no need to rehash these efforts here. Suffice it to say that poor academic performance remains a problem in a host of elementary, middle and high schools throughout North Carolina and as a result, the children of those schools who are blessed with the right to the equal opportunity to obtain a sound basic education as guaranteed by the Constitution and as set out in Leandro, are being deprived of their constitutional right to that opportunity on a daily basis.

In reviewing the poor academic performance of many high schools in the Northeast part of North Carolina, the Court began to look at the academic performance of the feeder middle schools that sent ninth (9^{th}) graders to the poor performing high schools and learned that these middle schools were not sending students that were prepared for high school work. Working backwards, the Court also began to focus on the academic performance of the elementary schools that were also in the district.

Working backward from the poor performing high schools, middle schools to elementary schools, a disturbing trend appeared in mathematics in the 2005-2006 school year. The State Board of Education upgraded the EOC mathematics tests given in grades 3-8 and with the imposition of 21^{st} Century rigorous math tests, the math scores plummeted statewide in 2006 and the true nature of what was not happening in terms of math education was revealed for all to see. It was not a pretty picture but truth is seldom pretty when a child's necessary mathematics educational progress is shown to be below grade level when the

parents thought, based on the year before, that the child was at or above grade level in math.

In 2007-2008, the State Board of Education increased the rigor in reading EOG tests for grades 3-8 and sure enough, a disturbing trend appeared in reading scores. The reading scores plummeted throughout the State of North Carolina. The "excusionists" in education griped about the tests and tried to pass the low performance off on the tests rather than the fact that the children had not been prepared for the additional rigor required for the 21st Century in the classroom.

With this background in mind, the Court has identified Halifax County Public School District as an academic disaster zone in which the majority of the children attending those schools, from elementary through high school are not being provided with an equal opportunity to obtain a sound basic education. The following review of Halifax County Public Schools academic performance for the past two (2) years says it all:

Halifax County Schools --- an Academic Disaster

We will start with the elementary and middle schools EOG math and reading scores for the past two years.

Halifax County--- EOG Math Scores by Grade by School for school years – 06-07/ 07-08 Comparison (Source DPI) Number of Children Not Proficient & Percentage of children Not Proficient. Not Proficient translates to the child being below grade level (Level I or Level II) and thus not obtaining a sound basic education in the subject matter, math and/or reading for that year.

Number of children out of total not proficient in math = **NCNP**
Percentage of children out of total in grade not proficient in math = **% NP**

For example: Grade 4 46 out of 66 children in that school's fourth grade failed to perform at or above grade level on the End of Grade (EOG) test in the 4th grade that year. 46/66 NCNP and the percentage of children NP is 69.8% or 7 out of ten children in that school's 4th grade are not proficient in math. The same is used for reading.

Halifax County Elementary Schools		2006-2007 NCNP	2006-2007 % NP	2007-2008 NCNP	2007-2008 % NP
Aurelian Springs	Grade 3 -	38/70	54.3%	NO DATA FOR 2008	
	Grade 4 -	46/66	69.8%		
	Grade 5 -	36/54	66.7%		

Bakers	Grade 3 - 3/32	9.4%	22/50	44.0%
	Grade 4 - 23/38	60.5%	18/38	47.3%
	Grade 5 - 28/45	62.2%	26/41	63.4%
Dawson	Grade 3 - 18/25	72.0%	15/20	75.0%
	Grade 4 - 14/27	51.9%	16/23	69.6%
	Grade 5 - 13/19	68.4%	14/25	56.0%
Everetts	Grade 3 - 32/47	68.1%	24/41	58.5%
	Grade 4 - 25/39	64.1%	22/39	56.4%
	Grade 5 - 28/47	59.6%	15/33	45.4%
Hollister	Grade 3 - 15/48	31.2%	12/37	32.4%
	Grade 4 - 13/33	39.4%	27/45	60.0%
	Grade 5 - 16/32	50.0%	16/35	45.7%
Inborden	Grade 3 - 23/60	38.3%	37/62	59.9%
	Grade 4 - 20/56	35.9%	41/60	68.3%
	Grade 5 - 22/56	39.3%	39/57	68.4%
McIver	Grade 3 - 16/25	64.0%	12/23	51.1%
	Grade 4 - 20/34	58.8%	13/21	61.9%
	Grade 5 - 11/22	50.0%	13/28	46.4%
Pittman	Grade 3 - 20/40	50.0%	16/31	51.6%
	Grade 4 - 13/47	27.7%	10/40	25.0%
	Grade 5 - 20/39	51.3%	30/47	63.8%

Halifax Totals by Grade for Grades 3 -5 All Elementary Schools -Math

	2006-2007		2007-2008	
	NCNP	**%NP**	**NCNP**	**% NP**
Grade 3	165/347	47.5%	138/264	52.3%
Grade 4	174/340	51.1%	147/266	55.3%
Grade 5	174/314	55.4%	153/266	57.5%
Total	**513/1001**	**51.2%**	**438/796**	**55.0%**

Halifax Middle Schools – Math EOG

		2006-2007 NCNP	2006-2007 % NP	2007-2008 NCNP	2007-2008 %NP
Brawley	Grade 6 -	68/77	88.3%	45/60	75.0%
	Grade 7 -	50/75	66.7%	56/76	73.7%
	Grade 8 -	82/97	84.5%	51/73	69.9%
Eastman	Grade 6 -	54/78	69.2%	30/66	45.5%
	Grade 7 -	40/89	44.9%	46/80	57.5%
	Grade 8 -	43/87	49.4%	36/87	41.4%
Enfield	Grade 6 -	54/67	80.6%	43/61	70.5%
	Grade 7 -	47/76	61.8%	46/64	71.8%
	Grade 8 -	61/84	72.6%	58/80	72.5%
Davie	Grade 6 -	89/139	64.0%	75/107	70.0%
	Grade 7 -	86/142	60.6%	86/125	68.8%
	Grade 8 -	108/173	62.4%	85/138	61.6%

Halifax Totals Grades 6-8 All Middle Schools – Math EOG

	2006-07 NCNP	2006-07 % NP	2007-08 NCNP	2007-08 % NP
Grade 6	265/371	73.4%	193/294	65.6%
Grade 7	223/382	58.3%	234/345	67.8%
Grade 8	294/441	66.6%	230/378	60.8%
Total	**782/1194**	**65.5%**	**657/1017**	**64.6%**

SYSTEM TOTAL GRADES 3-8 EOG MATH

2006-2007 NCNP	2006-2007 % NP	2007-2008 NCNP	2007-2008 % NP
1295/2191	**59.1%**	**1095/1813**	**60.4%**

BOTTOM LINE ---- SIX OUT OF TEN (6/10) CHILDREN ARE BELOW GRADE LEVEL IN MATHEMATICS SYSTEM WIDE ON END OF GRADE TESTS IN 2008 --- 6 out of 10 ninth graders will enter high school unprepared in math and unprepared to be successful in Algebra 1.

Halifax High Schools Math - Algebra 1, Algebra 2 and Geometry

High School Math For Algebra I, II and Geometry in Halifax County High Schools for 2006-2007 and 2007-2008

Halifax County has two high schools – Northwest and Southeast plus a Gates/21st Century High School known as School of Ecology housed in one of the high schools – it was a separate school with a separate principal. The School of Ecology was terminated by the New Schools Project in 2008.

2006-2007 Halifax High Schools combined data by Math Course:

	NCNP	
Algebra 1	500/290	= 58% NP in Algebra 1
Algebra 2	220/140	= 64% NP in Algebra 2
Geometry	182/130	= 71% NP in Geometry
	902/560	= 62% NP in Math EOC

2007-2008 Halifax High Schools combined data by Math Course:

	NCNP	
Algebra 1	301/206	= 72% NP in Algebra 1
Algebra 2	239/114	= 48% NP in Algebra 2
Geometry	195/143	= 77% NP in Geometry
	735/463	= 63 % NP in EOG math

SYSTEM TOTAL MATH GRADES 3-8 EOG & ALG 1,2 & GEOM EOC

2006-2007		2007-2008	
NCNP	% Not proficient	NCNP	% Not proficient
1855/3093	59.9%	1558/2548	61.1%

**** Includes 'banked' 8th grade scores in Alg 1 and summer school retests.**

Halifax County Reading EOG Tests for 2006-07 and 2007-08

The drop in reading scores from 2006 - 07 to 2007- 08 in Halifax County is dramatic. The next unnumbered page provides this data school by school and grade by grade for Halifax County. This data mirrors the math EOG test data provided above for reading in grades 3-8 for the past two years.

Halifax County High Schools

Halifax County's High Schools have a history of abysmal low performance which is certainly understandable given the new "light" on the elementary and middle grades evidenced by the more rigorous math EOG tests implemented in 2005-06 and the more rigorous reading EOG tests introduced in 2007-2008. Simply put, the majority of the children coming out of the middles grades are not prepared to do high school work.

The following is the seven (7) year history of Northwest and Southeast Halifax High Schools and a four (4) year history of their feeder Middle Schools in terms of their performance composites.

***Note: In 2005-2006, the State Board increased the rigor of the mathematics EOG tests in 3-8 throughout North Carolina. The mathematics EOG scores dropped drastically revealing that the EOG tests in math given previously were not really providing a true picture of student's proficiency in math. Because of this the performance composites in Halifax County dropped in both elementary and middle schools starting in 2006.

The old less rigorous EOG reading tests were not revised and upgraded until the 2007- 2008 school year. When the new reading EOG's were scored, Halifax County's elementary and middle schools pc's dropped further. Just take a look at the 2008 performance composites for the feeder middle schools.

	2002	2003	2004	2005	2006	2007	2008
NW Halifax High	39.9	42.5	40.3	39.0	35.1	30.9	34.3
Davie Middle				71.8	50.6	55.5	36.5
Eastman Middle				76.2	59.6	65.8	51.5
	2002	2003	2004	2005	2006	2007	2008
SE Halifax High	27.2	33.9	40.8	37.0	34.7	38.5	35.9
Brawley Middle				83.1	39.5	42.6	33.1
Enfield Middle				68.2	44.1	52.7	32.5

NP = NON PROFICIENT

LEA/School Code and Name[3] Reporting Year 2007-08[2,4]	Grade 3 Number Non-Proficient	Grade 3 # NP Denominator	Grade 3 % Non-Proficient[1]	Grade 4 Number Non-Proficient	Grade 4 # NP Denominator	Grade 4 % Non-Proficient[1]	Grade 5 Number Non-Proficient	Grade 5 # NP Denominator	Grade 5 % Non-Proficient[1]
420304 Aurelian Springs Elemei	35	62	56.5	51	65	78.5	41	55	74.5
420308 Bakers Elementary	34	50	68.0	21	36	58.3	32	41	78.0
420316 Dawson Elementary	16	20	80.0	15	22	68.2	19	25	76.0
420328 Everetts Elementary	25	40	62.5	28	38	73.7	19	31	61.3
420336 Hollister Elementary	25	37	67.6	30	45	66.7	22	35	62.9
420340 Inborden Elementary	49	61	80.3	41	60	68.3	51	57	89.5
420344 McIver Elementary	17	22	77.3	14	21	66.7	21	27	77.8
420348 Pittman Elementary	23	31	74.2	20	40	50.0	40	46	87.0
Grade Level Totals:	224	323	69.3	220	327	67.3	245	317	77.3
2008 3-5 Total:	689	967	71.3						

LEA/School Code and Name[3]: Reporting Year 2007-08[2,4]	Grade 6 Number Non-Proficient	Grade 6 # NP Denominator	Grade 6 % Non-Proficient[1]	Grade 7 Number Non-Proficient	Grade 7 # NP Denominator	Grade 7 % Non-Proficient[1]	Grade 8 Number Non-Proficient	Grade 8 # NP Denominator	Grade 8 % Non-Proficient[1]
420312 Brawley Middle	42	60	70.0	65	76	85.5	59	73	80.8
420320 Eastman Middle	39	65	60.0	63	79	79.7	54	87	62.1
420324 Enfield Middle	49	61	80.3	58	65	89.2	66	80	82.5
420376 William R Davie Middle	80	104	76.9	105	123	85.4	100	136	73.5
Grade Level Totals:	210	290	72.4	291	343	84.8	279	376	74.2
2008 6-8 Total:	780	1009	77.3						
2008 System Total:	1469	1976	74.3						

LEA/School Code and Name[3]: Reporting Year 2006-07[2]	Grade 3 Number Non-Proficient	Grade 3 # NP Denominator	Grade 3 % Non-Proficient[1]	Grade 4 Number Non-Proficient	Grade 4 # NP Denominator	Grade 4 % Non-Proficient[1]	Grade 5 Number Non-Proficient	Grade 5 # NP Denominator	Grade 5 % Non-Proficient[1]
420304 Aurelian Springs Elemei	28	70	40.0	25	63	60.0	19	54	35.2
420308 Bakers Elementary	1	31	3.2	12	38	31.6	12	44	31.6
420316 Dawson Elementary	13	25	52.0	9	26	34.6	8	19	42.1
420328 Everetts Elementary	22	45	48.9	14	39	35.9	14	44	31.8
420336 Hollister Elementary	17	48	35.4	8	33	24.2	5	32	15.6
420340 Inborden Elementary	16	58	27.6	11	58	19.0	3	56	5.4
420344 McIver Elementary	8	25	32.0	12	33	36.4	7	22	31.8
420348 Pittman Elementary	12	40	30.0	6	46	13.0	7	38	18.4
Grade Level Totals:	117	342	34.2	97	336	28.9	75	309	24.3
2007 3-5 Total:	289	987	29.3						

LEA/School Code and Name[3]: Reporting Year 2006-07[2]	Grade 6 Number Non-Proficient	Grade 6 # NP Denominator	Grade 6 % Non-Proficient[1]	Grade 7 Number Non-Proficient	Grade 7 # NP Denominator	Grade 7 % Non-Proficient[1]	Grade 8 Number Non-Proficient	Grade 8 # NP Denominator	Grade 8 % Non-Proficient[1]
420312 Brawley Middle	41	75	54.7	35	74	47.3	41	96	42.7
420320 Eastman Middle	21	78	26.9	13	89	14.6	20	87	23.0
420324 Enfield Middle	28	65	43.1	30	74	40.5	19	84	22.6
420376 William R Davie Middle	51	136	37.5	41	139	29.5	44	171	25.7
Grade Level Totals:	141	354	39.8	119	376	31.6	124	438	28.3
2008 6-8 Total:	384	1168	32.9						
2008 System Total:	673	2155	31.2						

[1] Percent is the percent NON-PROFICIENT on the Reading EOG at each grade level.

[2] Periods (.) are used when data are missing at particular grade levels.

[3] Some school names have been abbreviated or modified for column spacing purposes.

This is the new edition of the Reading EOG tests for grades 3-8 administered statewide for the first time in 2007-08.

Addendum: Halifax County

The proof in the pudding is found in the drop in Performance Composites from 2005 to 2006 (math) and from 2007 to 2008 (reading) when both math and reading EOG tests were placed into the classrooms in Halifax County.

There is simply no point in going back of 2006 to look at Halifax County's elementary and middle schools performance composites because on the surface all seemed just "fine" when in fact, due to the lack of rigor in both the reading and math EOG tests, the performance composites looked fine. They may have looked fine but the children were going to the high schools unprepared, in the majority, to do successful high school work.

The following academic performance data covers high school math courses for the past two years in each of Halifax County Public Schools' high schools. As stated earlier, there was a STEM school started by the New Schools Project as a school of ecology in 2006. The New Schools Project shut down the school in 2008 because of lack of academic performance. Following the math EOC scores, the Court has set out the EOC scores in the other ABC subjects. As one can easily see, the Non Proficient percentages in the majority of those courses are also a disaster.

Southeast Halifax High – Math EOC scores

Algebra 1 2007 - there were 35 proficient students and a NP ratio of 72%

Algebra 1 2008 - there were 11 out of 54 proficient - a NP ratio of 79%

Algebra 2 2007 - there were 26 proficient students - a NP ratio of 41%

Algebra 2 2008 - there were 49 out of 96 proficient - a NP ratio of 49%

Geometry 2007 - there were 4 out of 42 proficient - a NP ratio of 90%

Geometry 2008 - there were 3 out of 21 proficient - a NP ratio of 86%

Northwest Halifax High – Math EOC scores

Northwest High is much larger and its students appear to be taking Algebra 1, 2 and Geometry in much larger numbers despite the poor showing in Algebra 1 and Geometry in 2008. Algebra 2 only had a 38% NP ratio in 2008.

Algebra 1 had a 61.4% NP ratio in 2007 – 148/241 (93 proficient)

Algebra 2 had a 65.2% NP ratio in 2007 - 92/141 (49 proficient)

Geometry had a 63.5% NP ratio in 2007 – 80/126 (46 proficient)

Algebra 1 had a 65% NP ratio in 2008 - 128/197. (69 proficient)

Algebra 2 had a 38% NP ratio in 2008 - 44/116. (72 proficient)

Geometry had a 71% NP ratio in 2008 – 107/151 (44 proficient)

There were a total of 61 --- 8th graders who passed Algebra 1 in the 4 middle schools in Halifax County in 2008.

Halifax High Schools' End of Course Scores 2006-07 & 2006-08 excluding Math courses which are set out above.

Note: These do not include the School of Ecology which was such an academic disappointment that the New Schools Project terminated the School in its second year in 2008.

Northwest 2006-2007	**Northwest 2007-2008**
Biology 110 NP 67.9% NP	**132 NP 84.6% NP**
Civics 118 NP 68.2% NP	**134 NP 68.7% NP**
English 115 NP 56.9% NP	112 NP 50.0% NP
US Hist. 162 NP 86.2% NP	**138 NP 87.4% NP**
Writing 161 NP 83.0%	102 NP 53.2% NP
Chemistry N/A 07	51 NP 68.8% NP
Phys Science N/A 07	**144 NP 72.0% NP**

Total All Courses including Alg 1, Alg 2 & Geometry which are set out elsewhere

986 Non Proficient 30.9% PC 441 P = 1427 Students 2006-2007

1104 Non Proficient 34.3% PC 577 P = 1681 Students 2007-2008

Southeast 2006-2007	**Southeast 2007-2008**
Biology 26 NP 54.2% NP	**78 NP 64.8% NP**
Civics 25 NP 40.9% NP	55 NP 53.4% NP

North Carolina Military Business Center



ncmbc

CONNECTING BUSINESS AND MILITARY

Continuation Review Final Report March 1, 2009

Contact: Scott Dorney, 910-323-4824, dorneys@ncmbc.us

NORTH CAROLINA MILITARY BUSINESS CENTER
CONTINUATION REVIEW EXECUTIVE SUMMARY

ncmbc
CONNECTING BUSINESS AND MILITARY

OVERVIEW

Because the General Assembly had the vision to create the North Carolina Military Business Center (NCMBC) in 2004, North Carolina is now uniquely positioned to leverage the NCMBC's proven record of success and a booming federal market to grow jobs and expand the economy, particularly in a challenging economic environment with contraction in other markets.

The General Assembly had the vision to create the NCMBC in 2004.

The NCMBC is a statewide economic and business development organization that helps companies win federal contracts and grow jobs. A component of the North Carolina Community College System headquartered at Fayetteville Technical Community College, the NCMBC operates with 12 offices statewide - from Franklin to Havelock.

North Carolina is uniquely positioned to leverage the NCMBC's success and an expanding federal market.

Since opening in 2005 to address the "opportunity gap" between North Carolina's high military presence and low (1%) capture rate of defense contracts, the NCMBC fortuitously expanded its focus to the entire federal market. Expending approximately $4.5 million in State funds over 4 years, the NCMBC contributed to at least 597 federal contract awards to businesses in 66 counties, with a value of $1.15 to $2.77 billion. This represents a minimum 250:1 return on the State's investment. These contracts preserved or created up to 38,200 jobs statewide. With a burgeoning federal market, imminent growth of military bases, and a record of NCMBC success and operational excellence, recurring investment in the NCMBC is critical to job creation and economic growth.

The NCMBC has helped companies win 597 contracts worth at least $1.15 billion – a 250:1 return on State investment.

VISION, MISSION, AND GOALS

The NCMBC's program of work cascades from an ambitious vision of the future to a mission, goals, objectives, strategies and programs. The NCMBC vision is a future in which companies in an expanded defense sector in every county aggressively compete for and win contracts that exceed $10 billion annually. The NCMBC pursues this vision by executing its mission to leverage military and other federal business opportunities for economic development and quality of life in North Carolina. Goals focus on contract awards, employment of transitioning military and recruiting defense firms (see sidebar).

NCMBC Goals

Goal 1
Increase federal prime and subcontract awards

Goal 2
Increase employment of transitioning military and family members

Goal 3
Support recruitment of defense businesses

PROGRAMS

The NCMBC's six operational programs, continuously measured and refocused, include:

- **Business Development ("BD"), Training and Assistance** (supports Goal 1): Team members engage thousands of businesses in the market, identify and connect opportunities to businesses and provide technical assistance to help businesses understand solicitations, compete for and win federal prime and subcontracts.
- **Military Sustainment** (supports Goal 1): The NCMBC coordinates the North Carolina Aerospace Alliance and the reverse engineering and defense machining initiatives to help businesses win contracts to manufacture parts for defense systems.
- **Strategic Initiatives** (supports Goals 1 and 3): The military construction initiative helps businesses win contracts in this $5-7 billion market at bases in North Carolina. The emerging opportunities and subcontracting initiatives help businesses preposition and win contracts. Business capacity, base growth and technology transition initiatives expand the defense-related industry in North Carolina.
- **Technology Resources** (supports Goals 1, 2, and 3): MatchForce.org matches businesses to federal opportunities and individuals to jobs posted by registered North

Carolina businesses. SourceNC matches companies to military repair parts contracts, and NCMBC.us provides market forecasts and other valuable business resources.

- **Employment** (supports Goals 1, 2, and 3): MatchForce, transitioning military data, and the "I Hire Military" and "Stay NC" initiatives support employment of the military workforce and the recruitment and expansion of businesses statewide.
- **Communication and Outreach** (supports Goals 1, 2 and 3): A comprehensive program of events, media outreach, and advertising drives companies to the market.

The NCMBC is operationally focused and lean.

RESOURCES

The NCMBC is operationally focused and has little overhead. It executes programs through 18 highly skilled professionals, partnerships with 58 community colleges and other entities and funding provided by the General Assembly and Golden LEAF.

In 3.5 years, the NCMBC engaged thousands of businesses in the market –12,600 registered on MatchForce.

PERFORMANCE OUTCOMES

In 3.5 operational years, the NCMBC promoted and engaged thousands of North Carolina businesses in the federal market, including over 12,600 businesses that registered on MatchForce. MatchForce captured over 425,000 federal contract opportunities and made 97 million business notifications. The BD team managed the most lucrative opportunities and made over 1.0 million connections of 7,500 opportunities to businesses. BD team members also provided technical assistance to help businesses compete, averaging over 3,000 counseling sessions annually. Results include at least 597 federal contract awards to businesses statewide, with a value of $1.15 to $2.77 billion. Although impressive, this outcome is understated. Additional contracts resulted from NCMBC statewide activities to drive companies to the market and from MatchForce/SourceNC. From 2004 to 2008, federal awards to North Carolina businesses rose 146%, from $2.8 billion to $4.1 billion.

The BD team made over 1.0 million connections – and helped businesses win 597 contracts worth $1.15 to $2.77 billion.

IMPROVING AND EXPANDING SERVICES AND FUNDING LEVEL

The NCMBC intends to increase outcomes exponentially by increasing services focused on proven growth opportunities: military construction; emerging prime contracts; subcontracts with major defense primes; opportunities in northeastern North Carolina; and growing defense business capacity through opportunities in technology transition, foreign military sales and base growth. The NCMBC must also meet skyrocketing demand for services, a product of both the economy and the NCMBC's phenomenal success. The NCMBC supports most programs with base funding ($1.25 million) and three initiatives with one-time funds. With $1.25 million recurring funding, the NCMBC would reallocate resources and reduce staff, but continue to achieve incredible results. With $1.60 million recurring funding, the NCMBC will target growth opportunities to achieve "big wins" and meet surging demand for services, while sustaining all current capabilities that have contributed to at least $1.15 billion in federal contract awards to businesses statewide.

Recurring funding of $1.6 million enables the NCMBC to maintain all programs and target growth opportunities for "big dollar wins."

The NCMBC is the "tip of the spear" in growing jobs through the booming federal market.

CONCLUSION

A young and vibrant organization, the NCMBC IS North Carolina's statewide investment and the "tip of the spear" in growing jobs through the booming federal market. With contraction in other markets, companies surging to the federal market and base growth poised to generate significant in-migration of defense contractors, the State's moderate and recurring investment in the NCMBC will have a synergistic effect – leveraging the economic and defense environment and the NCMBC's phenomenal success to geometrically increase the return in jobs created, economic and tax base expansion, revenue generation and improved quality of life for all in North Carolina.

Recurring State investment leverages the NCMBC's phenomenal success to expand the economy.

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CONTINUATION REVIEW FINAL REPORT

1. INTRODUCTION

The North Carolina Military Business Center (NCMBC) is a statewide component of the North Carolina Community College System (NCCCS) headquartered at Fayetteville Technical Community College (FTCC). With 12 offices across the state, from Franklin to Havelock, the NCMBC provides business development services to help North Carolina businesses win military and other federal contracts, grow jobs, expand the tax base and economy and improve quality of life in North Carolina.

Since the NCMBC opened in 2005, companies assisted by the NCMBC have won more than 597 contracts, with a total value of $1.15 billion to $2.77 billion. With imminent expansion of military bases in North Carolina, continuing growth of the defense sector nationwide, severe challenges in other sectors of the economy and a proven record of operational excellence, funding the NCMBC is essential for North Carolina to continue to leverage the military for job creation and economic expansion in North Carolina.

The NCMBC's strategic office locations offer businesses convenient access to resources:

- *Franklin*
- *Asheville*
- *Charlotte*
- *Greensboro*
- *Durham*
- *Fayetteville (HQ)*
- *Pinehurst*
- *Wilmington*
- *Brunswick County*
- *Goldsboro*
- *Jacksonville*
- *Havelock*

2. CURRENT SITUATION

The US Department of Defense (DoD) spends over $350 billion annually in procuring goods and services worldwide. In federal fiscal year 2007, DoD prime contracts for goods and services in North Carolina exceeded **$2.97 billion**—an increase of more than $281 million over fiscal year 2006. This $2.97 billion in DoD prime contracts (won by companies in 91 counties statewide) and additional subcontracts are significant components of DoD's **$23 billion** total impact on the State economy.

The US Department of Defense spends over $350 billion annually on goods and services. Of that, $2.97 billion was spent in North Carolina in FY2007 - despite having the 4th highest military presence of any state.

Despite having the fourth highest military presence of any state, this $2.97 billion represents approximately 1% of DoD procurement spending worldwide. This disparity presents considerable opportunity. With continued growth in defense spending, growth in military installations in North Carolina, one of the most favorable business climates anywhere in the country and continued investment in the NCMBC—a maturing and aggressive business development entity focused on the military economy—North Carolina is poised to aggressively expand its share of DoD and other federal procurement spending in the future.

The NCMBC is the only statewide, "business development" entity of its kind in the country. Other states do not share North Carolina's unique challenges and opportunities engendered by a disparity between military presence and military procurement, exploding growth at their military installations, tremendous business capacity and progressive State legislative and policy entities.

The NCMBC is the only statewide "business development" entity of its kind in the country. However, other states have contacted the NCMBC about establishing similar programs based on the NCMBC model.

Several states have added functions to their Procurement Technical Assistance Centers (PTAC) but remain predominantly focused on "developing businesses." However, the State of Georgia and Georgia Tech, a three-state entity in Washington, Oregon and Idaho and the City of Virginia Beach have contacted the NCMBC about establishing a "business development" entity based on the NCMBC model. North Carolina's market advantages, traditional resources and early investment in the NCMBC "business development" model are prodigious.

Subsection 2.a. – Description of program, mission, goals & objectives

The NCMBC believes that its program of work should cascade from a clear and ambitious vision of the future to a mission, goals, objectives, supporting strategies and focused operational programs – continuously measured and evaluated – that ultimately will achieve that vision. All NCMBC programs and activities directly support accomplishment of the organizational mission and achievement of the vision for the future.

VISION

The vision of the NCMBC is a future in which companies engaged in an expanded defense and security industry sector in **every county** of the state regularly and aggressively compete for and win federal contracts, and revenues from total federal procurement in North Carolina **exceed $10 billion annually.**

NCMBC Vision
A future in which companies engaged in an expanded defense and security industry sector in every county of the state regularly and aggressively compete for and win federal contracts, and revenues from total federal procurement in North Carolina exceed $10 billion annually.

MISSION

The mission of the NCMBC is to leverage military and other federal business opportunities for **economic development** and **quality of life** in North Carolina.

The NCMBC originally intended to focus on growing jobs and expanding the tax base and the state economy through increased **military** procurement in North Carolina. However, the NCMBC expanded its focus to include leveraging **all federal** business opportunities shortly after its inception. The NCMBC expanded its mission focus because:

- Opportunities from non-DoD agencies are **lucrative**. Of the 597 contracts won by North Carolina businesses with assistance from the NCMBC, 185 contracts (31% of the total) worth at least $463.6 million were generated from non-DoD agencies.
- Opportunities from non-DoD agencies are **accessible**. Federal agencies announce all contract opportunities over $25,000 in value through the Federal Business Opportunities website. NCMBC business development specialists registered for automatic notification or searching for federal opportunities within their assigned industries routinely identify opportunities from all federal agencies – and source them to thousands of North Carolina businesses – without additional effort. The federal government has also significantly standardized the regulations and procurement processes governing all agencies, making NCMBC counseling on solicitations and proposal processes equally effective for non-DoD as well as DoD opportunities.
- Non-DoD agencies have a significant **presence** in our state. The Department of Homeland Security (particularly the US Coast Guard), Department of Veterans Affairs, Department of Justice, Environmental Protection Agency and other federal activities in North Carolina generate significant procurement requirements. North Carolina businesses are uniquely positioned to win these non-DoD opportunities.
- Finally, businesses in the state have the **capability** to provide goods and services to all federal agencies. Focusing on all agencies provides additional market and job creation opportunities.

NCMBC Mission
To leverage military and other federal business opportunities for economic development and quality of life in North Carolina.

However, DoD opportunities remain the NCMBC's primary focus. Additionally, the NCMBC does not pursue state and local procurement or even federal grant opportunities, as these require different skill sets and would dilute the organization's effectiveness. The NCMBC has remained focused on leveraging all federal procurement opportunities to expand business activity in the state, and its mission has remained unchanged since the NCMBC opened in January 2005.

GOALS

The NCMBC has three goals that support the NCMBC mission. All goals are supported by objectives, strategies and mission-focused operational programs. Outcomes of programs are continuously measured, assessed and refocused as necessary.

NCMBC goals include:

- ❑ Goal 1: To increase federal prime and subcontract awards to North Carolina businesses
- ❑ Goal 2: To increase employment of transitioning military and military family members in North Carolina
- ❑ Goal 3: To support the recruitment and development of defense-related businesses in North Carolina

NCMBC Goals
The NCMBC has 3 goals that support its mission:

- *Increase federal prime and subcontract awards to North Carolina businesses*
- *Increase employment of transitioning military and military family members in North Carolina*
- *Support the recruitment and development of defense-related businesses in North Carolina*

Goal 1

The NCMBC focuses the great majority of its resources – people, time, technology, partnerships and funding – on its goal to **increase federal prime and subcontracting awards** to North Carolina businesses. While the other goals will ultimately expand business capacity in North Carolina capable of winning federal contracts, the first goal leverages the vibrant, diverse and highly capable business capacity already in our state to win contracts, grow jobs and expand our economy.

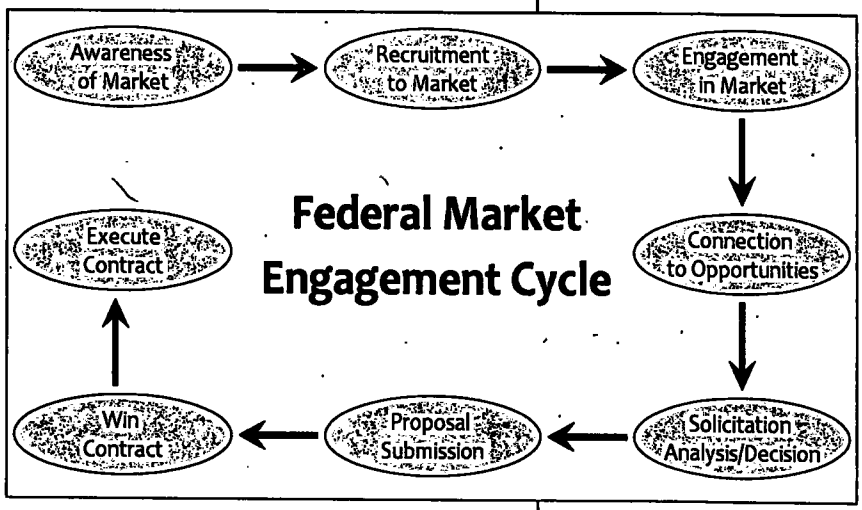
The NCMBC envisions federal procurement as a mathematical equation – with a "capacity" side and an "opportunity" side. Community College Small Business Centers (SBCs), the Small Business and Technology Development Center (SBTDC), and its PTAC principally build a "supply" of business capacity – they "develop businesses." The NCMBC, by contrast, focuses on the "opportunity" or "demand" side of the procurement equation. The NCMBC uses "business development" techniques to increase federal contract awards to North Carolina businesses.

Goal 1 has several supporting objectives:

The great majority of NCMBC resources are focused on Goal 1 – increasing federal prime and subcontracting awards to North Carolina businesses.

- ❑ Objective 1.1: Expand engagement by North Carolina businesses in the federal marketplace
- ❑ Objective 1.2: Expand federal customers' engagement with North Carolina businesses and NCMBC
- ❑ Objective 1.3: Expand initiatives to identify current federal prime contract opportunities, to connect them to North Carolina businesses and to win current federal prime contract awards
- ❑ Objective 1.4: Expand initiatives to identify and pre-position North Carolina businesses and teams to compete for and win emerging and future federal prime contract awards

- Objective 1.5: Expand subcontracting relationships and awards to North Carolina businesses



These objectives constitute a logical progression of effort in increasing federal contract awards to North Carolina companies: getting companies aware of and engaged in the market; getting buyers engaged with North Carolina suppliers; connecting both current and future, prime and subcontract opportunities to businesses; and providing essential technical resources to help businesses pre-position, team for, bid on and win contracts. In other words, the NCMBC's Goal 1 and its constituent objectives, strategies and programs support North Carolina businesses in navigating all phases of the "Federal Market Engagement Cycle."

Goal 2

The NCMBC's second goal, to **increase employment of transitioning military and military family members** in North Carolina, recognizes the tremendous skills, education, training and work ethic that these individuals potentially bring to our workforce. This is principally an economic development goal – not simply an altruistic goal. Retaining a greater percentage of the 12,000 military personnel who annually transition out of the services at bases in our state and integrating these personnel and military family members into our state workforce will leverage an untapped resource for business recruitment and business expansion in North Carolina.

Increasing employment of transitioning military and military family members leverages an untapped resource for business recruitment and expansion.

The goal to increase employment of transitioning military and family members in North Carolina has two supporting objectives:

- Objective 2.1: Expand the pool of transitioning military and family members for employment
- Objective 2.2: Expand private and public sector job opportunities for transitioning military and family members

The implementing strategies and activities for these objectives seek to influence both the supply of and demand for this potential qualitative infusion to our state workforce. On the supply side, they seek to engage personnel early in the transition cycle, to interdict their natural inclination to leave North Carolina for their homes of record, and to impart that North Carolina values their service, their skills and their value to the economy of our state. On the demand side, the strategies and activities seek to educate, empower and provide incentive to employers and economic developers to leverage this potential workforce to grow their existing industries and to recruit new businesses to North Carolina.

Goal 3

The NCMBC's third goal is to ***support* the recruitment and development of defense-related businesses** in North Carolina. This goal has two supporting objectives:

- Objective 3.1: Support entities that actively recruit and develop business capacity that will ultimately compete for and win contracts
- Objective 3.2: Develop initiatives to expand the tax base and create a level playing field for North Carolina companies by enticing on-base-only contractors to establish off-base locations

The first objective and its supporting strategies and activities leverage both the potential to grow business capacity in the state in the defense and security sector and the value of collaboration with other agencies and entities engaged in economic development. The NCMBC's business development and assistance services to existing industries are powerful tools for agencies engaged in nurturing start ups, growing existing industries and recruiting out-of-state businesses to North Carolina. The second objective acknowledges the imperative to maximize the contribution of industries engaged in DoD contracting activities on military installations in our state for job creation, tax revenue generation and economic expansion, and to ensure bona fide North Carolina businesses are not disadvantaged in bidding on government contracts.

The NCMBC supports the recruitment and development of defense related business. The business development and assistance services are powerful tools for agencies engaged in nurturing start-ups, growing existing industries and recruiting out-of-state businesses.

2.b. Categorization of mission, goals & objectives

The NCMBC was created and funded by the General Assembly under Session Law 2004-124/House Bill 1414. The statute outlined basic tasks to be performed by the NCMBC, including creating a statewide business assistance center, developing an internet-based matching system, conducting a Gap Analysis study and marketing of NCMBC services. These specifications resulted in the NCMBC's development of a statewide business development team, MatchForce.org, a communication and outreach program and the strategic Gap Analysis study, which was completed and released on June 1, 2005.

The NCMBC has appreciated the flexibility provided by the General Assembly to further assess, develop, resource, implement, evaluate, modify and supplement NCMBC programs to meet the organizational mission. The only Military Business Center in the country and with no model to follow, the NCMBC exercised this flexibility to implement a customer-focused program of work that has produced incredible outcomes in its less than four-year operational existence. With continued operational flexibility, increased resources, effective leadership, professional staff and responsible stewardship within the Community College System, the NCMBC will continue to accomplish its mission to grow jobs, expand the tax base and economy and improve quality of life in North Carolina.

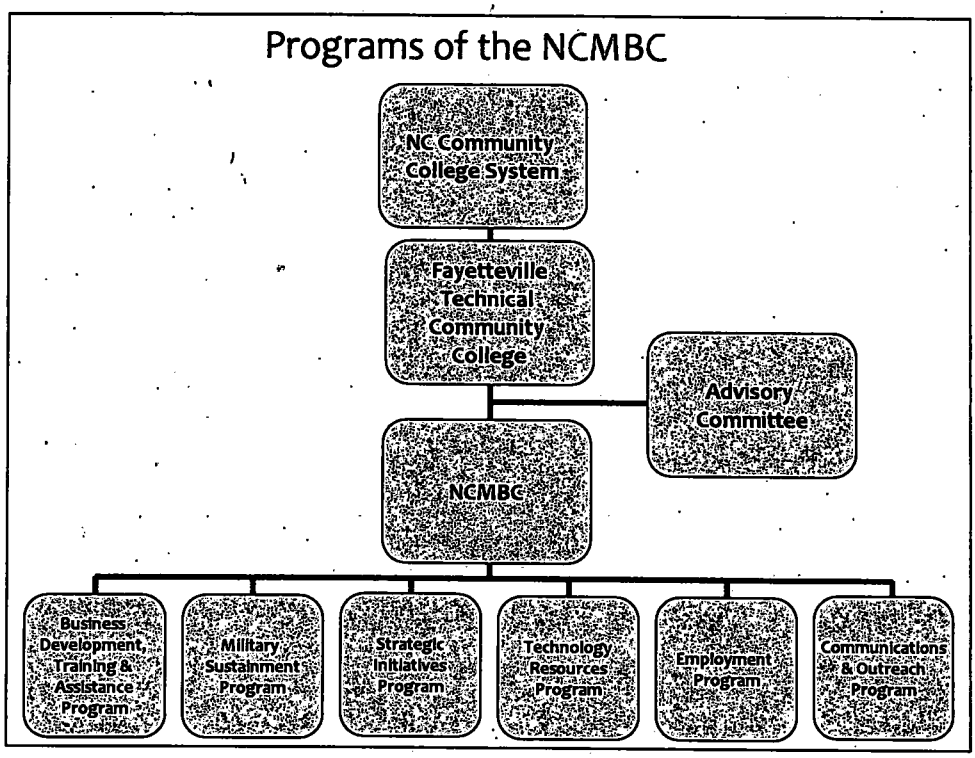
The NCMBC was created and funded by the General Assembly under Session Law 2004-124/House Bill 1414.

The NCMBC was tasked with:

- *Creating a statewide business assistance center*
- *Developing an internet based matching system*
- *Conducting a Gap Analysis study*
- *Marketing NCMBC services*

2.c. Service Statements

The NCMBC has designed, coordinated, implemented and continuously evaluates six specific programs, through which it "operationalizes" its strategies and seeks to achieve its goals and objectives. The NCMBC's six major programs include those in the diagram below and are outlined in the remaining paragraphs of this section.



The Business Development, Training & Assistance Program is principally executed by NCMBC's 11 position BD team. As discussed in the results section, this team has assisted with over 597 "wins" for North Carolina businesses since inception in mid-2005 through 2/21/09.

PROGRAM 1: BUSINESS DEVELOPMENT, TRAINING & ASSISTANCE PROGRAM

The NCMBC is an "opportunity-focused" organization that increases federal contracting with North Carolina businesses by utilizing "business development" strategies. Consequently, the NCMBC's Business Development, Training and Assistance Program, or "BD program," which is principally executed by the NCMBC's eleven (11) position BD team, is the cornerstone of its activities to achieve Goal 1 – to increase military and other federal business for North Carolina companies – and all five of its objectives.

Irrespective of the type and source of federal contract opportunity, NCMBC BD team members perform the following tasks to help North Carolina businesses identify, compete for and win contracts:

- **Build awareness of the federal market, recruit and engage** North Carolina businesses. NCMBC BD team members: conduct public activities with Community College, economic development, chamber of commerce and other partners; actively recruit capable businesses; respond to business inquiries and referrals; perform or coordinate counseling for capable businesses with partner agencies (e.g., PTAC); and engage and retain businesses in the market by helping them register as government contractors, register in MatchForce and apply for certification programs that increase their competitiveness for contract wins. These activities, executed by every BD team member, compliment the NCMBC's communications and outreach and strategic initiatives programs, ultimately increase business capacity in the market and improve the success rate in winning federal contracts.

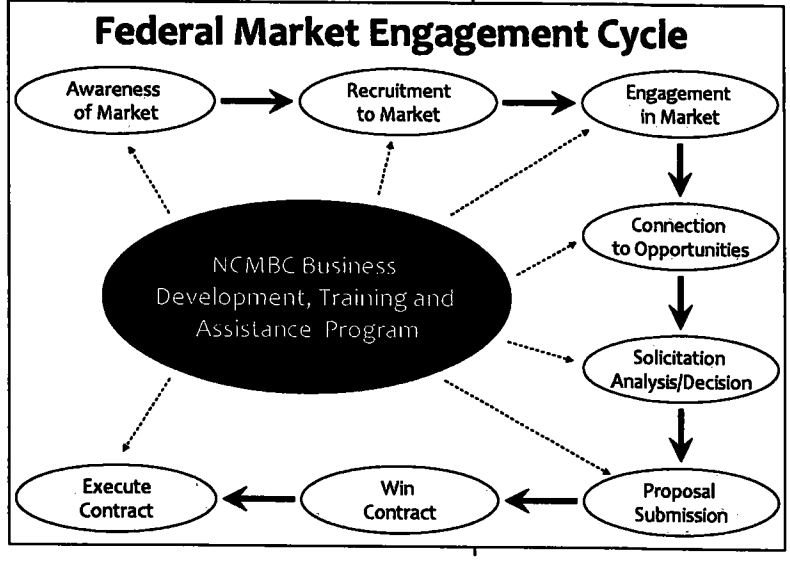
The primary tasks of the NCMBC BD team are to:

- *Build awareness*
- *Identify current opportunities*
- *Identify NC businesses*
- *Notify NC businesses of opportunities*
- *Provide hands-on assistance*
- *Prove post-award assistance*
- *Pre-position and team businesses*

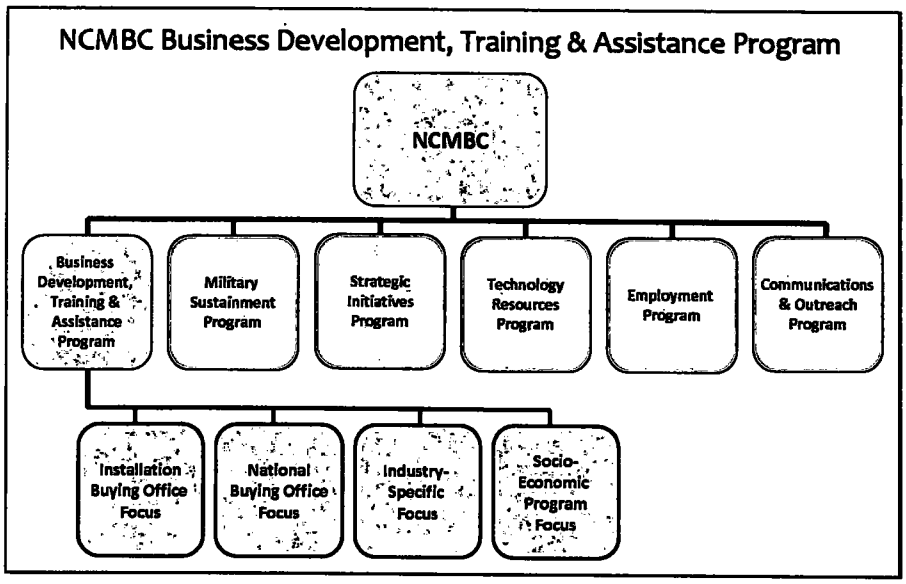
- **Identify current federal business opportunities** available for competition. The NCMBC uses internet-based governmental and subscription notification systems and the State of North Carolina's MatchForce system (developed by the NCMBC) to identify and select current federal business opportunities. At any point in time, MatchForce captures 6,000 to 14,000 federal business opportunities, identifying hundreds of new federal opportunities each day.
- **Identify businesses across North Carolina** that are certified and/or registered to compete for identified opportunities. The NCMBC leverages an internal database of over 30,000 North Carolina businesses, as well as partnerships with the community college small business centers, the Department of Commerce, economic development entities, industry associations and other business-focused entities in every county in North Carolina. Working with partner agencies to identify capable businesses that are not currently registered for federal business is extremely important and essential to future contract wins.
- **Notify North Carolina businesses** of current opportunities by email, telephone, notification through partner agencies and any other means necessary to alert them to targeted contracting opportunities. The NCMBC's goal is to ensure that no business in North Carolina makes a "no bid" decision on a federal solicitation out of ignorance of the opportunity. Businesses will know about federal opportunities and make "bid, no-bid" decisions based on business considerations.
- **Provide one-on-one, hands-on assistance** to notified businesses, as requested, to explain federal solicitation documents and to assist them in preparing quotes and/or proposals in response to advertised solicitations. One-on-one assistance through the maze of federal procurement regulations and requirements – though time consuming – is often critical to keeping businesses engaged in the market, bidding on solicitations and ultimately winning contracts.
- **Provide post-award assistance** regarding contract terms and conditions once a North Carolina business wins a federal contract. Winning a contract and having the capacity to execute the required work is meaningless unless the company has the technical knowledge to meet federal requirements for reporting, quality control, packaging, shipping and electronic invoicing.
- **Pre-position and team** capable North Carolina businesses for future opportunities in support of the NCMBC's emerging opportunities initiative, and target and work intensively with highly capable but not yet successful contractors to identify and compete for contract opportunities.

The BD process targets every stage of the "federal market engagement cycle."

The NCMBC BD Program targets every stage of the federal market engagement cycle, with one exception, "win contracts". Businesses win contracts. However, these contracts validate NCMBC assistance and are a "good news story" for North Carolina.



To recruit businesses to the market, identify opportunities and help businesses compete and win contracts, the NCMBC's BD program uses a four-pronged focus on: installations and federal buying offices in North Carolina; national buying offices; industries; and federal socioeconomic programs, as outlined in the figure below:



The NCMBC BD Program uses a 4-pronged approach:

- *Focus on Installation Buying Offices*
- *Focus on National Buying Offices*
- *Focus on industry*
- *Focus on Socio-Economic Programs*

By focusing on buying offices, industry, and socioeconomic programs, NCMBC is able to maximize BD efforts.

Focus on Installation and Other Federal Buying Offices

The first focus of the BD team is the military installations located in North Carolina. The NCMBC has a Business Development Specialist (BDS) located at each community college near the five major installations: Fort Bragg, Pope Air Force Base, Seymour Johnson Air Force Base, Camp Lejeune (including New River Air Station) and Marine Corps Air Station Cherry Point. Each BDS serves as the point person for her/his assigned installation. BDSs have developed rapport with the contracting offices aboard their installations, are well-positioned to help businesses market to the installations, and serve as resources to federal contracting officials who need a local source for products or services or when they are contacted by North Carolina businesses that need assistance with the federal contracting process.

NCMBC BDSs help North Carolina businesses win contract opportunities from bases in the state by targeting all levels of base-related purchase opportunities, which include:

- **Government Purchase Card (GPC) opportunities.** Thousands of individual soldiers, Marines and airmen aboard the military bases in North Carolina use Government Purchase Cards (GPC) to make official purchases of goods and services up to $3,000 – a market that typically exceeds $40 million per year at both Fort Bragg and Camp Lejeune. GPC opportunities are not advertised or readily accessible to businesses. The NCMBC helps leverage this market by: educating businesses on the market and encouraging them to accept credit cards and register on MatchForce; providing regular MatchForce training aboard the bases for GPC holders; and helping bases and local chambers of commerce to conduct purchase card shows to network GPC holders and North Carolina vendors.

Client Testimonial

"The NCMBC is my single greatest resource when it comes to getting federal/military contracts. Their resources help my small business compete with the larger companies."

~RAS Sales

- **Opportunities between $3,000 and $25,000.** Though competed, these opportunities are not normally publicly advertised. The NCMBC encourages North Carolina businesses to pursue this portion of the market by maintaining, on the NCMBC's website, an up-to-date listing of the federal purchasing offices located in North Carolina to include the contact information for the Small Business Specialist (SBS) at each installation. The NCMBC shares this list with North Carolina businesses and encourages them to market company capabilities to and to visit each SBS, who can forward capability statements to the buyers and end users at their installation.
- **Opportunities over $25,000.** The BDSs actively "work the opportunities" that are publicly advertised by the contracting offices on their assigned installation or those that are issued by other contracting offices that involve performance on or delivery to their installation. "Working an opportunity" includes the following activities:
  - Identifying in the NCMBC's database and through other sources businesses capable of executing the contract, and notifying them via email, fax and/or phone call that the opportunity exists
  - Assisting businesses that are interested by explaining the solicitation and contract award process, government terms and conditions, and what is required in a quote, bid or proposal
  - Teaming potential prime contractors and subcontractors to compete
  - Reviewing and "redlining" draft proposals and quotes written by businesses bidding the work

The NCMBC's focus on buying offices transcends North Carolina military installations to include: all major federal contracting offices in the state (Veterans Affairs, Environmental Protection Agency, etc.); select military installations in neighboring states; and national DoD buying offices that procure supplies and services produced by North Carolina companies (Defense Logistics Agency, US Army TACOM, etc.). NCMBC BDSs "work opportunities" issued by their assigned buying offices, as outlined above.

Focus on Industries

North Carolina businesses are particularly capable of winning government contracts in many key industries. For this reason, the NCMBC targets its BD assets not just on federal buying offices, but also on identifying lucrative federal contract opportunities within key industries, connecting them to North Carolina businesses and helping those businesses win contracts from federal buying offices worldwide.

The NCMBC identifies key industries and targets BD resources based on several data sources, to include:

- The Gap Analysis study that identified areas of future DoD demand and exceptional North Carolina capacity. The study identified 23 specific industries in four industry categories, including defense technologies, defense consumables, military construction and base support services (see sidebar).

In the implementing legislation for the NCMBC, the General Assembly directed that the NCMBC conduct a "Gap Analysis" study for the State.

The study, performed by Angelou Economics and Janes Defense Group in 2005, identified, analyzed and categorized future DoD demand versus business capacity in North Carolina. Results of the Gap Analysis were documented in four reports, which are available to economic developers and businesses on the NCMBC website.

In addition to providing economic developers with contact information for businesses in other states to be recruited to meet future DoD demand, the study identified 23 industries that the State should nurture and recruit to meet future DoD demand.

- DoD current and historical data on major procurement categories and contracting activity in North Carolina. The NCMBC believes that reinforcing success is a pathway to future contracting success.
- Other market intelligence sources (including FedSources) that track procurement history and provide intelligence on contracting history, trends and emerging opportunities.
- NCMBC analysis of contracting volume and in-state capacity within industries which offer potential for retention of current jobs or creation of new jobs. These sectors include information technology, clothing and textiles, food, environmental contracting, furniture and other wood products, construction, etc. The opportunities offered in military construction are so extensive that the NCMBC has designated this as one of its strategic initiatives.

The NCMBC synthesizes data from these and other sources to target its BDSs on opportunities within key industries, as identified by industry NAICS (North American Industry Classification System) codes. The BDSs identify federal (principally DoD) opportunities worldwide within these target industries, connect them to North Carolina businesses registered for federal work and provide assistance to help them compete and win. The NCMBC continuously evaluates the effectiveness of these assignments and retargets BD resources as necessary.

Focus on Socioeconomic Programs

Although the NCMBC focuses on "business development" and not "developing businesses," the success rate in capturing contracts will depend significantly on ensuring that businesses leverage federal socioeconomic programs that offer advantages in winning government contracts. NCMBC BD specialists collaborate with other agencies to assist businesses in applying for certification in these programs. They also leverage unique opportunities to develop "advantaged" business entities in North Carolina, as described below. The NCMBC seeks a "playing field" in federal procurement that legally and ethically favors North Carolina businesses. This NCMBC focus has included:

- Development of "home grown" **Native American 8(a) business organizations.** Alaskan Native Corporations and "tribally owned corporations" enjoy tremendous advantages in federal contracting. Despite having eight recognized tribes, North Carolina has no tribal corporations, which could receive sole source, no-compete contracts of unlimited value. Only the NCMBC is working to develop these corporations and to engage them in the federal market.
- Development of **other 8(a) business organizations** and opportunities. The NCMBC works with the US Small Business Administration (SBA) and SBTDC to develop "traditional" (vs. Native American) SBA-certified small disadvantaged 8(a) contractors and to assist those businesses in teaming, competing and winning federal contracts. In its "business development" role, the NCMBC works with the SBA to reserve 8(a) set-aside opportunities only for North Carolina 8(a) firms. In 2008 alone, NCMBC and SBA secured over $30 million in construction opportunities strictly for North Carolina 8(a) businesses, while providing business assistance to ensure adequate capacity, qualifications, and competition.

The NCMBC focus on socio-economic programs primarily targets:

- *Native American 8(a) Small Businesses*
- *Other 8(a) Small Businesses*
- *Service-Disabled Veteran- Owned Small Businesses*
- *HUBZone Small Businesses*

In 2008 alone, NCMBC and SBA secured over $30 million in construction opportunities strictly for North Carolina 8(a) businesses, while providing business assistance to ensure adequate capacity, qualifications, and competition.

- **Service-Disabled Veteran-Owned Small Business (SDVOSB) Program.** The SDVOSB program offers qualified veteran-owned businesses significant advantages in winning government contracts. The NCMBC promotes awareness and business certification, monitors and sources federal opportunities set-aside for SDVOSBs, hosts networking events for SDVOSBs and potential partner companies, and actively teams and helps SDVOSBs compete for and win contracts.
- **HUBZone Program.** Although 47 counties in North Carolina are designated as "Historically Underutilized Business Zones" and most small businesses located therein qualify as HUBZone businesses, few North Carolina firms are HUBZone certified. The NCMBC promotes certification in the HUBZone program, identifies federal opportunities set aside for HUBZone companies and sources them to North Carolina firms, and helps NC companies team, compete for and win these contracts.

Client Testimonial

"Your help in informing us about our potential HUBZone eligibility once we moved and the very detailed instructions on how to access that information has been invaluable...in addition, you were very helpful with any other questions or concerns we had regarding anything related to doing business with the government..."

~Kim Lemons, e2e Communications

Additional Areas of Focus

The NCMBC has identified additional areas of focus which will accelerate capture of more government contracts by North Carolina companies. These initiatives include:

- **General Services Administration (GSA) Federal Supply Schedules (FSS).** GSA has been designated as the federal agency responsible for awarding large indefinite delivery contracts for use by the entire federal government. A BD specialist, on an ad hoc basis, assists businesses in navigating the complexities of the GSA market, which includes seeking GSA FSS contracts and post-award marketing of products and services to federal customers.
- **Contract Administration Assistance.** Successful execution of a contract is instrumental in winning future contracts. After contract award, NCMBC technical experts assist businesses to understand contract terms and conditions, complete required paperwork, locate subcontractors, negotiate modifications to contracts, and to register in and use the federal government electronic invoicing system. In addition to getting businesses paid, these services keep good companies in the market – and competitive for future contracts.
- **Market Forums.** Key to winning federal contracts is building relationships between government buyers and North Carolina suppliers. When the government will acquire a $250 million construction project, they need to know their vendors. The NCMBC is conducting a minimum of four industry-, commodity- and/or service-focused forums like the Military Construction Summit, environmental contracting forum and furniture forum every year. These forums engage businesses in the market, make federal customers aware of issues and North Carolina capabilities, and keep good businesses engaged in the lucrative but challenging federal market.

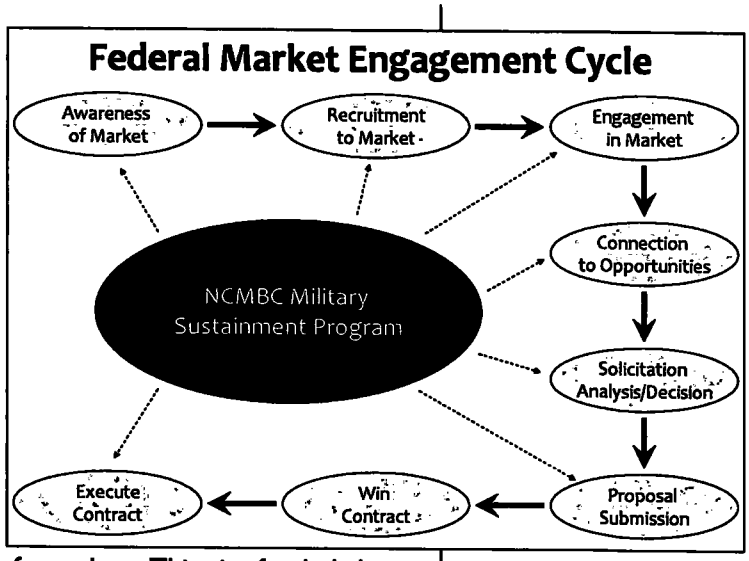
The Military Sustainment Program focuses on 3 main initiatives:

- *Aerospace Alliance*
- *Reverse Engineering*
- *Defense Machining*

PROGRAM 2: MILITARY SUSTAINMENT PROGRAM

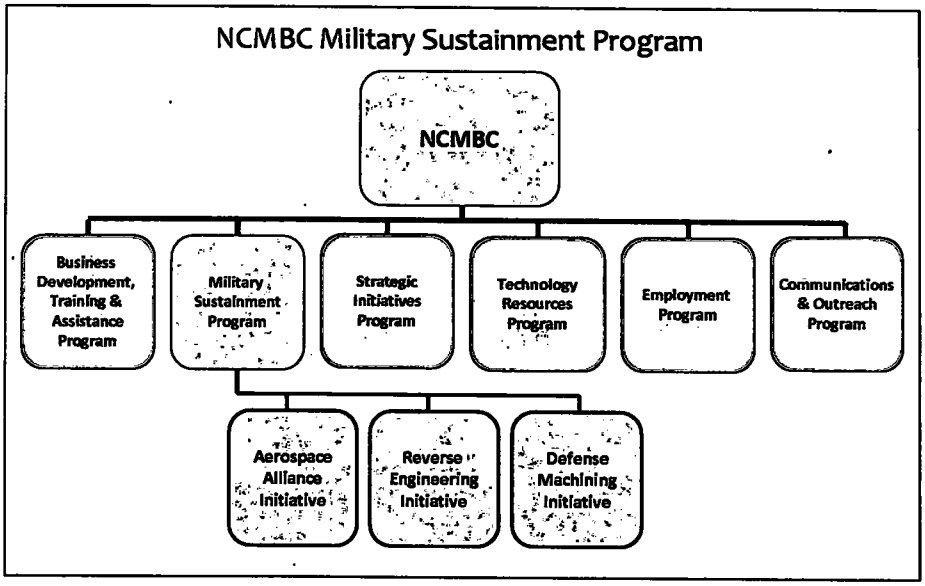
Like the BD program, the NCMBC Military Sustainment Program supports Goal I – to increase federal prime and subcontract awards to North Carolina businesses – and all five of its constituent objectives.

Military Sustainment targets every stage of the "federal market engagement cycle."



The military sustainment program emanated from the NCMBC's recruitment by the Golden LEAF Foundation (GLF) to take a leadership role in the North Carolina Aerospace Alliance (NCAA), and from the NCMBC's aggressiveness in developing and implementing initiatives complimentary to the NCAA's mission and goals.

The military sustainment program rapidly eclipsed the goals of the NCAA and is now a comprehensive program of initiatives and a significant portion of the NCMBC program of work. This is funded by a combination of State and GLF grants. Military sustainment program initiatives are outlined in the diagram and discussion below.



Aerospace Alliance Initiative

The seminal initiative of the military sustainment program is coordination of the NCAA and creating a framework for future NCAA activities and success. A core group of businesses and universities, led by the GLF, formed the NCAA in 2005. The NCAA initially focused on developing repair parts manufacturing opportunities for North Carolina businesses from the DoD aging aircraft programs of the Defense Supply Center Richmond (DSCR), Marine Corps Air Station Cherry Point, and the US Coast Guard Aviation Logistics Center in Elizabeth City, NC.

The NCMBC provides a Coordinator for the NCAA, an NCMBC-staffed position that is 100% GLF-funded. The Coordinator is implementing a business development plan for the NCAA that includes three business paths, two of which are also NCMBC initiatives.

Client Testimonial

"I want to take this opportunity to express what an excellent job the North Carolina Military Business Center is continually doing in support of Antilles Seaplanes... Everyone in your organization has been absolutely wonderful in helping us on a variety of fronts... your staff are extremely valuable assets to the NC Military Business Center ..."

~Warren Ludlam, Antilles Seaplanes

The first business path, *direct contracting*, is largely organizational, totally GLF-funded and not a component of the NCMBC's military sustainment program. The objective of this path is to establish the NCAA as a legal, not-for-profit corporate entity (501c6) that competes for and wins large DoD "umbrella" contracts, and subsequently subcontracts work to North Carolina businesses.

Reverse Engineering (RE) Initiative

The NCAA's second business path is to utilize the GLF-funded RE capacity at NC State and Western Carolina Universities as a basis to aggressively pursue technically and economically feasible DoD aerospace RE projects. NCMBC operational and administrative resources have been used to implement this GLF-funded initiative.

The NCMBC's significant engagement in this initiative has been in two areas. The NCMBC contracted with Defense Holdings, Inc. of Trenton, NC to provide project management services that enable the Alliance to maintain 10 to 20 ongoing RE projects for DoD aircraft parts at all times. Additionally, the NCMBC worked with the GLF to designate a portion of its Defense Ventures Fund as a revolving loan fund for companies engaged in NCAA RE projects. This will provide businesses the required finances to cover the costs of the RE work prior to winning a contract to produce parts for DoD.

Defense Machining Initiative

The NCAA's third business path is a spin off of the RE Initiative. In coordinating that initiative, the NCMBC NCAA coordinator identified both considerable machining opportunity with DoD (not requiring reverse engineering) and extensive machining capacity in North Carolina – the recipe for an effective NCMBC initiative. This discovery led to the launch of the NCMBC's defense machining initiative.

The NCMBC's engagement has included identifying sources of DoD machining opportunities under $100,000 (not appearing on FedBizOpps) and contracting with SourceHorizon of Greensboro, NC to connect North Carolina capacity with DoD opportunity by:

- Developing an NCMBC matching portal for machining companies and opportunities, SourceNC.com
- Recruiting, evaluating, and registering machine shops on SourceNC.com
- Conducting engineering evaluation of repair parts solicitations from DoD sources
- Identifying solicitations with sufficient technical data to support bidding and manufacturing
- Posting screened opportunities on SourceNC.com
- Matching registered machine shops to pre-screened opportunities on SourceNC.com
- Providing NCMBC bidding and contracting assistance to businesses to compete for and win contracts

Client Testimonial

"The NC Defense Machining Initiative is very important to our company. All companies in NC who could benefit from this program and are not participating are truly missing a great opportunity."

~Tool Craft Inc.

Client Testimonial

"The Defense Machining Initiative is very important to the growth of our company... The information on the SourceNC web site is critical to our future well being and the information gleaned from the NC Defense Machining Initiative workshops and seminars will allow us to remain competitive."

~CNC Precision Machining, LLC

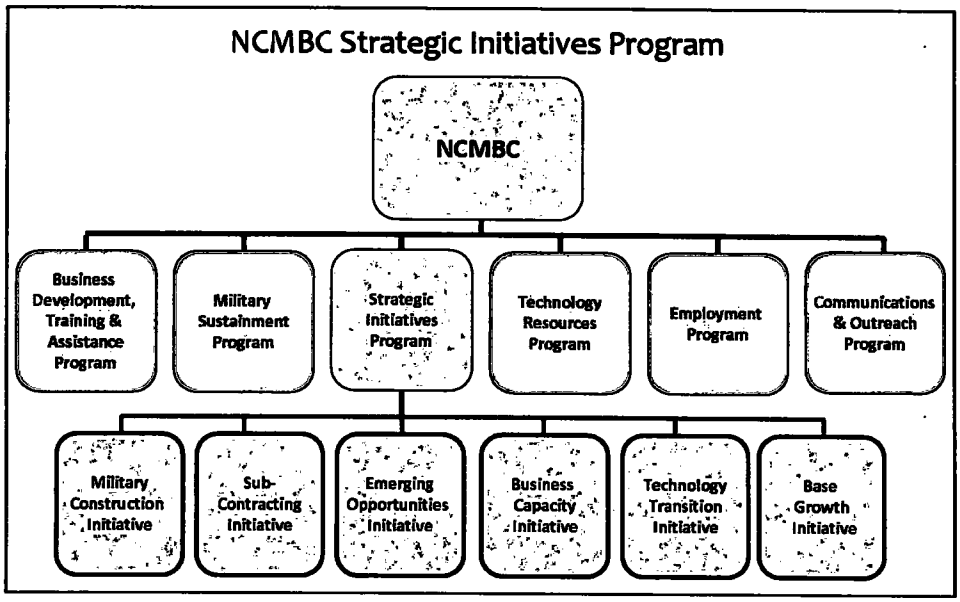
PROGRAM 3: STRATEGIC INITIATIVES

The NCMBC's strategic initiatives program is a comprehensive collection of initiatives that support the NCMBC's Goal 1 (more federal contracts for North Carolina businesses), Goal 2 (employment of transitioning military) and Goal 3 (support recruitment of defense contractors) and their constituent objectives.

During the NCMBC's first two years of operation, it focused principally on tactical programs – business development, technology resources, the military construction initiative and promoting employment of transitioning military personnel. In 2008, the NCMBC expanded its focus on strategic initiatives that will significantly "spike the needle" for defense contracting in North Carolina. The program's six constituent initiatives are outlined in the diagram and discussion below.

NCMBC's Strategic Initiatives Program has 6 primary initiatives:

- *Military Construction*
- *Subcontracting*
- *Emerging Opportunities*
- *Business Capacity*
- *Technology Transition*
- *Base Growth*



Military Construction (MILCON) Initiative

As a result of Base Realignment and Closure (BRAC), DoD Grow the Force and other factors, military installations in North Carolina will experience approximately **$5-7 billion** in construction over the next five years. Projects range from $250 million barracks complexes, to smaller scale headquarters and training facilities to family housing. These opportunities represent significant potential for job creation and expansion of the State tax base if awarded to North Carolina companies.

However, a threat exists. The majority of projects are awarded to out-of-state contractors, which creates a dilemma for both government and industry. The pool of traditional vendors may not meet the tidal wave of planned construction. Continued selection of traditional vendors would increase both cost and risk to the government, as the vendors are forced to rely on unknown and expensive subcontractors. Continued selection of traditional vendors would also constrain construction-related job creation, tax base expansion and economic growth in North Carolina.

Client Testimonial

"I wanted to take a moment and tell you again how much I appreciate the continued service of the NCMBC. Your web site is a daily visit for me... your education sessions are valuable for information and networking, and the personal attention your staff gives me is extraordinary. I cannot tell you many hours I have spent with [NCMBC Staff] during the last few months learning about the process... it is not easy, and your team has helped break down many barriers that have kept us out of this market."

~Matthew Smith, Barnhill Contracting Company

Despite its stated commitment to increase competition (to lower costs), the government has reacted to a tidal wave of construction requirements by implementing anti-competitive bundling, consolidation and standardization programs, by failing to leverage advantages of design build delivery and negotiated procurement methods prevalent in the commercial sector, and by sustaining traditional "path of least resistance – low risk" selection processes. Unchecked, these trends will discourage competition, further narrow the field of successful vendors and increase costs. To avoid being supplanted by both traditional contractors and newly emerging out-of-state contractors that threaten to dominate the next generation of federal contractors at bases in our state, North Carolina contractors need State support through the NCMBC to successfully pursue billions of dollars in federal opportunities and to fully leverage the potential these projects offer for economic expansion and improved quality of life in North Carolina.

In response to the opportunity and threats, the NCMBC established the military construction initiative in 2005 as a component of its strategic initiatives program. The **goal** of the initiative is to leverage existing business capacity in North Carolina to win future MILCON and other federal prime and subcontracting construction and architecture/engineering opportunities.

To achieve this goal, the NCMBC has established several **objectives** that include: engaging more companies in the federal construction market and developing more design build (DB) teams; achieving more bids by North Carolina teams on federal construction projects; winning federal prime construction awards; and winning subcontract awards from both in-state and out-of-state primes. The NCMBC:

- ❑ Maintains internet-based project forecasts and data that are recognized as the most valuable market intelligence resources available (only) to prime and subcontractors in North Carolina
- ❑ Actively recruits and retains companies in the market through one-on-one and collective activities
- ❑ Conducts partnering activities and provides internet resources to connect prime and subcontractors
- ❑ Develops partnerships with federal agencies (e.g. SBA) to maximize opportunity for businesses
- ❑ Identifies and partners with the Congressional delegation to overcome contracting obstacles
- ❑ Conducts training workshops to educate businesses on government construction processes
- ❑ Conducts events to engage, educate and connect contractors to government construction buyers
- ❑ Provides extensive one-on-one assistance to help businesses tailor business plans to the federal market, formulate business development and marketing strategies, locate teaming partners and opportunities, understand solicitations, prepare proposals and successfully execute projects

Client Testimonial

"The NC Military Business Center has been an invaluable asset to Kinetic Electric in the search for contacts and sales opportunities on the military bases... the lists available on the website, the regular email notices of projects coming up, and then the great customer care have truly simplified the web that binds access to projects with the military in today's market."

~Virginia Jones, Kinetic Electric

NCMBC Military Construction Initiative strategies include:

- *Active recruitment of Businesses*
- *Active team building*
- *Partnerships with federal agencies*
- *Partnerships with the Congressional Delegation*
- *Creation and maintenance of online tools – including an extensive forecast of upcoming opportunities and a wealth of subcontracting tools*
- *Group training*
- *Extensive one-on-one assistance*

As noted above, the NCMBC has conducted numerous events to engage, educate and connect North Carolina contractors to government construction buyers. NCMBC events in 2008 and early 2009 included:

- The third **Military Construction Summit**, conducted annually with the North Carolina Military Foundation. Over 500 individuals from NC architecture/engineering and construction companies and over 30 government construction/contracting officials from the Corps of Engineers, Naval Facilities Engineering Command (NAVFAC), Coast Guard and all installations attended the 2008 Summit in Durham. The program included over 20 sessions on programs of work and acquisition strategies, vendor areas and speed networking between government officials, prime and subcontractors. Summit materials are on NCMBC.us.
- Two **general subcontracting fairs** for The Whiting-Turner Contracting Company. Over 100 companies registered and attended each of two events, held in Jacksonville, NC and Spring Lake, NC.
- The Second Annual **North Carolina Roundtable**, including North Carolina businesses and leaders of NAVFAC Mid-Atlantic. Nearly 50 North Carolina businesses and all of the NAVFAC leadership participated in the Roundtable, which featured open conversation about issues specific to military construction in North Carolina.
- Two **masonry subcontracting events**, conducted after NAVFAC expressed concern about sufficient masonry capacity to execute its $1 billion barracks construction program in North Carolina. Over 90 contractors, suppliers and government officials participated, and several key contractors have subsequently engaged in the military construction market.
- Three "Deciphering the Source Selection Process & Teaming to Win" **training events** designed to engage business in interactive training while educating them about the source selection process and providing tools and strategies for successful teaming. Over 350 architecture, engineering, and construction contractors attended, and several key firms have subsequently engaged the military construction market.
- A **subcontractor networking event** for the Caddell/Yates Joint Venture, prime contractor on a $189 million complex at Camp Lejeune. The NCMBC registered over 300 businesses and conducted the event for over 500 attendees. Caddell/Yates will use the NCMBC to locate subcontractors throughout the project, offering great opportunity to grow jobs for several years.

NCMBC hosts numerous events within the Military Construction Initiative, including:

- *The Annual Military Construction Summit*
- *The Annual NC Roundtable at the NAVFAC Atlantic Industry Forum*
- *Subcontract Fairs – General & Trade Specific*
- *Training Events*

Most importantly, the NCMBC conducts these event and activities concurrently with "working" every federal construction opportunity in North Carolina through its business development program. NCMBC BD specialists identify and source all construction opportunities to businesses across the state, maintain lists of currently competed projects, and provide one-on-one assistance to potential prime and subcontractors to win projects.

With the tidal wave of federal construction now hitting North Carolina bases, the NCMBC is well-positioned to increase outcomes in this sector. Highly capable Military Construction Specialists are on the NCMBC team, and the NCMBC is aggressively building partnerships with in-state and out-of-state companies to benefit

North Carolina contractors. Hensel Phelps and the Caddell/Yates Joint Venture, prime contractors selected to construct nearly $500 million in projects at Fort Bragg and Camp Lejeune, have selected the NCMBC to connect them with subcontractors to complete their respective projects by 2011.

Operational activities of the MILCON initiative have already paid dividends – both in contracts won and increased opportunities for North Carolina businesses. Strategic initiatives, like building relationships and successfully engaging the Congressional delegation to convince the Navy to change its selection criteria to not disadvantage North Carolina businesses, will pay dividends in years to come. All NCMBC MILCON initiatives are singularly focused on achieving key outcomes – more contracts, more jobs and more revenues for North Carolina.

Subcontracting Initiative

As discussed throughout, in addition to targeting prime military and other federal opportunities, the NCMBC also heavily targets subcontracting opportunities through the Subcontracting Initiative.

Many North Carolina businesses are better positioned to serve as subcontractors than prime contractors in the federal marketplace. Because subcontracts represent an enormous potential market, the NCMBC instituted a subcontracting initiative in 2008 whose strategies include:

- Establishing relations with major DoD prime contractors (nationally and within North Carolina)
- Identifying prime contractors' supply chain and subcontractor requirements
- Identifying business capacity in North Carolina to meet prime contractor requirements
- Facilitating subcontracting and supplier relationships between North Carolina capacity and DoD prime contractors

The NCMBC's strategic programs manager plans and coordinates the subcontracting initiative. All NCMBC employees have execution responsibilities for elements of the initiative. Specific NCMBC activities include:

- Identifying key DoD prime contractors with supply chain requirements supportable in North Carolina
- Identifying prime contractors with long term Indefinite Delivery Indefinite Quantity (IDIQ) contracts
- Identifying prime contractors on major acquisition programs (e.g., Army "Future Combat Systems")
- Assigning major prime contractors as "strategic partners" to NCMBC BD specialists
- Establishing relationships with program managers and supplier diversity offices of "strategic partners" like Boeing, Northrop Grumman, URS and General Dynamics
- Sourcing strategic partners' requirements to potential North Carolina suppliers and subcontractors
- Conducting subcontracting events to nurture relationships between primes and subcontractors

- Maintaining on-line registration and partnering between prime contractors and North Carolina suppliers on the NCMBC.us subcontracting page

The NCMBC also plans and conducts subcontracting events to nurture these relationships and develop opportunities for North Carolina companies. Some of these subcontracting events are conducted under the NCMBC's MILCON program, as outlined above. The signature NCMBC subcontracting event is the **NCMBC Subcontracting Networking Event**, conducted concurrently with a Congressionally-sponsored annual defense trade show at FTCC.

The signature NCMBC subcontracting event is the NCMBC Subcontracting Networking Event conducted concurrently with a Congressionally sponsored annual defense trade show.

Prior to the event, the NCMBC contacts all participating prime contractors and invites them to participate in the subcontracting event. The NCMBC determines their subcontracting needs, identifies North Carolina companies that can meet those requirements, and facilitates one-on-one meetings concurrent with the trade show. In 2008, the Networking Event engaged 17 primes (including General Dynamics, Northrop Grumman, etc) and 60 North Carolina companies in over 160 one-on-one speed networking meetings – all in one day.

The process for growing subcontracting opportunities is consistent. The NCMBC identifies and determines the needs of prime contractors, and connects them to corresponding capacity in North Carolina. Whether this occurs in a large public event, in an on-line meeting or through a screened list of potential subcontractors delivered face-to-face to a prime contract customer, the NCMBC works hard to meet the needs of its strategic partners and to deliver job-creating subcontracting opportunities to small and large businesses across the state.

Emerging Opportunities Initiative

To compete successfully for major contracts for goods and services – like $1 billion in new uniforms or billions of dollars in military vehicle RESET services – North Carolina businesses need advance notice of opportunities to form and preposition competitive teams. Advance notice is critical because DoD often competes major, multiple award contracts on five year cycles, creating windfalls for winners but "locking out" unsuccessful contractors – often those with insufficient time to preposition and win.

NCMBC's Emerging Opportunities Initiative helps North Carolina businesses identify emerging requirements and future opportunities while helping them pre-position, compete and ultimately win!

In early 2008, the NCMBC established its emerging opportunities initiative to help North Carolina businesses identify, preposition and ultimately compete for and win future opportunities. This initiative supports NCMBC Goal 1 – increased federal prime and subcontract awards to North Carolina businesses.

Objectives of this initiative, managed by the NCMBC strategic programs manager, include identifying major, lucrative, emerging federal prime contracting opportunities, identifying business capacity in North Carolina capable of performing these contracts, and pre-positioning and teaming North Carolina businesses to compete for both prime and associated subcontracting opportunities. This initiative mirrors the NCMBC's work to preposition contractors to win future military construction opportunities (a component of the MILCON initiative) and the NCMBC's subcontracting initiative, which is also managed by the NCMBC strategic programs manager.

Strategies the NCMBC strategic programs manager has implemented to achieve the objectives of this initiative include:

- Utilizing a national research service (FedSources) and contacts with major prime contractors (e.g. IDIQ contract holders) to provide market intelligence on future DoD opportunities
- Managing the in-state defense contractor visit program (involving NCMBC staff, economic developers, and State/local officials), to assess the capacity of businesses for future opportunities
- Identifying and assessing capacity of unique business entities (e.g., tribal corporations, Ability One handicapped vendors and "green" contractors) and pre-positioning them for future opportunities
- Assessing businesses' need for and North Carolina sources of advanced technical resources (e.g., proposal, bonding and financing resources) to engage in or grow federal contracting
- Coordinating with other agencies (e.g., Department of Commerce, economic developers, the North Carolina Military Foundation) in support of the above tasks

Activities in support of this emerging opportunities initiative included a broad range of public and internal measures to establish relations with major contractors, identify lucrative emerging contracts and identify "contract vehicles" available to North Carolina businesses to win federal work. This emerging opportunities initiative will develop into a highly productive resource for capturing federal contracts and job creation in North Carolina.

Business Capacity Initiative

The NCMBC is an economic development organization focused principally on existing businesses in North Carolina. However, the NCMBC conducts several activities to support local, regional and State economic developers and other entities in recruitment and development of additional defense contractor capacity in North Carolina – the objective of the business capacity initiative. The business capacity initiative supports NCMBC Goal 3 – to support the recruitment and development of defense-related businesses in North Carolina.

NCMBC's Business Capacity Initiative is in support of local, regional and State economic developers and other entities in recruitment and development of additional defense contractor capacity in NC.

With the NCMBC's increasing operational success, its value to business recruiters and to businesses considering expansion into North Carolina increases exponentially. Specific NCMBC strategies in support of this initiative include:

- Notifying economic developers of significant contract awards to out-of-state businesses for work at federal installations in the developers' service areas. These federal contractors represent potential prospects for relocation or expansion to their county or region.
- Notifying economic developers and chambers of commerce of federal contract awards to existing businesses in their service areas, which may result in expansion of existing industries and job creation.
- Supporting economic developers whose recruitment clients have an interest in engaging in federal contracting after relocating to North Carolina. The NCMBC's business development services to existing industries – unique in the country – can be decisive in a business deciding to locate in North Carolina.

Recent activities have included recruitment support to developers in Buncombe, Stanly, Harnett and Cumberland Counties.

- Passing recruitment leads to the Department of Commerce, regional and local economic developers
- Supporting entrepreneurial programs across the State, including incubators and accelerators like the Defense and Security Technology Accelerator, in growing client businesses by connecting them to contract opportunities

Two current prospects have very real potential to create 500-700 new jobs in North Carolina. Assisting economic developers with other recruitments may increase this outcome significantly.

Technology Transition Initiative

NCMBC's Technology Transition Initiative is focused on transitioning "tip of the spear" technologies from North Carolina's R&D professionals to DoD.

North Carolina is rich in "scientific entrepreneurs" that develop and attempt to transition new technologies into DoD. North Carolina is fortunate to have an abundance of both institutional- and business-based research and development (R&D) capacity and current DoD funding for work in these areas. The Research Triangle Park (RTP), Triad and Charlotte areas are hot beds of DoD-funded basic research projects, which are largely sponsored by the Defense Advanced Research Projects Agency (DARPA), the Office of Naval Research, the Army Research Lab in RTP, and other agencies.

At the end of most of these R&D projects, the final deliverable is a written report to the awarding DoD agency that summarizes the results of the research. While some projects do not bear fruit, others do. However, the DoD agencies that fund R&D programs have no mechanism or resources to support the commercialization or even transfer of technology from successful R&D projects to DoD.

The "scientific-entrepreneurs" who complete R&D projects often own valuable intellectual property and wish to transition their successful R&D projects. However, they face what they call "the valley of death" – the time and cost to take a new product from the lab, through qualification, to DoD. DoD does not have an efficient program to fund the costs to prototype and qualify new materials, manufacturing processes, parts or products. The scientific-entrepreneurs face a decision to either fund the qualification of a new product, process or technology, or to simply do nothing. All too often, the end result is that new technologies that can help the American warfighter are left sitting in the archives of American – and North Carolina – R&D labs.

Because technology transition to DoD offers considerable potential for expansion of federal business in North Carolina – and benefit to the warfighter – the NCMBC initiated its technology transition initiative in 2008. The objective of this initiative is to facilitate technology transition to DoD, in support of NCMBC Goal I – to increase federal prime and subcontract awards to North Carolina businesses

The NCMBC investigated the underlying issues of technology transition in 2008. The NCMBC hosted Ms. Kathleen Harger, Assistant Deputy Under Secretary of Defense for Innovation and Technology Transition, at an inter-agency and industry coordination meeting to discuss technology transition issues and to identify methodologies for North Carolina to leverage opportunities in this area.

The NCMBC does not currently have adequate human resources to work this potentially lucrative sector consistently. Consequently, the NCMBC takes on technology transition opportunities on a case-by-case basis, based on the technology's potential value and urgency of getting it to warfighters. The NCMBC will leverage ideas from the Secretary Harger meeting to develop more systemic strategies and activities, seek additional resources to support this initiative (see Section 5a), and assist as many North Carolina scientific-entrepreneurs as possible to successfully cross the "valley of death."

Base Growth Initiative

NCMBC's Base Growth Initiative focuses on leveraging growth at NC installations for additional direct and indirect opportunities for North Carolina businesses.

Growth of the military installations in North Carolina will present unprecedented opportunities to expand defense contractor capacity in North Carolina and to engage and grow North Carolina businesses through engagement as prime and subcontractors in the defense and security marketplace.

With relocation of US Army Forces Command (FORSCOM) and US Army Reserve Command (USARC) Headquarters to Fort Bragg, the population of the 11-county region around Fort Bragg may grow by up to 40,000. Counties in eastern North Carolina may experience growth of up to 70,000, as a result of Grow the Force initiatives at Camp Lejeune and Marine Corps Air Station Cherry Point.

Base growth presents opportunities that transcend the initial military (and civilian) construction boom required to develop essential infrastructure. FORSCOM is a major DoD consumer that contracts for billions of dollars in goods and services at installations nationwide. The BRAC Regional Task Force (RTF) has identified approximately $100 million in contracts awarded for ongoing management, scientific and technical consulting services provided at FORSCOM/USARC's current location in Atlanta. Even at an 80% capture rate, this suggests that major defense contractors (like Booz Allen Hamilton) that provide these services will migrate with FORSCOM headquarters and, *from locations in central North Carolina*, provide at least $80 million in services to the relocated FORSCOM/USARC combined headquarters at Fort Bragg. This growth represents tremendous opportunity for job creation and economic expansion in the state.

Key to the base growth initiative is partnership with other entities focusing on both leveraging this growth for economic development and mitigating the negative impacts of growth on military communities. The NCMBC has partnered extensively with the BRAC Regional Task Force around Fort Bragg and with the Military Growth Task Force of North Carolina's Eastern Region.

Many NCMBC programs and initiatives support the base growth initiative. The BD and employment programs and the MILCON, subcontracting and emerging opportunities initiatives are all positioned to leverage new prime and subcontracting opportunities related to growth at the bases in North Carolina. Although the NCMBC will initially focus on military construction opportunities for job creation and economic expansion, the NCMBC must be resourced in the future and remain capable of helping North Carolina businesses take advantage of later opportunities created through growth of our bases.

Services already provided by the NCMBC have included identifying all current FORSCOM contractors, which are potential recruitment targets for expansion to North Carolina. As the regional organizations and the Department of Commerce

identify major DoD contractors considering relocation to the base areas, the NCMBC will offer business development, employment and other services to support these recruitments and will develop subcontracting relationships between relocating companies and North Carolina businesses. Ultimately, the NCMBC will assist North Carolina companies to win prime contracts with the relocated headquarters.

This effort, still in the early stages, will increase significantly as the 2011 deadline for FORSCOM/USARC relocation approaches and the Grow the Force expansion matures in eastern North Carolina. However, the imperative for fully functional NCMBC capacity focused on leveraging base growth opportunities exists now. See Section 5a for further discussion of required NCMBC capacity.

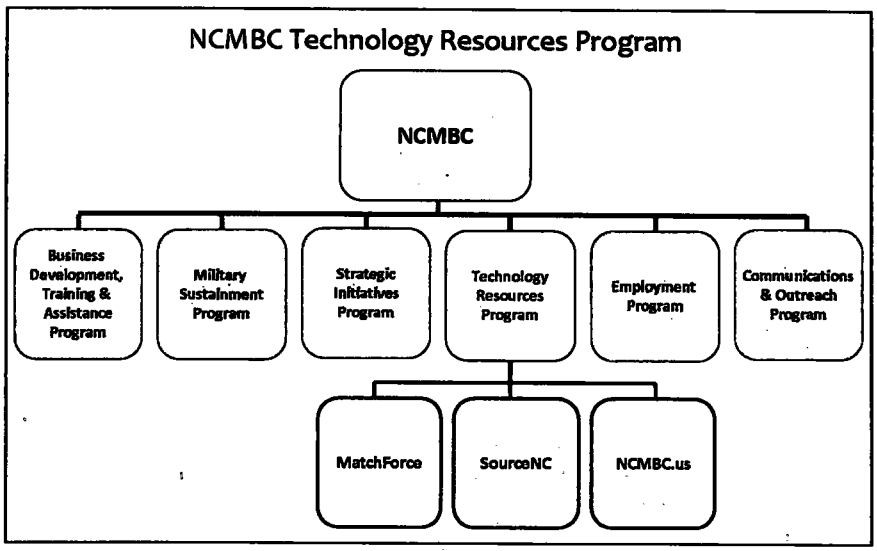
NCMBC's Technology Resources Program includes three valuable resources available to North Carolina businesses on a 24/7 basis:

- *MatchForce.org - NCMBC's web-based matching portal*
- *NCMBC.us - the NCMBC homepage that includes extensive resources available to businesses and individuals*
- *SourceNC – NCMBC's new matching portal specific to the Defense Machining Initiative*

PROGRAM 4: TECHNOLOGY RESOURCES PROGRAM

The Technology Resources Program is a constituent program of the NCMBC because it provides full service vehicles for business and individual customers to research, evaluate and engage in the federal market, receive and evaluate contract opportunities, and to post and receive job opportunities. As such, these resources provide not only information, but operational services to NCMBC customers.

The technology resources program includes MatchForce.org, a web-based matching portal, SourceNC, the new matching portal for the Defense Machining Initiative, and NCMBC.us, the NCMBC's main website. All of these resources were developed by the NCMBC, and all support accomplishment of NCMBC Goal 1 (increased federal prime and subcontracts for North Carolina businesses), Goal 2 (increased employment of transitioning military) and Goal 3 (recruitment and development of defense-related businesses in North Carolina), and these goals' constituent objectives.



Client Testimonial

"...finding business opportunities in FedBizOpps is not a simple task and literally takes hours to search thousands of announcements. MatchForce is a tremendously useful tool that is used by all the other small companies that we conduct business with..."

~Alfredo Quiros, Telum Protection Group

MatchForce.org

MatchForce is a web-based matching portal provided by the North Carolina Military Business Center principally to businesses in North Carolina and to individuals and government purchasers worldwide. Although businesses outside North Carolina

may register as "associate businesses," they can access only those features of MatchForce (e.g., posting subcontracting opportunities) that will benefit businesses and individuals within the State.

As noted above, the NCMBC business development team identifies lucrative federal business opportunities within targeted sectors, identifies and notifies North Carolina businesses capable of performing the work, and provides technical resources to compete for and win contracts. No electronic resource can provide the scope of services delivered by the BD team and critically needed by North Carolina businesses in the federal market. However, if the NCMBC had twice its current BD resources, it could still not identify, evaluate and match the hundreds of federal opportunities released every day to businesses in the State. The NCMBC uses technology – MatchForce – to match **every** federal business opportunity, **every** day, to **every** business in North Carolina registered and capable of doing the work.

MatchForce supplements the services provided by the BD team.

As a business development tool, MatchForce is a matching and notification database that supplements the services provided by BD team members. North Carolina businesses register and create a business profile (for free) on MatchForce. All federal opportunities valued over $25,000 enter MatchForce every night (via a feed from the federal FedBizOpps website). MatchForce evaluates and matches every opportunity against registered business profiles, and notifies registered companies by email that a federal opportunity is available for evaluation and bidding. Businesses can then bid directly or contact the NCMBC BD team for assistance in evaluating the solicitation and/or preparing a quote or proposal to compete for (and win) the work.

Also consistent with the NCMBC BD program (and in support of Goal 1), government purchase card holders and installation contracting officials can register on MatchForce and use the system to perform market research for businesses capable of performing required work, or to actually post purchase opportunities that subsequently match to business profiles on MatchForce. In support of the NCMBC's subcontracting program, any business registered in MatchForce can also post and/or receive subcontracting and supplier opportunities posted by other registered businesses.

MatchForce also supports the NCMBC employment program (and Goal 2). Transitioning military personnel, family members and any job seeker in or moving to North Carolina (e.g., military spouse) can post an individual skills profile on MatchForce. All registered businesses can post job opportunities to MatchForce, and the system connects individuals with the specified skills to employer requirements, and notifies both parties of the employment match.

Finally, MatchForce supports the NCMBC Goal 3, to recruit and develop defense business capacity in North Carolina. Emerging and incubating small businesses that are interested in the federal market can register, receive opportunities, win contracts and create jobs as a result of business opportunities located on MatchForce. Additionally, economic developers' prospects for expansion and/or relocation to their service areas are briefed on MatchForce business development capabilities which, with the NCMBC's complimentary BD team services, are only available to businesses that locate within the State.

MatchForce is a "uniquely North Carolina" and "uniquely NCMBC" system. Looking for a resource in 2004 to supplement its limited and necessarily focused BD resources, the NCMBC tried unsuccessfully to find an electronic system to effectively match every opportunity to every registered business in North Carolina. Finding none, the NCMBC, FTCC and Advanced Internet Technologies (Fayetteville, NC) developed MatchForce from scratch. Today, this functionally simple but highly capable system is envied nationwide by states and other organizations that are interested in growing their economies by leveraging federal business opportunities.

SourceNC

SourceNC.com is the new matching portal that supports and supplements the NCMBC's defense machining initiative and NCMBC Goal 1. Like MatchForce, SourceNC provides a subset of the NCMBC BD services directly to business customers, specifically within the machining and fabrication industry.

SourceNC was developed in a partnership between the NCMBC and a North Carolina technology company, SourceHorizon (Greensboro, NC). Companies register and create business capability profiles on SourceNC, which the system matches to defense machining opportunities posted to the website.

SourceHorizon and the NCMBC conduct public forums, actively recruit machining companies (that often are skeptical of the federal market) and evaluate and categorize the capabilities of registering companies.

SourceHorizon identifies machining opportunities on the Defense Logistics Agency's DIBBS website and the US Army TACOM PROCNET website and provides engineering capacity to actively vet these machining opportunities for technical and economic viability, before posting them to SourceNC. SourceHorizon also qualitatively screens opportunities to ensure that they will match profiles of businesses with technical capabilities to perform the contract. Businesses connected to opportunities on SourceNC can access NCMBC organic and facilitated resources for bidding, packaging, labeling, shipping and post-award invoicing and contract performance assistance.

Client Testimonial
"We believe (especially in these times) that [SourceNC] opens a whole new window of opportunity for us that did not exist until this was put together..."
~Atlantic Aero, Inc.

Client Testimonial
"SourceNC.com provides a streamlined process to help the average machine shop navigate the Department of Defense red tape."
~Indigen Armor, Inc.

NCMBC.us

The NCMBC main website, NCMBC.us, is far more than an information portal. This robust website contains resources – available 24/7 – for businesses entering or already engaged in the market to expand federal contracting success. It also contains valuable resources for economic developers across the state and businesses considering expansion in North Carolina. NCMBC.us directly supports achievement of NCMBC Goal 1 (more federal prime and subcontracts), Goal 2 (increased employment of transitioning military) and Goal 3 (recruitment and development of defense capacity), and their respective constituent objectives.

In support of Goal 1, this robust website is a true procurement gateway that contains resources to help businesses evaluate and engage in the market, to locate actual current and future business opportunities and to find industry-specific market information and technical resources to compete effectively for federal business. Highlights include:

- A **checklist** of steps to the federal marketplace, which walks newly engaging businesses step-by-step through the process of getting ready to bid on their first federal contract
- A **links** section that provides business resources and information on contracting programs, regulations, forecasts, market registration requirements and more
- A **strategic programs** section that provides businesses tools to win government contracts. This section offers specific information regarding federal construction, service contracts, economic development, subcontracting and the North Carolina Aerospace Alliance.
- A **federal construction** page that provides data on current projects, prime contractors and future projects; links to all current solicitations; NC capabilities matrices for contractors, designers and suppliers; government presentations and forecasts; and set aside and teaming guidelines
- Lists of ongoing **service contracts** to facilitate pre-positioning and teaming for future solicitations
- A **subcontracting page** that allows NC companies to view prime contractor projects, requirements and prerequisites and to register on line as a potential subcontractor
- A **calendar of events** related to federal contracting, including conferences, seminars and workshops
- A **"news"** page that includes announcements of contract awards to North Carolina businesses
- An **"NC Contracts"** page that contains a seven-day listing of announcements of all federal acquisitions either posted by buying offices in North Carolina and/or that require delivery to or performance in North Carolina. A sample portion from the "NC Contracts" page follows:

NCMBC.us offers extensive resources to businesses interested or engaged in the federal market, including:

- *A checklist for steps to enter the market*
- *Extensive Links*
- *Information on Strategic Programs, including industry specific tools*
- *Information on ongoing service and construction contracts*
- *A subcontracting portal*
- *A calendar of upcoming events*
- *Regularly updated "News," including recent contract awards*
- *A listing of current contract opportunities in NC*

NCMBC Contracts Page - Sample

Agency	Opportunity Title	Solicitation#	Type	POC	Date
Department of Homeland Security	Hazmart Operation	HSCG38-09-R-800001	SB	Cindy Marrette	11/18/08
Department of the Navy	Maintenance Service Agreement - AGFA IMPAX Servers	N00183-09-T-0015	SB	Carolyn Bunting	11/18/08
Department of the Army	Operation and Maintenance of Government Property	W912HN-09-R-0003	8a	Carolyn Bunting	11/18/08
Department of Justice	Landfill Services - FCC Butner, NC	RFQ 10611-0031-08	open	Fran Perez-Wilhite	11/18/08

Every day, the NCMBC generates a "**daily email**" of new listings from the "NC Contracts" page. This email is distributed to economic developers, chambers of commerce and community colleges as a "teaser" of federal opportunities that they can share with businesses to recruit them to engage in the federal market.

NCMBC's "Daily Email" is distributed to economic developers, chambers of commerce, and community colleges and is meant to assist with business recruitment and engagement in the federal market.

The above "stand alone" resources support Goal 3 (recruitment and development of capacity), as well as Goal 1 (more federal contracts). Additional resources on NCMBC.us that support economic developers include all reports from the NCMBC Gap Analysis conducted by Angelou Economics in 2005, the transitioning military database (see below), and password protected, regionally-specific, target company data for recruitment prospects that were identified by Angelou Economics to fill business capacity gaps noted in the Gap Analysis study. NCMBC.us provides excellent resources to economic developers in support of both their existing industry and business recruitment missions.

NCMBC.us also supports the NCMBC's Goal 2 (increase employment of transitioning military). Although MatchForce provides the most direct tool for employment, the transitioning military database on NCMBC.us is a valuable resource for both economic developers recruiting businesses and businesses in North Carolina considering expansion. The database contains historical data on military transitions in North Carolina, including military occupational skills, pay grades of incumbents and translation of military jobs and skills to civilian equivalents. NCMBC.us is the primary vehicle for transmitting this data to existing businesses, relocating businesses and agency customers in North Carolina.

In summary, NCMBC.us is a readily accessible, up-to-date electronic library and a stand alone resource with a myriad of resource materials to assist businesses, economic developers and other NCMBC customers in North Carolina to fully leverage military and other federal business opportunities for economic development in this state.

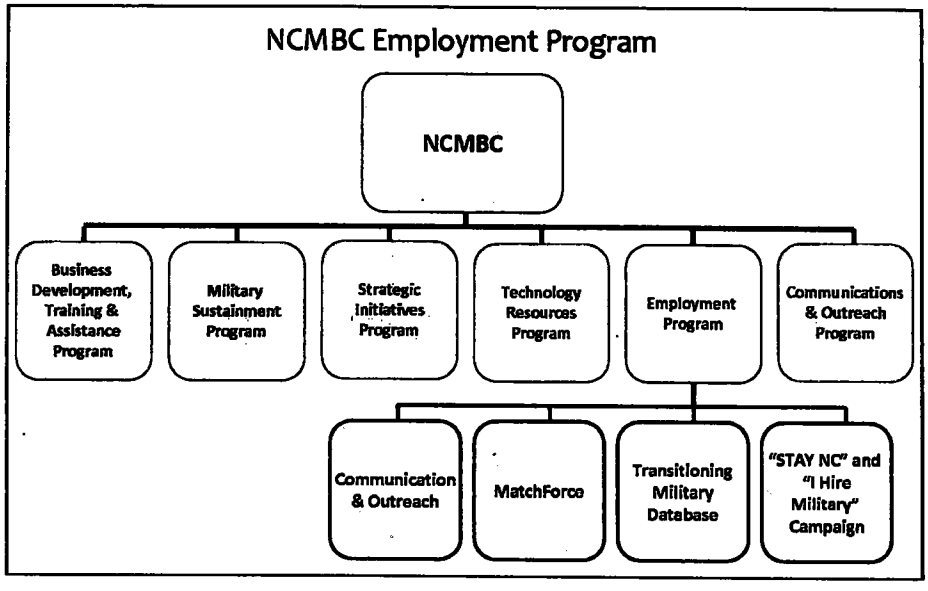
PROGRAM 5: EMPLOYMENT PROGRAM

NCMBC's Employment Program supports all 3 NCMBC goals – either directly or indirectly. Employment resources principally and directly support business recruitment and expansion while providing highly skilled, educated, and experienced workforce resources.

The employment program directly supports NCMBC Goal 2 (increase employment of transitioning military personnel), and indirectly supports NCMBC Goal 1 (more federal prime and subcontracts) and NCMBC Goal 3 (support recruitment and development of business capacity), and their respective supporting objectives.

The NCMBC does not provide its employment initiatives and resources principally for altruistic reasons – to support our military veterans and their families – although this is a desirable outcome. NCMBC employment resources are **economic development** initiatives. They principally and directly support business recruitment and business expansion in North Carolina and provide the highly skilled, educated, experienced and disciplined workforce resources that businesses need to successfully engage in the military, federal and even civilian marketplaces.

The NCMBC employment program includes the constituent initiatives diagramed and outlined below.



NCMBC's Employment Program consists of 4 primary initiatives:

- *Communication & Outreach to promote employment opportunities*
- *MatchForce.org to connect employers with potential employees*
- *Transitioning Military resources available to economic developers*
- *Conducting campaigns such as "Stay NC" and "I Hire Military"*

Several **challenges** exist in leveraging the transitioning military workforce. NCMBC initiatives directly target those challenges. Businesses have difficulty accessing the transitioning military workforce and often do not understand how military skills translate to their work environment. Economic developers have not had the data to quantify, categorize, translate or effectively communicate the skills of transitioning military personnel to their expansion and recruitment prospects. Military personnel and their families are not aware that North Carolina values their skills as well as their service, and has the desire and the resources to retain them in the state workforce after their transition from service.

Over 12,000 military personnel experience the difficult transition from military to civilian life every year at bases in North Carolina. The men and women that are leaving the armed forces (and family members of military personnel still in the service) have valuable skills that economic developers and employers in the state of North Carolina need. This unmet demand plus available capacity creates opportunity – and the need for employment initiatives to connect capacity to demand.

Despite this dynamic, North Carolina has not been successful in retaining separating and retiring military members in its workforce. Many service members may be unfamiliar with the quality of life off base and may not know that this state is a desirable location to settle. They may not know that North Carolina values their skills, or how to access State services to locate jobs in the state. Finally, they may not know that North Carolina businesses offer well-paying jobs that leverage their training, and need their skills to expand into military and civilian markets. NCMBC employment initiatives target each of these individual and business challenges.

Communication and Outreach – Employment

The NCMBC uses communication and outreach initiatives to actively promote employment opportunities in North Carolina to military spouses and to separating and retiring military members, to educate military personnel on the advantages of

using MatchForce and other State resources for employment with North Carolina businesses, and to educate businesses on the advantages of hiring separating and retiring military members and spouses. The NCMBC actively recruits separating and retiring military members to stay in North Carolina through briefings at base Transition Assistant Programs (TAP), recruits family members through briefings to family member employment programs and family readiness groups, coordinates the new "StayNC" campaign with installation command groups, and markets the military workforce to employers at chambers of commerce, economic development and other presentations and through marketing of the new "I Hire Military" campaign.

MatchForce.org

Transitioning military personnel, family members and other job seekers residing in or moving to North Carolina can register their skills on the MatchForce portal for free. Individuals post their work experience, resume (if available) and skill keywords, which electronically match their profiles to job opportunities currently on the portal. As employers post new opportunities that match their profiles, individuals receive email messages from MatchForce alerting them to review targeted employment opportunities on their individual MatchForce dashboards, and to carefully review the process specified in the employer's MatchForce job posting to apply for employment.

North Carolina businesses with job openings post opportunities to MatchForce, for free. Employers can use the list of matched individuals they receive and the profiles of the individuals that meet their needs to contact individuals for interviews, or may simply specify in their job posting how matched individuals should apply for their position vacancy. In addition to employer-posted opportunities, MatchForce includes an automatic feed of all job postings from the State of North Carolina. As with business postings, MatchForce matches these State opportunities to individual skill profiles and notifies individuals of employment opportunities with the State of North Carolina. The NCMBC and AIT are working to re-establish a similar feed and matching functionality for all federal jobs in North Carolina.

Transitioning Military Personnel Database

NCMBC created the transitioning military personnel database principally to provide data to economic developers and employers about the transitioning workforce. The database catalogues, analyzes and "translates" military skills and abilities to civilian job equivalents. Launched in February 2008, the database was created by using historical data on actual transitions from Army, Air Force and Marine Corps Transition Assistant Programs in North Carolina and from "O-Net," the "skills crosswalk" tool provided to the public by the North Carolina Employment Security Commission.

This new tool is available to economic developers and businesses that are interested in leveraging the highly skilled, transitioning military workforce to expand and grow jobs in the state. Businesses and economic developers are encouraged to access the database by going to NCMBC's website, NCMBC.us, and clicking on the "Transitioning Military Personnel" banner. Through keyword searches, users are able to access information with a skill or job category, including rank, pay grade, civilian occupational equivalencies, civilian job titles, and the number of military personnel that historically transition out of service in North Carolina with the

Client Testimonial
"As a small business owner, I appreciate the ability to post job openings on MatchForce at no charge. I have hired two outstanding candidates to fill positions after posting job descriptions on www.MatchForce.org."
~Steven Moore, Moore Exposure

Client Testimonial
"I was preparing to retire from the Army after 23 years. Of all the resources available to me... the single most valuable resource was MatchForce."
~Mark R. Regensburger

specified skills. This provides valuable data on the potential workforce to businesses considering expansion and to economic developers recruiting prospects to North Carolina.

"StayNC" and "I Hire Military" Campaigns

In March 2009, the NCMBC will release two new statewide, parallel initiatives, the "StayNC" and the "I Hire Military" campaigns. StayNC will target military personnel and their families early in the transition-reenlistment decision cycle – perhaps one year prior to separation date. Current NCMBC efforts at TAP briefings are often too late – service members have already decided to relocate to their home of record or another state. To not conflict with service re-enlistment goals, the NCMBC will work with base leadership to provide StayNC materials through unit retention personnel only to those service members that have made a clear decision to separate from the service.

NCMBC's new "StayNC" program targets military personnel and family members early in the transition-reenlistment cycle whereas the "I Hire Military" campaign encourages North Carolina businesses to hire veterans and military spouses. The programs will be officially released in March 2009 and are parallel initiatives.

StayNC materials from the NCMBC will inform transitioning military personnel (and their spouses) that North Carolina values their service and their skills, and wants them to stay in our state. The materials will also include information on MatchForce, Employment Security Commission and Workforce Development Board programs, and other employment resources in North Carolina. StayNC will provide our State an additional, inter-agency resource for retaining this potential workforce in the state.

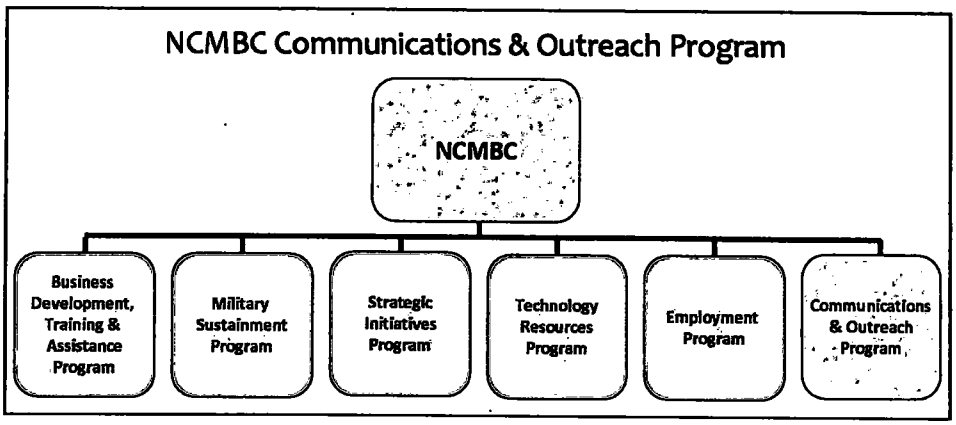
The second new initiative is the "I Hire Military" campaign, which focuses on North Carolina businesses. The NCMBC will encourage business owners to and sign a one-page compact, stating that they value the services of and currently hire or will hire veterans and military spouses whenever practical. Businesses that sign the compact will receive an "I *Proudly* Hire Military" sticker for their door or window to advertise their support of hiring the military and family members.

Participation in this initiative may increase business volume at participating businesses, as military personnel, family members and other customers recognize businesses that appreciate the sacrifices that military families make for our country. The NCMBC will maintain a database of companies that participate in the program, and will provide it to transitioning military personnel, family members and others seeking employment within the state. In addition to providing workforce resources to businesses in the state and helping military personnel and their families, these initiatives will contribute materially to North Carolina's stated goal to be the most military-friendly state in the nation.

PROGRAM 6: COMMUNICATION AND OUTREACH PROGRAM

The legislation that created the NCMBC in 2004 mandated the NCMBC to *market* its services to customers across the state. With this authority, and recognizing how critical it is to recruit, engage and retain businesses in the federal market and to promote the value of NCMBC services, the NCMBC initiated and has sustained a comprehensive communication and outreach program. The communication and outreach program, participated in by all NCMBC staff members and partners, directly supports accomplishment of Goal 1 (increased federal prime and subcontracts), Goal 2 (increased employment of transitioning military), Goal 3

(support recruitment and development of defense business capacity), and all of their respective constituent objectives and supporting NCMBC programs.



Since January 2005, NCMBC has participated in more than 800 outreach events, including:

- *Training Sessions (154)*
- *Informational Briefings (239)*
- *Forums/Shows (149)*
- *Promotional Meetings (297)*

Outreach

Through a network of outreach activities and services, the NCMBC: creates awareness of opportunity in the federal market; recruits and engages North Carolina businesses in the federal market; engages individuals and businesses in employment programs; and supports economic development existing industry and recruitment programs. The NCMBC in essence "markets the market" to each of these customers in furtherance of NCMBC Goals 1, 2 and 3, and their respective objectives.

The outreach initiative includes: delivering presentations and educational seminars; participating in business-focused television and radio shows across the state; publishing articles and opinion-editorial pieces in North Carolina newspapers and business journals; publishing a monthly e-newsletter; and maintaining a full spectrum operational website and two internet matching portals.

Events

Since opening in January 2005, the NCMBC has participated in more than ***800 outreach events***. These events included 154 training sessions, 239 informational briefings, 149 forums or shows, and 297 meetings where the NCMBC specifically marketed information about the federal marketplace and NCMBC programs.

NCMBC ***training sessions***, typically hosted by community college small business centers and chambers of commerce, include both classroom presentations and hands-on-work in computer labs to register in MatchForce and to navigate other federal contracting websites. Training normally includes:

- ❑ Preparing a business for the federal marketplace
- ❑ Qualifying and applying for federal small business and socio-economic contracting programs
- ❑ Using NCMBC and other resources to locate contract opportunities
- ❑ Bidding processes for federal contract opportunities

Client Testimonial

"I wanted to let you know how informative and helpful the Source Selection seminar was for me... [the federal market] is definitely a maze with lots of hoops to jump through... I feel the NCMBC is offering a very valuable service to help North Carolina companies pursue federal government contracts. Again, thank you and I look forward to your next information session as well as the RFP announcements on MatchForce."

~Stephen Wolfe, Joyner Keeny, PLLC

NCMBC ***informational briefings*** to groups such as economic developer local and regional meetings, professional and industry associations, and civic and service clubs cover information of interest to their members, including:

- The scope of available federal contract opportunities
- Typical opportunities within the business discipline of the host group
- Information about NCMBC resources available to support their economic development, business development or other organizational mission

Normally shorter than training sessions and without the hands-on element, these sessions typically provide key information to participants, who then often relay the message to businesses that in-turn engage as NCMBC clients. The NCMBC almost "never says no" to an opportunity to promote the market and NCMBC services.

At ***forums and shows***, the NCMBC typically networks with and recruits large numbers of businesses, distributes materials, and promotes NCMBC business development, technology resources, employment and strategic programs. These forums include defense trade shows, business expos, job fairs and GPC trade shows at military installations in North Carolina. Promotional ***meetings*** include events that specifically offer the opportunity to "briefly brief" federal market opportunities and NCMBC services. These forums, shows and meetings are very productive in recruiting businesses to the military marketplace and businesses and individuals to MatchForce, as evidenced by over 12,600 businesses and 27,400 individuals registered on MatchForce as of February 20, 2009.



Example of NCMBC Print Media Ad

Media

The NCMBC has aggressively used public media outlets to support its outreach campaign to clients across North Carolina. The NCMBC was featured on UNC-TV's *North Carolina Now* program and on two editions of the *Carolina Business Review* in 2008. NCMBC staff members have been interviewed on local radio stations from Franklin, to Fayetteville to Morehead City.

From 2005 to 2008, the NCMBC published a monthly column about federal contracting and NCMBC services in the regional business publication, *Sandhills Business Times*. Articles about the military market and the NCMBC have appeared in *Business North Carolina*, the *Charlotte, Triad and Triangle Business Journals*, and *NC Magazine*. Newspapers, including the *Raleigh News and Observer*, *Fayetteville Observer* and other newspapers across the state have covered NCMBC events, services and the military market.

The NCMBC also conducts outreach electronically, through its main website (NCMBC.us) and two matching portals (MatchForce and SourceNC). The NCMBC publishes a monthly e-newsletter, ***NCMBC News***, which is distributed to over 25,000 business and government recipients in North Carolina – and to Forces Command headquarters in Atlanta, GA. The e-newsletter is a comprehensive publication that includes technical contracting information, updates on upcoming activities, and North Carolina business profiles and contracting success stories. The NCMBC maintains all issues of NCMBC News on NCMBC.us as a resource to business and government clients.

The NCMBC leverages partnerships to extend the reach of its outreach program and to achieve its program objectives. For example, to serve businesses across the

state interested in the military market and to engage small business center directors with their clients, the NCMBC developed a ***desk guide*** for directors to walk businesses through the basics of government contracting, identifying contract opportunities and accessing NCMBC services.

Professional associations, like the Carolinas Associated General Contractors (CAGC), regularly run articles on the military market and NCMBC services in their newsletters, e-newsletters and other media. Partnerships with installation TAP programs, family programs and retention non-commissioned officers are critical to extending the NCMBC's outreach programs to customers. Finally, partnership with the NC Military Foundation – in two of the NCMBC's Military Construction Summits – has been essential to extending the NCMBC's outreach to businesses engaging in the military construction market.

Communication

In response to the directive from the General Assembly, the NCMBC planned, coordinated, executed and has sustained an aggressive and comprehensive communications program to market NCMBC programs. As a new organization, the NCMBC originally focused on creating a recognizable "brand," and has communicated that brand consistently in all advertising and other communications materials since 2005.



Example of NCMBC Print Media Ad

The NCMBC's communications program has included a mix of print media, direct postal and electronic mail and limited outdoor advertising (rotated across the state). The NCMBC has consistently targeted businesses, to recruit them to the federal market and to NCMBC services, and transitioning military and other individuals, to stay in North Carolina and to access NCMBC employment resources. The message of this advertising has been consistently simple – "***register in MatchForce.***" Registering in MatchForce is the gateway to the federal market and the ticket to NCMBC services.

The NCMBC has concentrated heavily on print media in markets all across the state. The NCMBC has run display advertisements in the *Triangle Business Journal, Triad Business Journal, Sandhills Business Times, Charlotte Business Journal* and *Business North Carolina*. Each series of advertisements in the business journals creates an opportunity to communicate the NCMBC message to 48,765 business readers. Print communications also included business-focused, bi-weekly display ads in 32 daily newspapers and 42 community newspapers across the state, through the North Carolina Press Service.

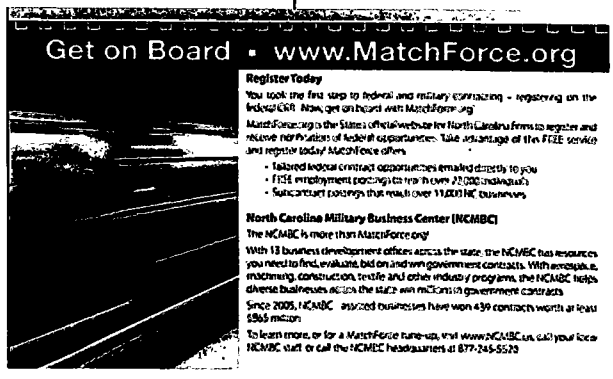
The NCMBC also placed individual-focused, bi-weekly classified ads, through the Press Service, in 75 community newspapers and 43 daily newspapers. These ads covered the target demographics statewide. The daily newspaper display ads had a potential media impression of 478,221 readers per run, and the classified ads had a potential media impression of 1,803,211 readers per run.

The NCMBC has also focused print ads in military newspapers on the installations in North Carolina including the *Paraglide, Carolina Flyer, Fort Bragg Life, The Globe* and *The Rotovue*, to target transitioning military personnel, family members and businesses in military communities. Ads also appeared in local magazines and trade journals such as the NC Construction News.

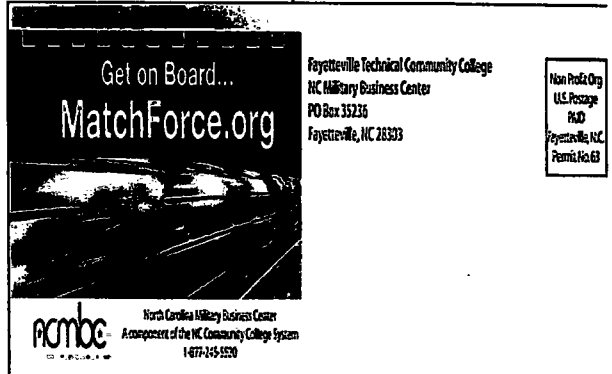
Since 2005, the NCMBC has also conducted several direct mail campaigns. The NCMBC conducted a statewide direct postcard mailing to all businesses registered in the federal Central Contractor Registration (CCR), but not registered in MatchForce. Additionally, the NCMBC conducted a direct mail campaign targeted at the Wilmington demographic area (New Hanover, Brunswick, Pender, Columbus and Sampson Counties), a statewide email campaign to businesses registered in CCR, and a direct letter campaign to chambers of commerce and economic developers across the state.

When the NCMBC launched the defense machining initiative and the new SourceNC web portal in June 2008, the NCMBC executed a direct postcard mailing to market both SourceNC and MatchForce to machining businesses across the state. Because it was so effective in recruiting and engaging target businesses, the NCMBC will conduct other industry-specific campaigns in the future.

The NCMBC's communication and outreach program is both comprehensive and aggressive. It is singularly focused – to support NCMBC programs and achieve its goals and objectives. The NCMBC will continue to aggressively communicate its brand and its message, within the constraints of available funding.



Example of NCMBC Direct Mail Piece - Front



Example of NCMBC Direct Mail Piece - Back

2.d. Resource Allocation

The NCMBC appreciates the resources that have been obligated to support NCMBC programs and services. A lean, frugal, low-cost and service-focused organization, the NCMBC enjoys low overhead costs and dedicates an uncommonly high percentage of resources to operational programs.

NCMBC resources include: partnerships with State, local, non-governmental, business and federal government entities; contract relationships; highly skilled professional staff; sponsorships; in-kind support from community colleges statewide; and funding from both the General Assembly and the Golden LEAF Foundation. Each of these resources is essential to program success and overall mission accomplishment.

The NCMBC is a lean, frugal, low-cost and service-focused organization that prides itself on low overhead costs and uncommonly high percentage of resources dedicated to operational programs.

PARTNERSHIPS

The NCMBC enjoys and fosters mission-focused partnerships with governmental and non-governmental entities across the state. These partnerships are mutually beneficial. Partner organizations recognize and demonstrate that the NCMBC is an invaluable resource to their members, to their service areas and to the State of North Carolina.

Partnerships with industry associations such as the Carolinas AGC, American Council of Engineering Companies and a multitude of textile related industry associations are critical to identifying, recruiting and engaging businesses in the

federal market. These partners demonstrate their appreciation for NCMBC service to their members by promoting NCMBC events, providing access to members and financially sponsoring NCMBC activities. NCMBC partner organizations know that NCMBC events are valuable, of high quality and appreciated by their members.

Similar relationships with the NC Department of Commerce, chambers of commerce and regional and local economic developers across the state are equally productive for engaging businesses in the market. Partnerships with the SBA district office in Charlotte and SBTDC offices at state universities facilitate business recruitment, training, registration and certification to engage in federal procurement.

The NCMBC enjoys a special relationship with the 58 community college small business centers (SBCs) across the state. In addition to providing office space for NCMBC BD staff members, the SBCs provide a direct link to businesses within their service area. When NCMBC BD specialists identify difficult-to-source federal contract opportunities, they can connect with SBC directors instantaneously to identify, notify and engage businesses in the Community Colleges' service areas – anywhere in the state.

Finally, the NCMBC enjoys mutually beneficial partnerships with our ultimate "targets" – federal government agencies, bases and contracting offices. Support received from installation commanders, contracting and construction offices, the Corps of Engineers, Naval Facilities Engineering Command, the Defense Logistics Agency and federal buying offices across the state is positive, productive and appreciated.

CONTRACT RELATIONSHIPS

The NCMBC also executes contract relationships that support NCMBC programs. These contractual relationships reduce the requirement for additional professional staff and provide efficient support services to NCMBC programs. Contract relationships that support the NCMBC's business development program include:

- **Sage Software, Schoollink and ACTMate.** These contracts provide licensing, hosting, support, adaptation and technical assistance for the NCMBC's ACT! software. ACT!, a commercial-off-the-shelf, web-based client management software system provides the electronic backbone for the NCMBC's BD program. Using ACT!, NCMBC BD specialists identify and notify hundreds or even thousands of businesses across the state of lucrative federal opportunities for which they are capable of competing. The NCMBC's ACT! database contains over 32,000 businesses imported from MatchForce and from the federal government's Central Contractor Registration (through a sponsorship provided by Fort Bragg). Sage provides the software, Schoollink (Fayetteville, NC) provides the hosting, and ACTMate (Cary, NC) provides technical assistance to improve functionality of ACT! for the NCMBC.
- **Advanced Internet Technologies (AIT, Fayetteville, NC).** AIT provides licensing, hosting and modification of the MatchForce system and all email services for the NCMBC. MatchForce provides automatic matching and notification for over 12,600 North Carolina businesses to federal opportunities, and matching and notification for over 27,400 individuals of job opportunities

posted by MatchForce-registered businesses. AIT, with the NCMBC and FTCC, created MatchForce from scratch. It now provides services to over 40,000 users in North Carolina, is a major component of the NCMBC's technology resources program, and is essential to the NCMBC business development, strategic and military sustainment programs.

- **FedSources.** The NCMBC's contract with this federal market intelligence service directly supports the NCMBC's strategic programs (emerging opportunities, subcontracting and MILCON initiatives). Advance notification of contract opportunities is essential to identify, notify, team and otherwise pre-position businesses and teams in North Carolina for future opportunities.
- **BizToolsOne (BTO, Fayetteville, NC).** BTO provides website design, development and hosting for the NCMBC's main website, NCMBC.us. NCMBC.us is a key component of the NCMBC's technology resources program, supports the business development, strategic and military sustainment programs, and provides incredible resources to North Carolina businesses. Ever growing in response to business needs, the website contains current and future contract data, networking functionality, capabilities matrices and resources, critical links to business resources and opportunities, etc. BTO provides incredibly responsive service in growing NCMBC.us to support North Carolina businesses.
- **SourceHorizon (Greensboro, NC).** SourceHorizon provides the NCMBC's third website, SourceNC.com, which provides the functionality for the military sustainment program's Defense Machining Initiative. This incredible new system provides NCMBC client businesses with direct access to pre-screened, lucrative machining opportunities, and NCMBC contracting resources to help them win. SourceHorizon is a results-oriented company that consistently seeks to improve SourceNC – just launched in June 2008 – to help North Carolina companies enter, succeed in and eventually dominate the DoD repair parts market.
- **Defense Holdings, Inc. (DHi, Trenton, NC).** Utilizing 100% GLF funding, the NCMBC contracted with DHi to provide project management capacity for the NCAA Reverse Engineering Initiative. DHi is an experienced defense contractor specializing in R&D that recently expanded to North Carolina, and provides highly qualified technical staff to perform this contract.

PERSONNEL

Since opening in January 2005 with an Executive Director and a temporary administrative assistant, the NCMBC has aggressively built a staff of dedicated and technically proficient professionals. The NCMBC currently includes a small headquarters and a service-focused staff of 18 full time, part time, community college and contractor-provided professionals at 12 operating locations across the state – from Franklin in the west to Havelock in the east. With additional resources, the NCMBC will fill two positions (at least one in northeastern North Carolina), resource two temporarily funded positions and expand currently under-resourced NCMBC initiatives (see Section 5.a).

The NCMBC selects staff members based not only on knowledge, skills and relevant experience, but balanced background in all aspects of the federal market. The team

includes a balance of retired federal contracting officials, former government contractors, industry specialists and technical professionals. Additionally, all 18 members of the team are veterans (11), military spouses (6) and/or retired DoD civilian employees (3) – they know how the military works (some have "served twice"). See the organizational chart within the Personnel section.

Business Development Team

Currently executing the NCMBC BD program is a team of one full time BD manager, five full-time BD specialists and three part time military business coordinators, supported by one part time procurement analyst from the headquarters team (an additional coordinator position is vacant). The BD manager and analyst identify lucrative federal market sectors and associated business capacity in North Carolina, target NCMBC BD resources to mine opportunities in targeted sectors, monitor program outcomes and redirect BD resources as necessary to improve efficiency.

NCMBC Personnel – our greatest resource - participate in one or more of the following teams:

- *Business Development*
- *Strategic Programs*
- *Military Sustainment*
- *Headquarters*

The majority of personnel belong to the Business Development Team.

The NCMBC "balances the team" by staffing it with a mix of retired contracting and procurement officials (with well over 100 years of aggregated contracting experience), former business developers for defense contractors and former military logistics officers. The BD manager or analyst can organize a team of experienced NCMBC government and industry contracting professionals to provide even the most technical assistance to a North Carolina business bidding on government contract opportunities.

The BD manager, BD specialists and procurement analyst are provided by the NCMBC's primary staffing contractor, Quality Staffing Specialists (Cary, NC). The military business coordinators are community college employees. Although employment situations vary and the team is dispersed to serve business clients statewide, all members of the team are under the operational control of the BD manager, who has tasking and teaming authority and reports directly to the NCMBC Executive Director.

The NCMBC is an opportunity-focused, business development organization. The BD team, with 58% of the NCMBC's total staff and 75% of its full time staff, is the heart of the organization. BD team members continuously plan, coordinate, execute, evaluate and re-target the NCMBC's business development, training and assistance program. Their results, enumerated in Sections 3 and 4 below, justify the continued and expanded investment in this program.

Strategic Programs Team

The NCMBC is an opportunity-focused, business development organization – 58% of NCMBC's total staff and 75% of its full time staff represent this team!

The members of the strategic programs team, supported by members of the headquarters and BD teams, coordinate and execute the majority of the initiatives of the NCMBC's strategic initiatives program. Members of the strategic program team include two military construction specialists and a strategic initiatives manager.

The military construction specialists include a team leader with over ten years of industry experience as a BD specialist and proposal writer for architectural, engineering and general construction firms in the federal market, and one retired contracting official with over 20 years of military construction experience on the government side, including service as chief of acquisitions for projects in North Carolina. Having balanced backgrounds – both industry and government – allows

the NCMBC to provide relevant experience and varied perspectives in assisting clients competing for MILCON contracts. The military construction specialists work hand-in-hand with the BD team to engage and assist North Carolina businesses with MILCON projects. The BD team connects opportunities to North Carolina contractors and assists with teaming and subcontracting requirements. MILCON specialists provide highly technical solicitation, teaming, small business utilization, proposal review and other services to companies bidding on contract opportunities. The efforts are mutually supporting and equally essential.

The strategic initiatives manager plans, coordinates and executes the NCMBC subcontracting, emerging opportunities and business capacity initiatives. The manager develops relationships with major prime contractors to solicit their supply chain requirements, identifies IDIQ contracts with opportunities for North Carolina business participation, identifies and teams with BD specialists to source emerging contract opportunities to North Carolina businesses and implements other activities of the strategic initiatives program. The current manager's experience with three major defense contractors and running an IT services company make him uniquely qualified to execute these duties.

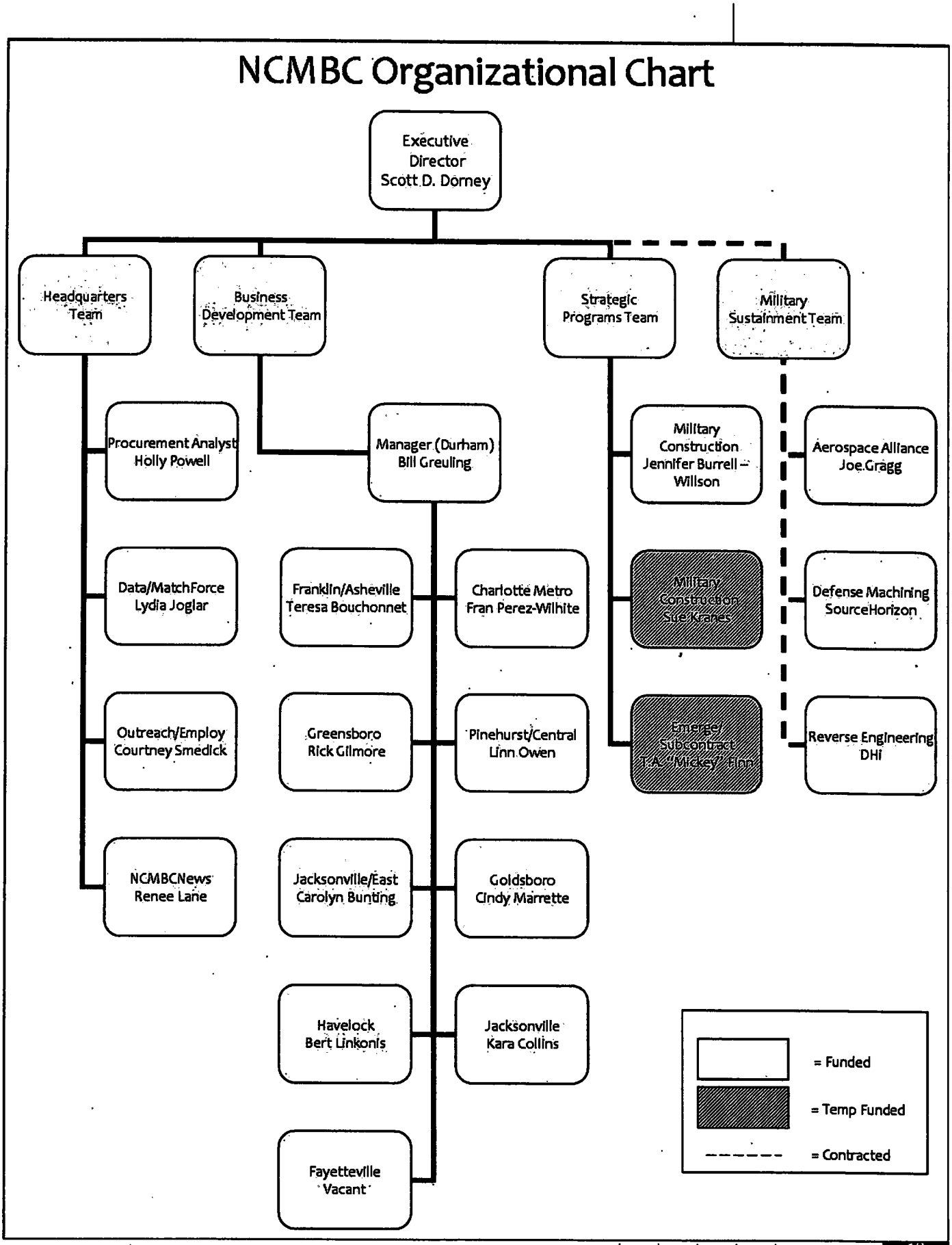
Military Sustainment Team

Three highly experienced IT/engineering, service and R&D companies perform contracts to execute the NCMBC's military sustainment program. The NCAA coordinator manages the constituent initiatives of the military sustainment program, including NCAA organizational and direct contracting initiatives, the NCAA reverse engineering initiative and the defense machining initiative.

The NCMBC contracted with Defense Holdings, Inc. (Trenton, NC) in January 2009 to operationalize and provide program management capacity to the reverse engineering initiative. The DHi program manager operates from Cary, NC, supported 100% by Golden LEAF funding.

The NCMBC provides all functions of the defense machining initiative through SourceHorizon (Greensboro, NC). SourceHorizon developed and hosts SourceNC, provides engineering capacity to screen DoD machining opportunities, recruits and screens machining companies and coordinates contracting assistance for SourceNC clients from the NCMBC (see Contract Relationships above).

The NCMBC contracted with these companies because they have the highly specialized technical capacity to appropriately plan, coordinate, execute and evaluate the respective initiatives. The NCMBC "operationalized" these GLF- and State-funded programs quickly and efficiently through these contractors. The contractors' performance to date indicates that these initiatives will succeed under their direction.


NCMBC Organizational Chart
Executive Director Scott D. Dorney
Headquarters Team
Business Development Team
Strategic Programs Team
Military Sustainment Team
Procurement Analyst Holly Powell
Manager (Durham) Bill Greuling
Military Construction Jennifer Burrell – Willson
Aerospace Alliance Joe Gragg
Data/MatchForce Lydia Joglar
Franklin/Asheville Teresa Bouchonnet
Charlotte Metro Fran Perez-Wilhite
Military Construction Sue Kranes
Defense Machining SourceHorizon
Outreach/Employ Courtney Smedick
Greensboro Rick Gilmore
Pinehurst/Central Linn Owen
Emerge/ Subcontract T.A. "Mickey" Linn
Reverse Engineering DHI
NCMBCNews Renee Lane
Jacksonville/East Carolyn Bunting
Goldsboro Cindy Marrette
Havelock Bert Linkonis
Jacksonville Kara Collins
Fayetteville Vacant
= Funded
= Temp Funded
= Contracted

Headquarters Team

In addition to providing support and administrative services to the NCMBC statewide, the members of the NCMBC headquarters team coordinate the NCMBC's technology resources, employment, and communication and outreach programs and provide operational support to the BD, military sustainment and strategic initiatives program. The administrative overhead of the NCMBC is small, and necessarily efficient and highly effective.

The headquarters team includes a full time Data Management Technician who serves as statewide MatchForce administrator, ACT! administrator, webmaster for NCMBC.us and procurement data researcher. The part time Communications and Outreach Specialist manages the NCMBC's comprehensive communications and outreach and employment programs and provides all administrative services for the NCMBC. Another part time FTCC employee manages and edits the NCMBC News e-newsletter, and the part time Procurement Analyst maintains all NCMBC performance data, assigns opportunities and tasks business developers in support of the BD program. The NCMBC Executive Director leads and is responsible for all aspects of the NCMBC.

NCMBC's executes statewide programs through 12 offices with 18 full-time and part-time staff using its base budget of $1.25 million.

All NCMBC teams are mutually supporting. For example, the BD specialist in Greensboro, whose primary duties are in the BD program, provides contracting assistance to all machining companies bidding opportunities through the defense machining initiative. In addition to providing all BD services, military business coordinators at community colleges in base communities support the employment program and MILCON initiatives and are assigned strategic partners and key DoD programs under the NCMBC's emerging opportunities and subcontracting initiatives. This cross pollination of effort produces synergy between the NCMBC's comprehensive programs and services. The NCMBC is prepared to expand its constituent programs with additional resources. See Section 5.a for more details.

FINANCIAL RESOURCES

Golden LEAF Foundation funds for operations that partially support the Military Sustainment Program.

The NCMBC receives primary funding support from the General Assembly and secondary funding from the Golden LEAF Foundation (GLF). **State funding**, which supports elements of all NCMBC programs, is sourced through the NCCCS, to FTCC and subsequently to the NCMBC. The NCMBC, through FTCC, then funds other community colleges and contractors to execute NCMBC programs. **GLF funding** flows directly from GLF to FTCC and the NCMBC, in support of specific initiatives of the military sustainment program. Finally, the NCMBC receives low cost but valuable **in-kind support** from the NCCCS for daily operations and **sponsorship** from industry for marquee NCMBC events.

State funding, base budget

In July 2004, the General Assembly appropriated $2.0 million (Non-recurring, NR) funding to the NCMBC for start up, operations through June 30, 2006 and a Gap Analysis study. The General Assembly provided $200,000 (NR) additional funding in July 2005. The NCMBC received $1.0 million (NR) for FY2006-2007, $1.25 million (Recurring, R) for FY2007-2008, and current funding of $1.25 million (NR, pending

continuation review) for FY2008-2009. Since inception, the NCMBC received $5.5 million in funding from the General Assembly, and has expended approximately $4.5 million to date.

With a **base budget** of $1.25 million, the NCMBC executes programs statewide through 12 offices, 18 full and part time staff and numerous contracts.

With extremely low overhead (as a result of operation within the NCCCS), the NCMBC targets base budget funds statewide at NCMBC **operational programs** – particularly business development programs that directly support North Carolina businesses engaging and competing in the federal market – in accordance with the following allocations. Figures shown represent NCMBC budget prior to reversion of $37,500 to the NCCCS and freezing of purchase orders for goods and services.

NCMBC Base Budget		
Program (or Activity)	**Budget Funds**	**% Base Budget**
Business Development, Training and Assistance	$813,703	65.1%
Technology Resources	$182,879	14.6%
Strategic Initiatives	$70,743	5.7%
Communications and Outreach	$67,165	5.4%
Employment Program	$26,691	2.1%
Military Sustainment Program	$12,619	1.0%
General Support and Administration	$76,217	6.1%

State funding, carryover budget

Because the NCMBC was funded in July 2004, opened in January 2005 and took some time to become fully staffed and operational, the NCMBC had roughly one half year in funding unspent from FY2004-2005. With non-recurring funding, the NCMBC carried this funding forward as a salary run out fund in 2005 and 2006, to keep employees focused on NCMBC programs and to preclude staff turnover.

With recurring funding available in FY2007-2008 to support its base budget, the NCMBC began planning, coordination and careful allocation of these ***"one time" funds*** ($510,068) to operational programs, including pilot initiatives. This process continued in 2008, despite reversion to NR status. These carryover funds, like base budget funds, are heavily targeted at **operational programs**, particularly initiatives of the military sustainment program, strategic initiatives program and the BD program.

The following table shows intended allocation of "one time" carryover funds against NCMBC programs in FY2008-2009. Figures shown represent NCMBC budget allocations prior to a freeze on purchase orders for goods and services, direction to hold carry over funds for a minimum of 60 days salary cost for all NCMBC staff ($148,766), and reversion of $37,500 to the NCCCS.

NCMBC Carryover Budget			
Program (or Activity)	Budget Funds	% Carryover Budget	Comments
Military Sustainment Program	$175,500	34.4%	Defense Machining, SourceNC, Reverse Engineering
Strategic Initiatives	$165,620	32.5%	MILCON, Emerging Opportunities, Subcontracting Opportunities, Technology Transition, Foreign Military Sales, Base Growth
Business Development, Training and Assistance	$71,994	14.1%	Elizabeth City, GSA BD Positions
Communications and Outreach	$55,000	10.8%	Advertising
Employment Program	$15,000	2.9%	"I Hire Military" & "StayNC"
General Support and Administration	$26,954	5.3%	Replace Equipment, IT Support

Carryover funds were targeted ***and actually utilized*** to operate SourceNC for one year (military sustainment program), to contract for a MILCON specialist and a strategic initiatives manager (strategic initiatives program), and advertising. Due to the State budget crisis, the NCMBC ***could not obligate the balance of funds as planned***. The NCMBC would have used the uncommitted funds to fill a vacant BD specialist position in the northeast and to fund a BD specialist for GSA schedules (BD program), to fund resources to address opportunities relating to base growth, technology transition, developing business capacity and foreign military sales (strategic initiatives program) and to reinforce Headquarters infrastructure. Had the NCMBC filled these positions, funding for the positions would have expired on June 30, 2008.

Golden LEAF Foundation Funds

GLF provided funding to the NCMBC in 2007 to operationalize the GLF's North Carolina Aerospace Alliance (NCAA). The NCMBC provides support to the NCAA through its military sustainment program, and utilizes 100% of GLF funds to support several initiatives of the NCMBC military sustainment program.

- The NCMBC is utilizing 100% of 2007 GLF funds ($100,000, multi-year funding) to support the NCAA coordinator position for two years. These funds will expire in March 2009.
- The NCMBC will utilize 2009 GLF funds ($125,000) to both upgrade and operate SourceNC (defense machining initiative) and to support the NCAA coordinator position through 2009.

- The NCMBC will utilize additional GLF funds ($150,000) to sustain project management capacity for the reverse engineering initiative.

To summarize, the NCMBC allocates **State base budget funds** across all NCMBC programs and general support and administration. However, they are largely targeted at supporting business development and technology resources programs – programs directly targeted at NCMBC business customers. The NCMBC also allocated its one-time, **carry over funds** for operations, but heavily against the military sustainment, strategic initiatives and business development programs. Finally, the NCMBC allocates 100% of available **GLF funds** against operations of the military sustainment program.

Client Testimonial
"I have been working with [other federal and state organizations] for years and I have received more assistance and contacts working with NCMBC Staff than I did with any other group."

~Tony Marshall, Innovative Systems Group

In-kind funding

The NCMBC acknowledges the value of in-kind funding received from the NCCCS and its constituent colleges. Eight colleges provide NCMBC staff with full time office space (some in multiple locations), and two additional colleges provide part time office space. All colleges provide office space and support when needed for meetings with clients. Additionally, FTCC supports the NCMBC headquarters with management, legal, financial, administrative and transportation support services.

The Community Colleges provide office support to NCMBC offices statewide at minimal "hard" cost, since NCMBC staff members require little space and come fully equipped with office automation. However, if the NCMBC had to pay for space and telecommunications connectivity in commercial facilities at each location, the cost to the NCMBC and the State for office space could exceed $8,500 per month or $100,000 per year. With in-kind support from the NCCCS, the NCMBC can continue to fully target State funds on providing high quality, business-focused services, statewide, with minimum overhead cost.

Sponsorships

Although the NCMBC receives no private operating funds, businesses and industry organizations sponsor NCMBC activities like the annual North Carolina Military Construction Summit. In 2008, the NCMBC's partner organization, the NC Military Foundation, received $9,000 in business sponsorships for the Summit. These sponsorships and attendance fees allowed the NCMBC to execute this event for over 500 attendees at a major facility at no event-specific cost to the State – including travel for NCMBC personnel. In addition to further allowing the NCMBC to target State funds on statewide operational services, these sponsorships attest to the quality of NCMBC events and to the value that industry partners place on NCMBC services to businesses across the State.

3. PROGRAM PERFORMANCE

3.a. Discussion and analysis of performance measures & data

The NCMBC has established a number of significant metrics which it uses to track its efforts to reach its organizational goals and their constituent objectives. These metrics include systemic, data-intensive, ongoing metrics for key programs and initiatives focused on progress toward achieving NCMBC Goals 1 and 2, and their related objectives. Programmatically, these metrics focus on constituent initiatives of the business development, training and assistance program, the technology

resources program (MatchForce), and the strategic initiatives program (the MILCON initiative and the defense machining initiative, specifically SourceNC). This section of the report addresses the systemic, ongoing metrics for these NCMBC initiatives, in the context of their support for progress in achieving NCMBC goals 1 and 2 and their associated objectives.

NCMBC uses dynamic evaluation metrics to measure progress toward Goals 1 and 2.

The goal is to always provide services, tools, and resources that are both valued and valuable.

GOAL 1

To achieve the NCMBC's Goal 1 (increase prime and subcontract awards for North Carolina businesses), the NCMBC must:

- **Build awareness** of and recruit businesses to the federal marketplace (objective 1.1; achieved through the communication and outreach, BD and strategic initiatives programs; measured by static measures of NCMBC activities and BD counseling metrics)
- **Engage businesses** in the federal market (objective 1.1; achieved through the communication and outreach, BD, technology resources, military sustainment and strategic initiatives programs; measured by MatchForce and SourceNC registrations and engagement of companies in the MILCON initiative)
- **Connect opportunities to businesses** (objectives 1.3, 1.4 and 1.5; achieved by the BD, military sustainment, technology resources and strategic initiatives programs; measured by MatchForce, BD and SourceNC metrics)
- **Provide technical assistance** through one-on-one counseling to businesses that need it to compete (objective 1.3; achieved through the BD and strategic initiatives programs; measured with BD and MILCON counseling metrics)
- Ultimately have businesses **win contracts** (achieved through the BD, military sustainment, technology resources and strategic initiatives programs; measured with BD, MatchForce, SourceNC and MILCON metrics)

NCMBC metrics targeted at monitoring progress to achieving Goal 1 are outlined below.

Engage Businesses

The first metric focuses on NCMBC objective 1.1 – engaging businesses in the federal market. This is not a metric of output – but outcome. Unless businesses engage in the market, they cannot bid. If they cannot bid, they cannot win. The metric for engagement is similar to the volume metrics for the lottery – you cannot win if you do not play.

Businesses engage in the federal market by registering on the federal Government's Central Contract Registration (CCR) website and/or by registering in the NCMBC's MatchForce portal. Once registered, businesses receive automatic matches (through MatchForce) or manual matches from the BD team.

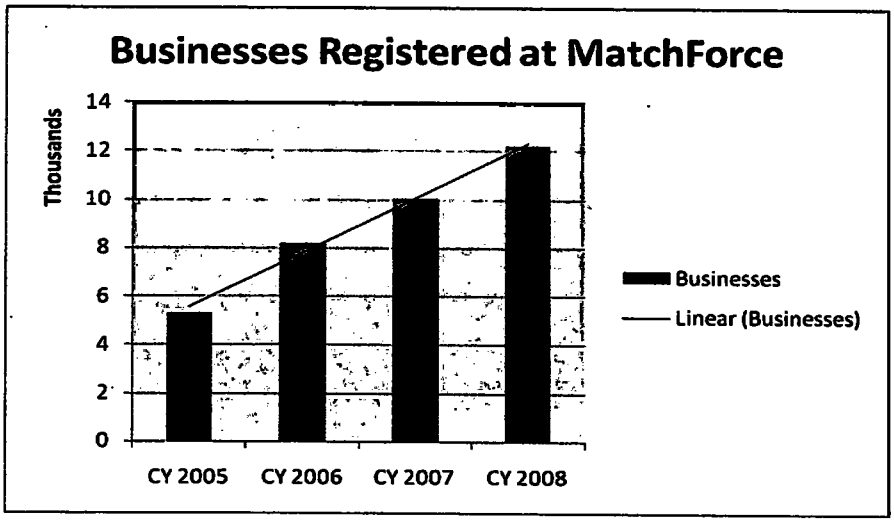
The NCMBC metric for engagement in the general federal market is the ***number of business registrations on MatchForce***, an initiative of the NCMBC's technology resources program (metrics for engagement and "wins" in the machining market are outlined under "SourceNC below"). The success of MatchForce in terms of its value in assisting businesses to identify federal contracting opportunities is largely dependent on the number of businesses registered. Many of the NCMBC's

Client Testimonial

"I went to an NCMBC seminar and learned that I could do business with the federal government. With what I learned, I started my own small business and I use the NCMBC resources (MatchForce) EVERY DAY to help my business grow. NCMBC made me aware of the opportunities and then pointed me in the direction to land those opportunities."

~Betsy Clark, DiamondWater LLP

communication and outreach initiatives are aimed at driving up this number. Since the statewide rollout of MatchForce in 2005, there has been a steady linear increase in the number of businesses registered, as demonstrated by the chart below.



Key Metric
The total number of businesses registered on MatchForce as of December 31, 2008 was 12,209.

Key Metric: the total number of businesses registered on MatchForce as of December 31, 2008 was 12,209.

The significance of this accomplishment cannot be overstated. Registering in MatchForce is not a federal requirement, nor required to access NCMBC services. However, as of February 21, 2009, over 12,600 North Carolina businesses had voluntarily registered in MatchForce since 2005 in order to engage more efficiently in the federal market. This testifies not only to the capability of MatchForce and the effectiveness of NCMBC communications, but particularly to the wisdom of the State for investing in a business-focused system to help North Carolina businesses efficiently access federal procurement – an economic engine that will grow jobs and expand the State economy.

Client Testimonial
In response to a BD team solicitation announcement:
"This is something that looks perfect for our 8(a) company. Thank you so much for the information."
~Pamela Washington, FYI Technologies

Connect Opportunities to Businesses

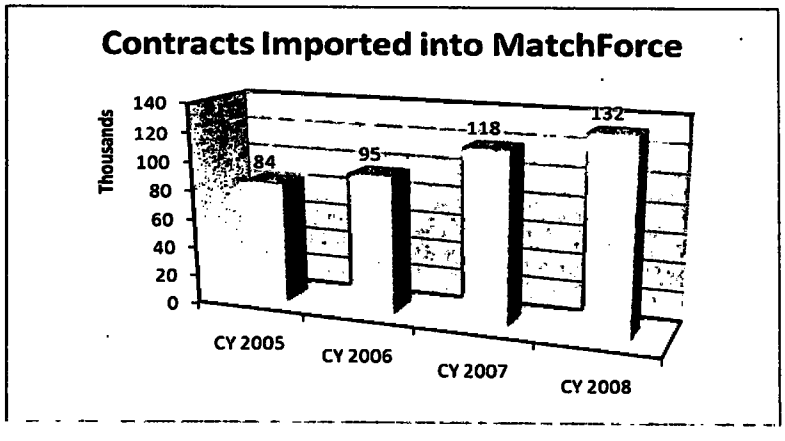
The second set of NCMBC metrics focuses on NCMBC activities to connect opportunities to businesses – inherent in NCMBC objectives 1.3, 1.4 and 1.5. North Carolina businesses engaged in the general federal market are matched to (and notified of) contract opportunities two ways – automatically through their MatchForce profiles (if registered), and/or electronically by NCMBC BD specialists, using the NCMBC's ACT! client management software. The NCMBC data management technician populates the ACT! database daily from new and modified North Carolina businesses registrations both in MatchForce and in the federal CCR. (Note – metrics for connecting machining companies to opportunities in this market are covered under SourceNC below).

The volume of matches achieved (and notifications made) is a function of the ***number of opportunities*** imported into MatchForce and the ***number of matches made*** to corresponding North Carolina business profiles. The volume of matches and notifications is also a function of the ***number of opportunities managed***, or "worked" by BD specialists (because they fall within NCMBC-targeted industries or

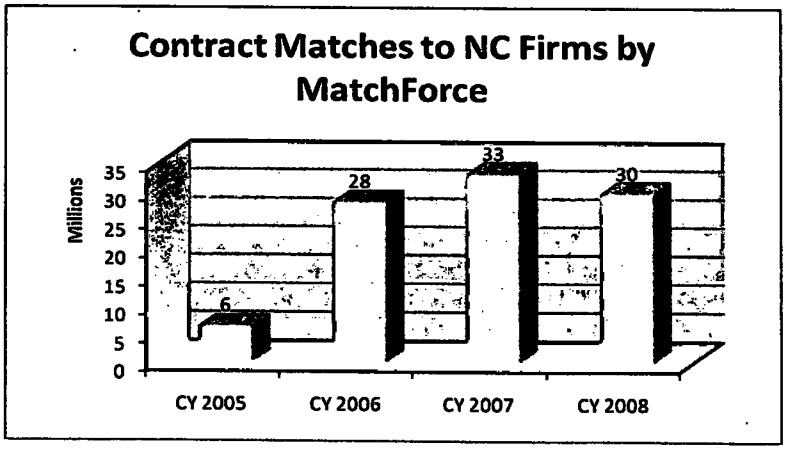
are issued by NCMBC-monitored buying offices), and the ***number of businesses notified*** by BD specialists. NCMBC metrics are directed to monitor the outcomes of this matching and notification activity. These outcomes – the volume of opportunities imported into MatchForce, the volume of opportunity-to-profile matches in MatchForce, the number of opportunities "worked" and the number of businesses notified by BD specialists – are essential to achieving objectives 1.3, 1.4 and 1.5, and are prerequisites for achieving Goal 1 – increased prime and subcontract awards to North Carolina businesses.

The chart below shows the number of ***contract opportunities imported into MatchForce*** each year, from 2005 to 2008. The number of contracts imported each year has steadily increased. **Key Metric:** the total number of contracts imported into MatchForce since its full activation in 2005 through December 2008 is 429,557. This represents nearly a half million contract opportunities potentially made available to North Carolina business that, had they not been registered in MatchForce, would have had no visibility of these federal contract opportunities.

Key Metric
The total number of contracts imported into MatchForce since its full activation in 2005 through December 2008 is 429,557.



The following chart shows the **volume of contract opportunities matched** to individual NC businesses by MatchForce by calendar year. These figures are a function of the numbers of contracts imported into MatchForce from FedBizOpps every night, the number of subcontract opportunities posted by businesses registered in MatchForce, and the number of businesses registered in MatchForce with corresponding business profiles (i.e., the business profiles include the NAICS Codes and/or keywords included in the solicitation or subcontracting opportunity).



Key Metric
Since becoming operational in mid-2005 through December 31, 2008, MatchForce has made more than 97 million matches of opportunities to North Carolina businesses.

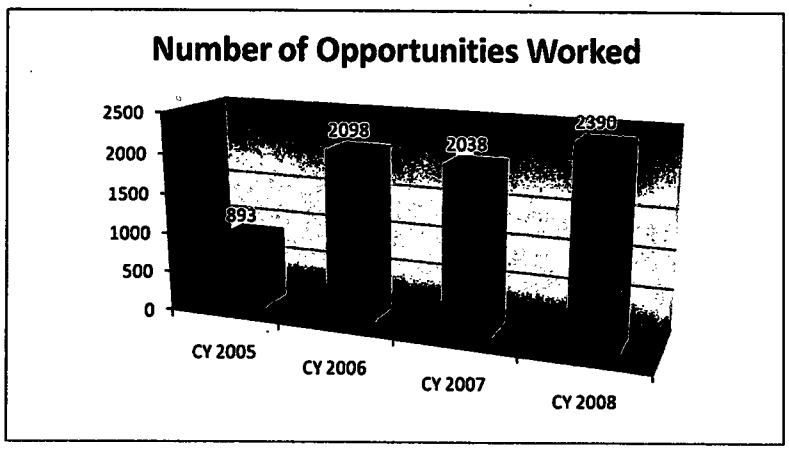
Key Metric: since becoming operational in mid-2005 through December 31, 2008, MatchForce has made more than 97 million matches of opportunities to North Carolina businesses.

The reduction in the number of matches for CY2008 actually reflects a "good news story." Prior to May 2008, the keywords listed by businesses registered in MatchForce were matched to the entire text of each federal business opportunity notice imported into MatchForce from FedBizOpps. Over time, it became apparent that this resulted in quite a few extraneous matches. After careful consideration, the NCMBC changed the matching algorithm for contracts during the second quarter of 2008 so that keyword matches result only from matching keywords in a business profile to verbiage that appears in the classification code area, the NAICS code area, or in the title of each imported opportunity. This accounts for the lower figure for (more accurate) matches in 2008.

Analogous to the volume of opportunities imported into and the volume of matches made by MatchForce, is the volume of ***opportunities "worked"*** by NCMBC BD specialists. The chart below shows the number of contract opportunities worked each calendar year from the NCMBC's initiation of operations in mid-2005 through December 2008.

Key Metric: NCMBC BD specialists "worked" 7,419 federal business opportunities between the NCMBC's operational inception in mid-2005 and December 31, 2008.

Key Metric
NCMBC BD specialists "worked" 7,419 federal business opportunities between the NCMBC's operational inception in mid-2005 and December 31, 2008.



The volume of opportunities "worked" increased from 893 in CY2005 to 2,098 in CY2006. The number leveled off in CY2007 to 2,038, due to refocusing of opportunity targets (buying offices and industries) and minor staff turnover. In 2008, the NCMBC exceeded the 2006 record, with 2,390 opportunities worked.

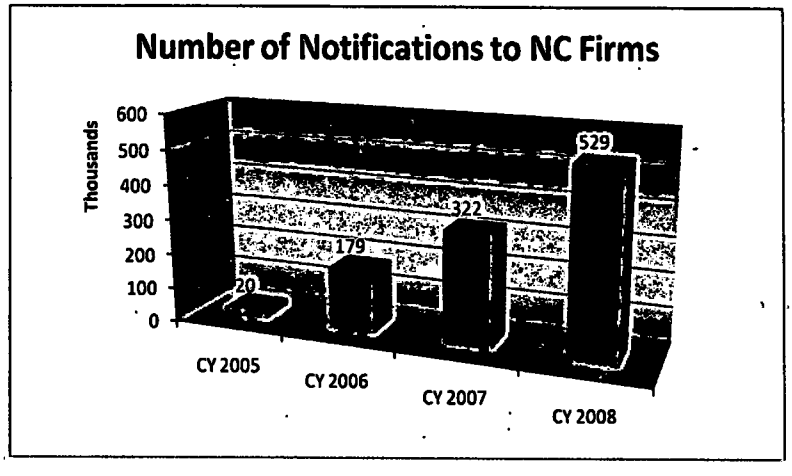
Since "working opportunities" is the core focus of the NCMBC and this task involves both notifying NC businesses about contract opportunities and assisting them with quotes, bids, and proposals, it is important for the NCMBC to maintain a relatively high number of individual opportunities worked, ideally between 2,000 and 2,500. For each of the three full years the NCMBC has operated (CY2006-2008), it has achieved this goal.

Another important performance measure for the business development program is the ***volume of actual notifications*** the NCMBC makes to connect NC businesses to federal contract opportunities worked. This is a measure of the volume of "touches" that occur between NCMBC BD specialists and North Carolina businesses regarding the actual contract opportunities that each business could pursue.

As noted above, NCMBC BD specialists use ACT! (Premium for Web) client management software to not only match, but also to notify businesses of appropriate opportunities. Using the information included in regularly updated business profiles in the ACT! database, NCMBC staff members match the businesses to contract opportunities and send each matched firm a tailored email message or fax, or notify the business by phone of the federal opportunity.

As shown in the graph below, the NCMBC has steadily grown the number of notifications to North Carolina businesses each calendar year from just over 20,000 in CY2005, to over 179,000 in CY2006, to almost 322,000 in CY2007, and over 529,000 in 2008. In CY2007, 80% more businesses were notified than in CY2006; in CY2008, 64% more businesses were notified than in CY2007.

Key Metric: the NCMBC made a grand total of 1,050,595 connections of contract opportunities to North Carolina businesses between March 1, 2005 and December 31, 2008.



As noted above in regard to the volume of businesses registered in MatchForce, the value of these metrics of opportunities imported, opportunities managed and businesses notified cannot be overstated. Through resources provided by the State of North Carolina via the NCMBC, businesses are spared the nightmare of searching for opportunities on a myriad of federal websites and receive timely notification of actual opportunities for which they can compete and win. Connection with opportunities opens the road to contract wins.

Provide technical assistance

The third set of NCMBC metrics focuses on NCMBC activities to provide technical assistance to help businesses learn about the federal Government market, understand solicitations, prepare quotes and proposals, compete for specialized contract opportunities (GSA, MILCON), and to successfully execute contracts after

Key Metric
The NCMBC made a grand total of 1,050,595 connections of contract opportunities to North Carolina businesses between March 1, 2005 and December 31, 2008.

Client Testimonial
"Thank you so very much for all your help in putting together our GSA Solicitation... each and every time we call you, you are always eager to answer our questions... you always know the answers and it's refreshing to know that you are available to help our veteran owned business and that you do the same for other veterans in North Carolina."

~R. Renee Jones, A Creative Touch Inc.

award. These activities support NCMBC objective 1.3 and ultimately Goal 1 – increased prime and subcontract awards to North Carolina businesses.

NCMBC clients already participating in the general federal market who are matched and notified of opportunities often do not require or do not request business counseling to understand solicitations or to prepare and submit quotes or proposals. However, many clients do request and receive one-on-one business counseling about how to enter the market and compete for federal contracts. Although such assistance is very resource intensive, it is essential in enabling a firm with little or no experience in the federal contracting arena to submit an acceptable competitive response to a solicitation. Some of these companies win contracts – others are building the experience and technical capacity to compete and win in the future. Obviously, simply notifying firms about opportunities without providing the necessary counseling about how to actually pursue them would not accomplish Goal 1—increased prime and subcontract awards to NC businesses.

Based on NCMBC data collected during CY2008, the NCMBC BD team engages in approximately 280 technical assistance counseling sessions per month, for a total of approximately 175 counseling hours per month.

Key Metric: this monthly volume equates to over 3,000 counseling sessions per year for a yearly total of more than 2,100 hours of one-on-one client-focused business development.

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It is interesting to note that during CY2005 and 2006, the vast majority of counseling involved basic information on how to enter the federal marketplace and locate potential contracting opportunities. Data from CY2008 indicates that approximately 33% of counseling sessions involved solicitation-specific information, meaning the firm being counseled was aware of a specific opportunity and that it requested assistance in submitting a response. Approximately 4% of counseling sessions involved post-award issues. Thus, during CY2008, approximately 37% of one-on-one counseling directly involved an actual contract opportunity being pursued by a NC firm or a contract already won by a NC firm.

Two special categories of NCMBC business counseling include:

- Technical assistance to major North Carolina general construction companies and design build teams. The technical assistance provided by the NCMBC MILCON specialists has focused on engaging these businesses in the market, working intensively with them to bid on high-value contracts, and sustaining their engagement in the market. For further discussion see "Military Construction Specific Considerations" below.
- Technical assistance to businesses pursuing GSA contracts. Many federal buyers purchase extensively via GSA schedules from GSA contract holders. **Key Metric:** from January through December 2008 alone, the NCMBC has provided technical assistance counseling to more than 40 North Carolina businesses to examine the possibility of seeking a GSA FSS contract. As a result of these activities, many of these businesses have started on the path to pursuing a GSA contract. This process will typically require six or more months to navigate.

Key Point
The presence of highly energized NCMBC staff across the state and their one-on-one engagement with businesses tangibly demonstrate the State's investment in and commitment to growing businesses and jobs.

Key Point: although the NCMBC and others consistently and appropriately focus more on metrics of "contract wins" and less on business assistance and counseling activities, these activities are essential to engaging and retaining the business capacity

in the market that ultimately will win contracts. More importantly, the presence of highly energized NCMBC staff across the state and their one-on-one engagement with businesses tangibly demonstrate the **State of North Carolina's investment in and commitment to growing businesses and growing jobs through growing engagement in the rapidly expanding federal market.** Fully resourced statewide presence and engagement of the NCMBC are essential.

Win Contracts – Producing NCMBC "Wins"

The NCMBC's ultimate metrics and most impressive results focus on the number of "opportunities worked" by NCMBC staff that resulted in contract awards to North Carolina businesses, the value of those contract awards, and the number and value of contract awards that result from MatchForce opportunity-to-business profile matches. These measures of the ***volume and value*** of contract awards are the yard stick by which the NCMBC measures ultimate progress in achieving Goal 1.

NCMBC has assisted North Carolina businesses in obtaining at least 597 wins between 2005 and 2/21/2009.

Business Development Team "Wins"

NCMBC BD team "wins" are actual contract awards that resulted directly from activities of NCMBC staff members in support of the contract winner on the ***specific opportunity*** that resulted in the contract. These activities may include identifying and connecting the solicitation or subcontracting opportunity to the winning company, and/or providing technical assistance on the solicitation to the winning company. The NCMBC does NOT count as "wins" contract awards to NCMBC "clients," businesses that an NCMBC staff member(s) may have even recruited, engaged in the market and/or counseled on opportunities in the past, unless an NCMBC staff member ***engaged directly*** with the winning company on the opportunity that resulted in the contract award. The goal is that individual business "clients" may "graduate" from NCMBC technical assistance, although they will continue to benefit from MatchForce and BD team connections to federal opportunities.

The NCMBC uses several resources to capture this data including information received from individual North Carolina businesses, postings of contract awards on FedBizOpps, DoD's public announcements of contract awards exceeding $5 million, and FPDS-NG, the federal government's database of contract award information. Unfortunately, it is not always easy to obtain contract award information, as not all of it is publicly available in a format that allows the NCMBC to track awards back to particular solicitations. As a last resort, the NCMBC asks the individual federal buying offices for contract award information. Some of the agencies cooperate, and some do not.

Client Testimonial
"I was doing a follow-up to let you know that we got the job... Had we not... it would have been a dismal 4th quarter for us to say the least."
~Charles Bellia, The Stereo-Shop

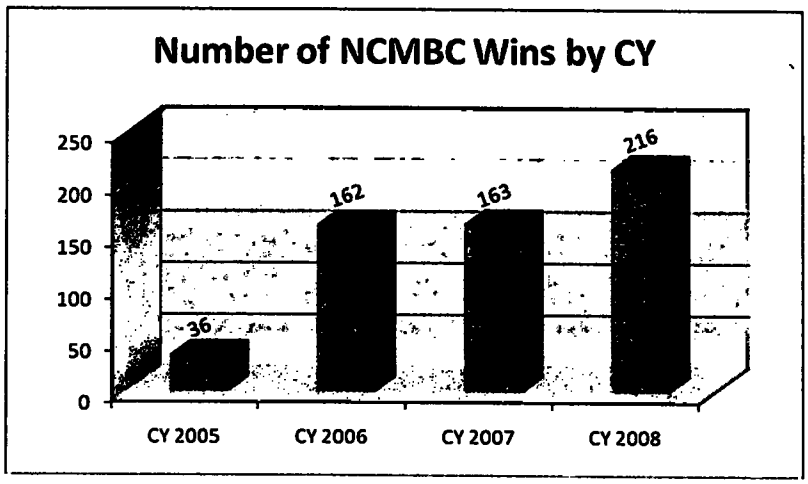
In addition, it is important to note that some larger and more complex federal acquisitions may take up to a year or even two years or more to award after the initial presolicitation notice is issued. Therefore, there can be a significant time lag between when the NCMBC works an opportunity and when the contract is finally awarded.

Given all of the above, NCMBC BD team "wins" are recorded as occurring in the calendar year in which the award information becomes available to the NCMBC. Because award information is very difficult to obtain, the ***NCMBC "win" data***

reflects only the awards publicly posted or of which the NCMBC is aware, and therefore ***is significantly understated.***

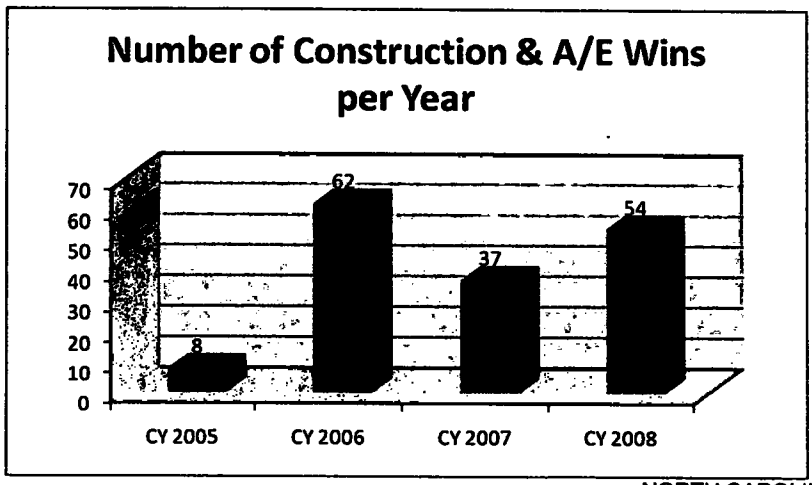
Volume of Business Development Team "Wins"

The below chart illustrates the total number of NCMBC BD team "wins" for each calendar year. The NCMBC achieved 36 recorded "wins" in CY2005, 162 in 2006, 163 in CY2007, 216 in CY2008, and 20 more as of February 21, 2009.



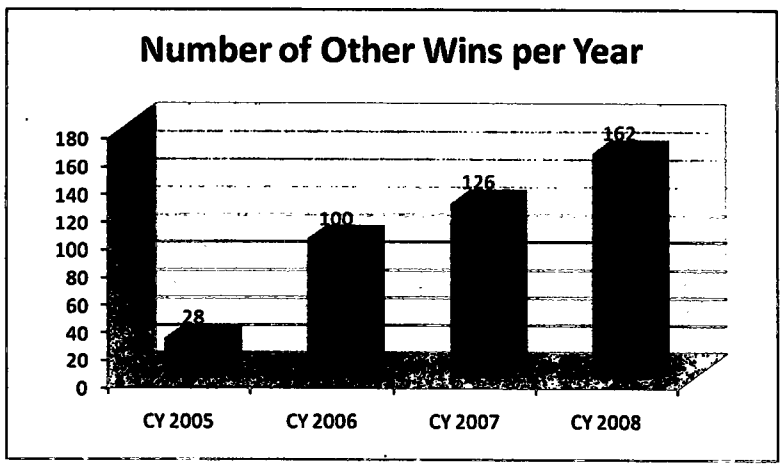
Key Metric: the NCMBC has recorded a grand total of 597 NCMBC BD Team "wins" between its commencement of operations in mid-2005 and February 21, 2009.

Because of the nature of construction and architectural/engineering (A/E) services, the NCMBC tracks the awards of these types of opportunities separately from those for other services and products. As shown in the chart below, NCMBC "wins" for construction and A/E rose from 8 in 2005 to 62 in 2006, when Fort Bragg issued solicitations for a large number of small construction jobs and the NCMBC was successful in helping NC businesses to pursue and win these projects. The NCMBC had 37 "wins" for construction and A/E in 2007, 54 in 2008, and has recorded 10 more "wins" as of February 21, 2009.



Key Metric
The NCMBC has recorded a grand total of 597 NCMBC BD Team "wins" between its commencement of operations in mid-2005 and February 21, 2009.

As shown in the chart below, the number of NCMBC "wins" for other services and products has risen steadily each year, from 28 in 2005 to 162 in 2008. Ten more "wins" have been recorded as of February 21, 2009.



Key Metric
From the commencement of operations in mid-2005 through February 21, 2009, the NCMBC recorded a grand total of 171 "wins" for construction and A/E projects and a grand total of 426 "wins" for other services and products.

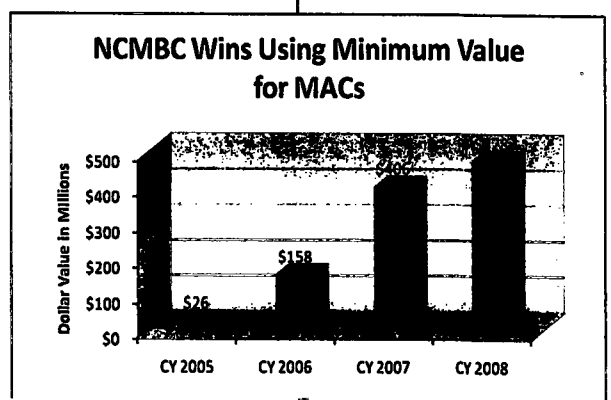
Key Metric: from the commencement of operations in mid-2005 through February 21, 2009, the NCMBC recorded a grand total of 171 "wins" for construction and A/E projects and a grand total of 426 "wins" for other services and products.

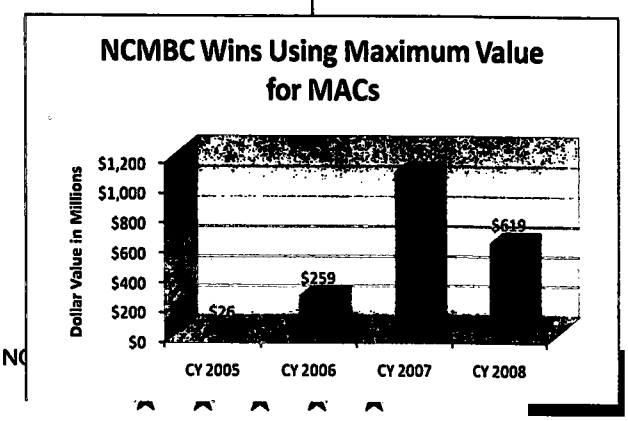
Value of Business Development Team "Wins"

Tracking contract award data is somewhat complicated by the government's use of a variety of different contract mechanisms to meet its needs. For some of its indefinite requirements, the government competes the requirement and makes a single contract award which allows them to place orders against that contract during the contract period. For others, the government uses Multiple Award Contracts (MACs), awarding contracts to two or more contractors and then competing individual task or delivery orders between the contractors. Each MAC has a guaranteed minimum value and a maximum potential value. In actuality, the total value of the contract will end up falling somewhere in between these two values by the time the contract ends.

For MACs, the NCMBC records "wins" using the minimum guaranteed value, but also noting the potential maximum value. The charts to the right compare the relative values of NCMBC "wins" for each year with both the minimum and the maximum values for MAC "wins."

The large number shown for CY2007 using the maximum for MACs is due to a large number of NCMBC "wins" for large dollar value construction MACs related to the Army Corps of Engineers (USACE) re-organization and move





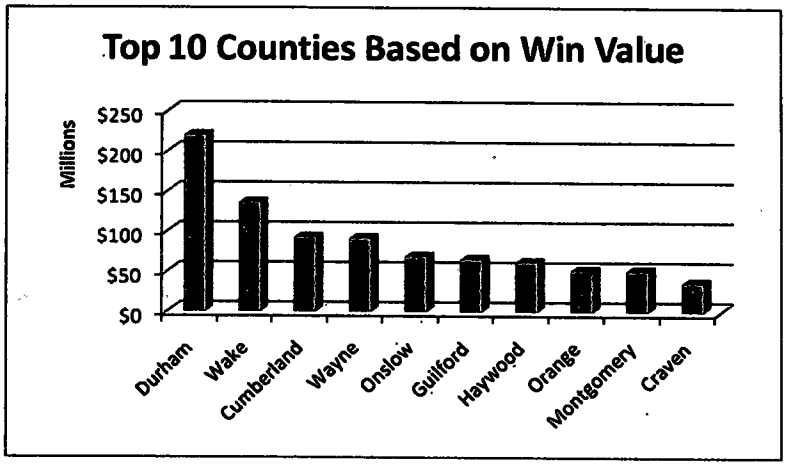
toward Centers of Standardization. This new program constituted a major shift in how USACE procures construction, architecture, and engineering services and includes significant use of MACs for execution of large dollar value contracts.

Key Metric: from the commencement of operations in mid-2005 through February 21, 2009, the NCMBC has recorded BD team "wins" worth a total of at least $1.15 to $2.77 billion. The lower figure uses the minimum for multiple award contracts, and the higher figure uses the maximum.

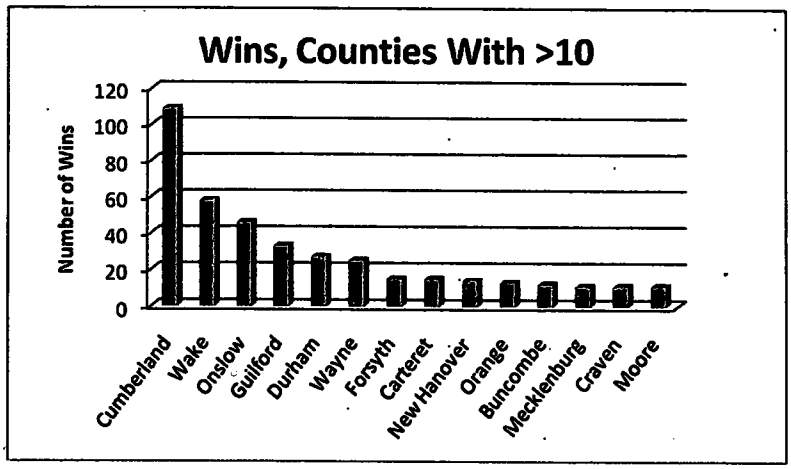
Key Metric
From the commencement of operations in mid-2005 through February 21, 2009, the NCMBC has recorded BD team "wins" worth a total of at least $1.15 to $2.77 billion.

Location of Business Development Team "Wins"

In addition to tracking BD team "win" information by number and dollar value, the NCMBC also monitors the location of North Carolina businesses winning contracts to ensure that NCMBC resources are available to "winners" and "future winners" statewide. The chart below shows the top 10 counties with businesses that received NCMBC assistance and were successful in pursuit of federal contracts from 2005 through 2008. (For purposes of this chart, the value of "wins" in each county reflects the minimum value of any MACs.)



Counties with businesses that won more than 10 contracts with NCMBC assistance from 2005 through 2008 are as follows:



Key Metric
After just 3.5 years of operations, the NCMBC has recorded "wins" for firms located in 66 different North Carolina counties.

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Military Construction-Specific Considerations

Given the large amount of opportunity in the federal construction and architecture/engineering market and unique challenges in receiving contract awards, the NCMBC closely monitors successes in the military construction initiative. One unique challenge is the willingness of key businesses to take risks and enter the marketplace. Given the amount of liability in the construction arena and the small profit margins that construction contractors make, new business ventures are not taken lightly and the decision to pursue federal construction is often a high level corporate commitment.

Client Testimonial
"[NCMBC] held our hand through the entire process. We had never done a military sale before and we were extremely nervous. Then we made a mistake and had trouble collecting on the invoice. Again, [NCMBC] came to our rescue..."
~Marguerite Gibbons, In His Name Inc.

The NCMBC has achieved numerous successes as a result of the Military Construction initiative, including the cultivation of relationships and engagement of several key contractors that have engaged the market and committed to pursuing federal construction and design/build opportunities. These contractors include "home-grown" North Carolina contractors, as well as large regional and national contractors. Combined, these contractors offer over $12 billion in total annual construction capacity. Each has identified specific projects in their range of interest and has committed to bid with NCMBC assistance. In addition, the NCMBC is currently working with several other contractors that offer an additional combined annual capacity of over $4 billion to explore interests in the federal market.

The NCMBC tracks construction "wins" by dollar value and by level of NCMBC engagement. A recent "win" by an NCMBC client – instructive of extensive NCMBC operations – was a $14,178,500 award in November 2008. This success is a testament to the comprehensive services that NCMBC offers and its "behind the scenes" work to leverage opportunities for NC business. In this instance, the NCMBC Military Construction specialists identified the opportunity as a potential NC-only 8(a) opportunity. The NCMBC worked with the SBA and Naval Facilities Engineering Command to reserve this project for NC 8(a) businesses by demonstrating that adequate resources and talent were available in North Carolina. Furthermore, the NCMBC assisted in the development of several key teams, identified and recommended large specialty contractors to assist each team, ensured adequate prime and subcontract bid coverage, and provided proposal assistance to teams as requested.

Key Metric
In less than two years, the NCMBC has provided 34 post-award instances of assistance that affected contract values totaling in excess of $14 million.

Contract Administration Assistance

The NCMBC first began tracking the assistance provided to businesses after contract award in calendar year 2007. **Key Metric:** in less than two years, the NCMBC has provided 34 post-award instances of assistance that affected contract values totaling in excess of $14 million. The NCMBC is currently averaging two calls or visits a week from vendors seeking help with DoD electronic invoicing (Wide Area Workflow) and related payment issues.

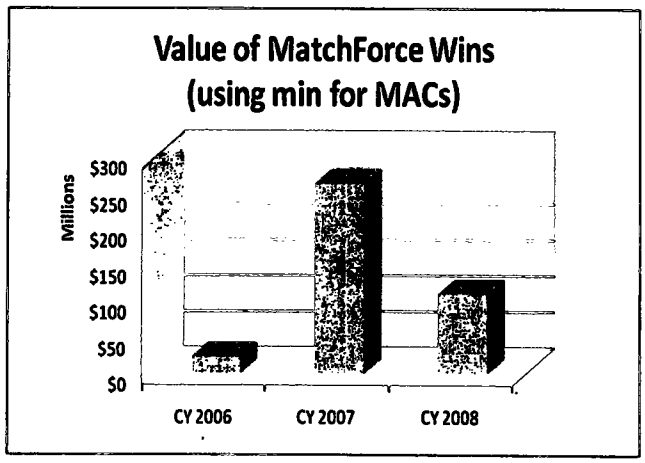
Key Metric
Between CY2006 and February 21, 2009, the NCMBC has identified a minimum of 139 "MatchForce wins," valued at between $436 and $868 million.

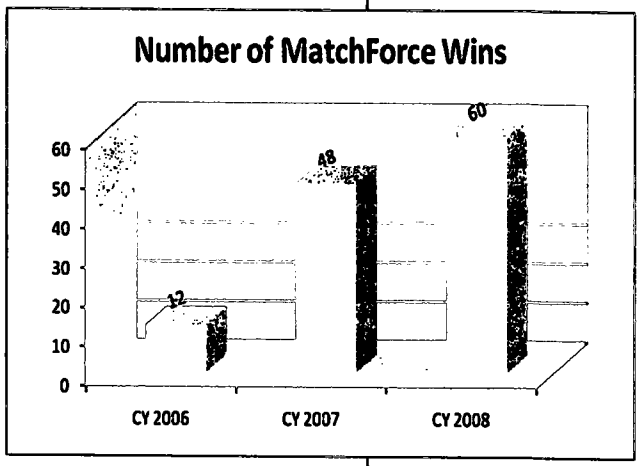
MatchForce "Wins"

In addition to the above statistics for "wins" by the NCMBC BD team, the NCMBC achieves and measures contract "wins" that result from businesses receiving opportunity matches to their business profiles on MatchForce. **Key Metric:**

between CY2006 and February 21, 2009, the NCMBC has identified a minimum of 139 "MatchForce wins," valued at between $436 and $868 million.

The NCMBC designates a publicly announced contract award a "MatchForce win" when the North Carolina business awarded the contract received an initial notification of the opportunity through a match to its business profile on MatchForce. Since not all contract awards are publicly announced, and otherwise are difficult to identify, the actual number of "MatchForce wins" is ***undoubtedly higher*** than the $436.3 million minimum figure above.





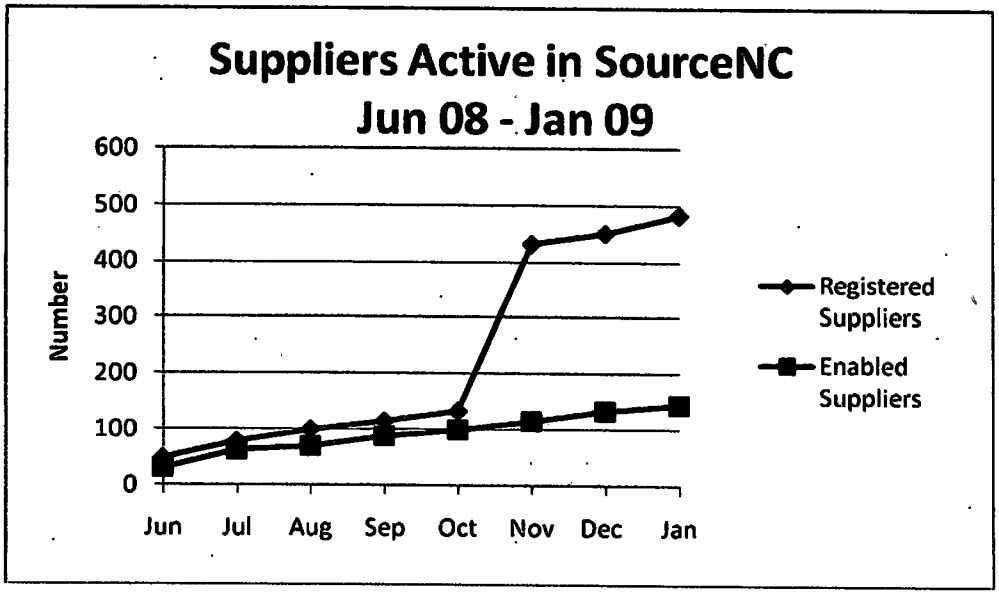
While very impressive and admittedly understated due to the difficulty of data capture, these MatchForce "wins" are well below the "wins" achieved by the BD team – both in number (139 vs. 597) and value ($436 million vs. $1.147 billion). Without denigrating MatchForce, this relationship underscores the value of the BD team in identifying and connecting the most lucrative and winnable opportunities to businesses in the State, and the value of providing one-on-one business assistance to help great companies develop great proposals to win lucrative contracts. Though a tremendous system, MatchForce does not supplant the need for technically capable business development professionals, reasonably available to businesses statewide.

SourceNC

The above discussion addresses activities to register businesses in the general federal market, to connect them to opportunities, and to assist them in winning federal opportunities. Parallel to this effort, the NCMBC conducts similar activities in the defense machining market, through its strategic initiatives program. NCMBC activities to register, connect and help businesses win opportunities in the machining market support the same Objectives 1.1, 1.3, 1.4 and 1.5, and ultimately NCMBC Goal 1.

Using the same methodology as outlined for large federal opportunities above, the NCMBC has implemented similar metrics for its brand new machining opportunity matching portal, SourceNC – the component of the defense machining initiative that supports the above objectives and Goal 1. The NCMBC launched the defense machining initiative and SourceNC in June 2008, so results are only available for seven months.

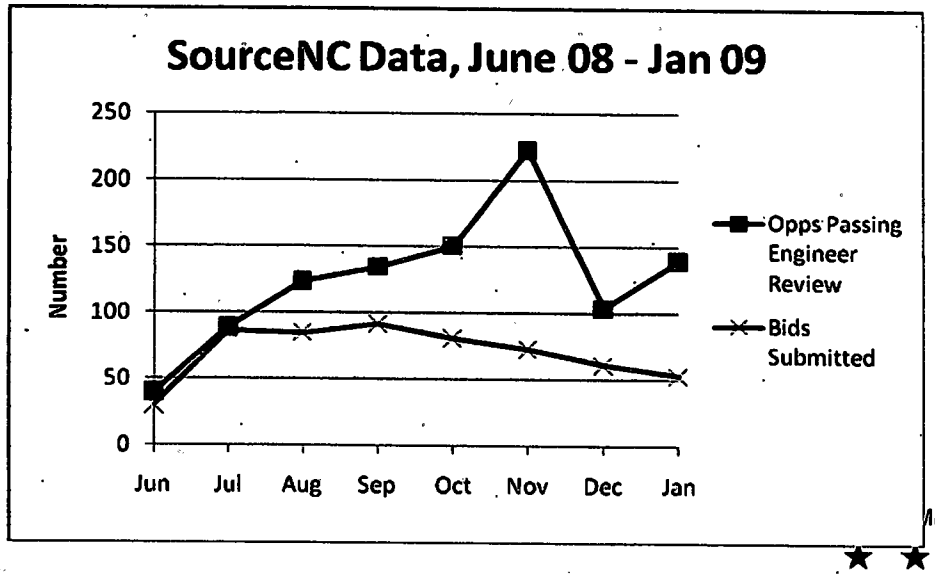
It is important to note that much of the initial emphasis of this initiative was on recruiting North Carolina businesses to register on SourceNC. Once they are registered at SourceNC, businesses must register on CCR, because they must have a federally-issued CAGE code in order to submit bids.



Key Metric
As of January 31, 2009, a total of 483 businesses were registered on SourceNC, and 145 were fully enabled SourceNC suppliers.

Key Metric: as of January 31, 2009, a total of 483 businesses had registered on SourceNC, and 145 were fully enabled SourceNC suppliers. The chart above, "Suppliers Active in SourceNC", shows the growth in the number of total registered businesses and fully enabled suppliers on SourceNC, from inception in June 2008 through the end of January 2009.

For each month, the chart "SourceNC Data" shows the number of machining opportunities that SourceHorizon screened and determined as having passed the pre-posting engineering review, and the number of bids submitted by North Carolina businesses in response to these SourceNC postings. The number of opportunities available for screening (the number posted by Government buyers) and for engineering review declined significantly in December, presumably reflecting a procurement slowdown due to the holidays or other factors.



Key Metric: as of January 31, 2009, SourceHorizon mined a total of 1,699 opportunities, determined 1,250 to be initially suitable, and had 1,006 pass engineering review and posted to SourceNC. Enabled SourceNC suppliers submitted a total of 562 confirmed bids on these opportunities.

Key Metric
As of January 31, 2009, SourceHorizon mined a total of 1,699 opportunities, determined 1,250 to be initially suitable, and had 1,006 pass engineering review and posted to SourceNC. Enabled SourceNC suppliers submitted a total of 562 confirmed bids on these opportunities.

Capturing award data for machining opportunities posted to SourceNC is even more problematic than capturing similar data for general federal contract opportunities (as outlined above). DLA rarely announces award winners publicly, and obtaining award data is problematic. Additionally, awards that are publicly announced do not include the solicitation number from the original announcement, which is keyed to the posting in SourceNC – which makes identifying awards a difficult and labor intensive process. Finally, because of the often significant time lag from the date of bid submittal to contract award, DLA has not yet awarded contracts for many of the opportunities posted to SourceNC since June 2008. As a result, award metrics below are probably ***significantly understated***.

Key Metric: as of January 31, 2009, the NCMBC had identified not less than 17 confirmed contracts (valued at $156,772) awarded since October 2008 to North Carolina businesses directly from SourceNC postings. In addition, during the same period, the NCMBC identified not less than 48 confirmed contract awards (valued at $1,531,210) to SourceNC-registered suppliers, some of which may have resulted from SourceNC postings.

Key Metric
As of January 31, 2009, the NCMBC had identified not less than 17 confirmed contracts (valued at $156,772) awarded since October 2008 to North Carolina businesses directly from SourceNC postings.

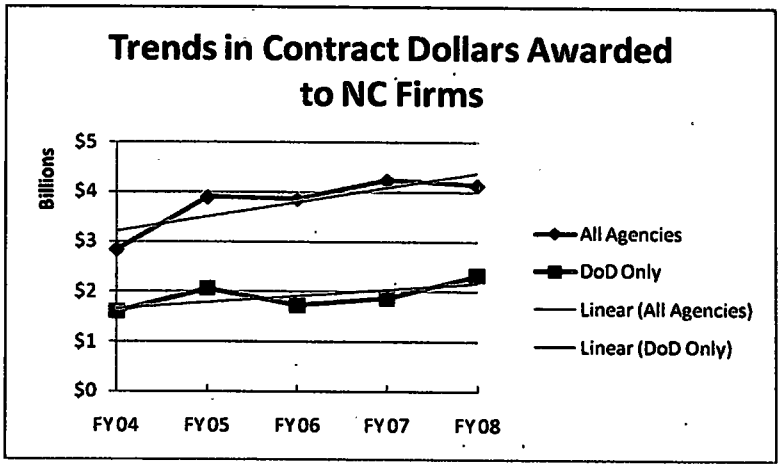
Total Federal and DoD Contract Dollars Awarded to North Carolina Firms

The ultimate question is whether the NCMBC can show that its efforts have positively impacted the federal contracting dollars being awarded to North Carolina firms. All of the major federal Government agencies report data regarding contract awards to the Federal Procurement Data System-Next Generation (FPDS-NG). Data regarding contracts awarded to firms located in North Carolina can be extracted from this database. Most federal contracting data is tracked using the federal fiscal year (October 1 through September 30) in which the funding is obligated, and data is currently available through the end of FY2008.

Although the NCMBC cannot claim all of the credit, the trends indicate that dollars being awarded to firms located in North Carolina are rising. **Key Point: The NCMBC did not "work" all opportunities that resulted in contracts to North Carolina companies. However,** the **activities of the NCMBC** to **build awareness** of the market statewide, **engage federal buyers** with North Carolina sources, **engage and retain North Carolina companies** in the market, and **to produce significant contract "wins"** have a **collateral and synergistic effect**, contributing either directly or indirectly to all contract awards in the state. The data demonstrates that State of North Carolina's investment in this market is paying dividends in job growth, job retention and economic expansion in the state.

Key Point
The NCMBC did not "work" all opportunities that resulted in contracts to North Carolina companies. However, the activities of the NCMBC have a collateral and synergistic effect, contributing either directly or indirectly to all contract awards in the state. The data demonstrates that State of North Carolina's investment in this market is paying dividends in job growth, job retention and economic expansion in the state.

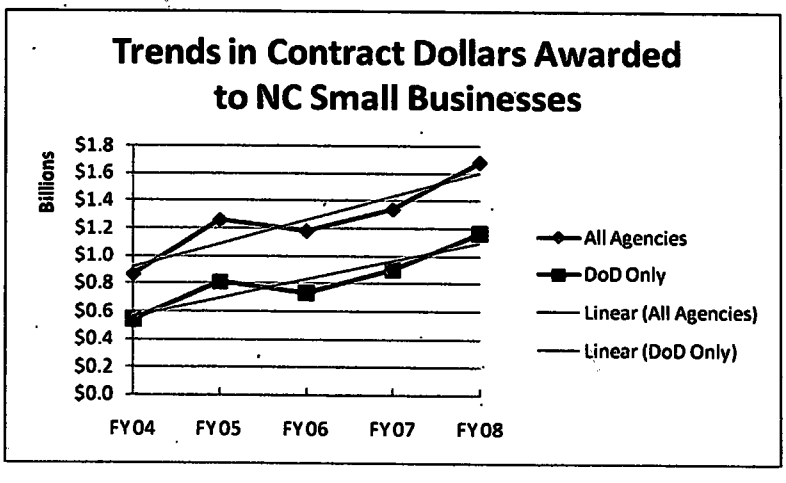
The below chart shows the total federal dollars obligated by all federal agencies via contracts awarded to companies in North Carolina, as well as those dollars obligated by the Department of Defense (DoD) alone. Note that this data which represents awards to companies in North Carolina is a different metric from data reported directly by DoD (awards in North Carolina, based on place of performance), which is cited elsewhere in this report.



Key Metric
The total dollar value of contract awards to North Carolina firms by all federal agencies as well as by DoD alone are both trending upward.

Key metric: the total dollar value of contract awards to North Carolina firms by all federal agencies as well as by DoD alone are both trending upward. Total federal dollars have risen from $2.8 billion in FY2004 to $4.1 billion in FY2008, an increase of 146%. DoD dollars have risen from $1.6 billion in FY2004 to $2.3 billion in FY2008, an increase of 145%.

Although the NCMBC provides assistance to all types of business entities located in North Carolina (large businesses, small businesses, not-for-profits, non-profits, universities, etc.), the vast majority of assistance is provided to small businesses simply because they often lack the experience and expertise that is required to enter and pursue the federal market. The following chart shows the total federal dollars obligated by all federal agencies via contracts awarded to North Carolina small businesses, as well as those obligated by the Department of Defense (DoD) alone.

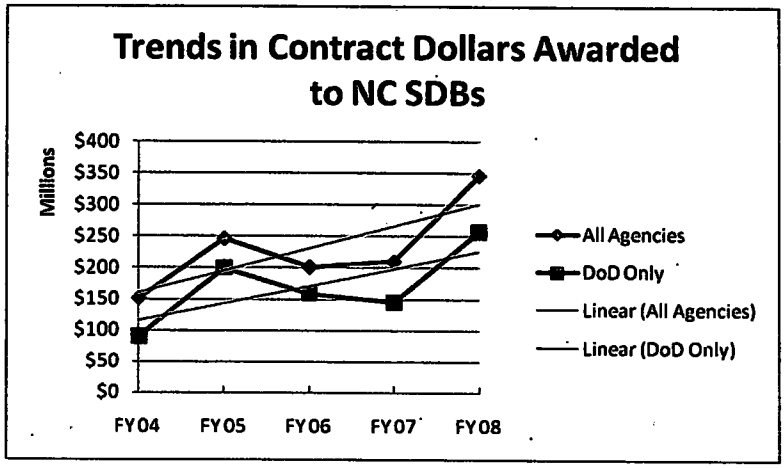


Key Metric
The total dollar value of contract awards to North Carolina small businesses by all federal agencies as well as by DoD alone are both trending upward.

Key metric: the total dollar value of contract awards to North Carolina small businesses by all federal agencies as well as by DoD alone are both trending upward. Total federal dollars have almost doubled, rising from $860 million in FY2004 to nearly $1.7 billion in FY2008. DoD dollars have more than doubled, rising from $539 million in FY2004 to nearly $1.2 billion in FY2008.

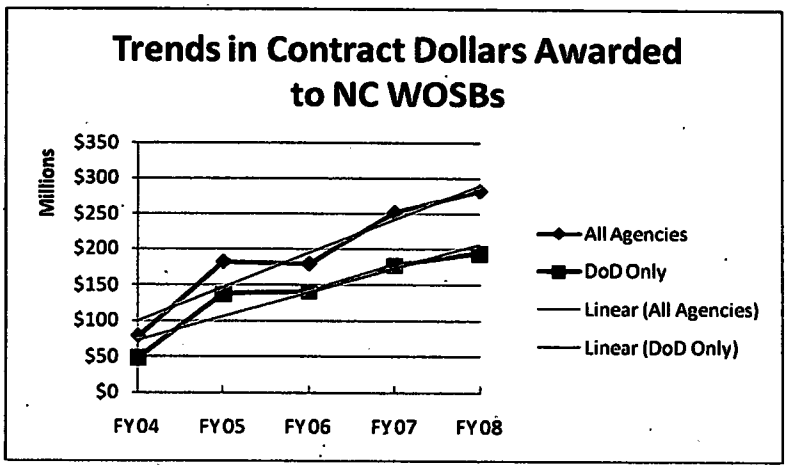
Federal agencies have goals for awarding contracts to small businesses, small disadvantaged businesses (SDBs), women-owned small businesses (WOSBs),

HUBZone certified firms, veteran-owned small businesses (VOSBs), and service-diasabled veteran-owned small businesses (SDVOSB). The NCMBC specifically targets recruitment of each of these types of firms to the federal market and educates them about how to best leverage their socioeconomic status to win federal contracts. Therefore, it is useful to examine components of the small business data.



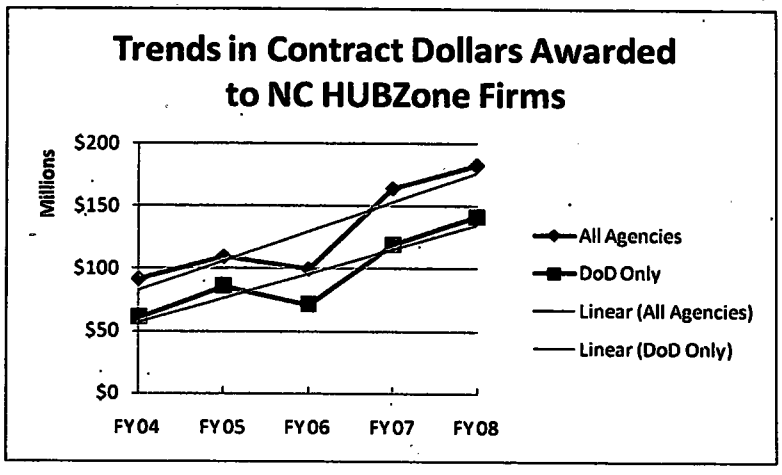
Key Metric
The total dollar value of contract awards to North Carolina small disadvantaged businesses (SDBs) by all federal agencies as well as by DoD alone are both trending upward.

Key metric: the total dollar value of contract awards to North Carolina small disadvantaged businesses (SDBs) by all federal agencies as well as by DoD alone are both trending upward. The dollar value of contract awards by all federal agencies has risen steadily since FY2006 to a high of $347 million in FY2008 and has more than doubled since FY2004. DoD dollars have almost tripled over the same five year period, rising from $91 million in FY2004 to nearly $258 million in FY2008.



Key Metric
The dollar value of all federal contract awards to North Carolina women-owned small businesses (WOSBs) has risen steadily since FY2006 to a high of $282 million in FY2008.

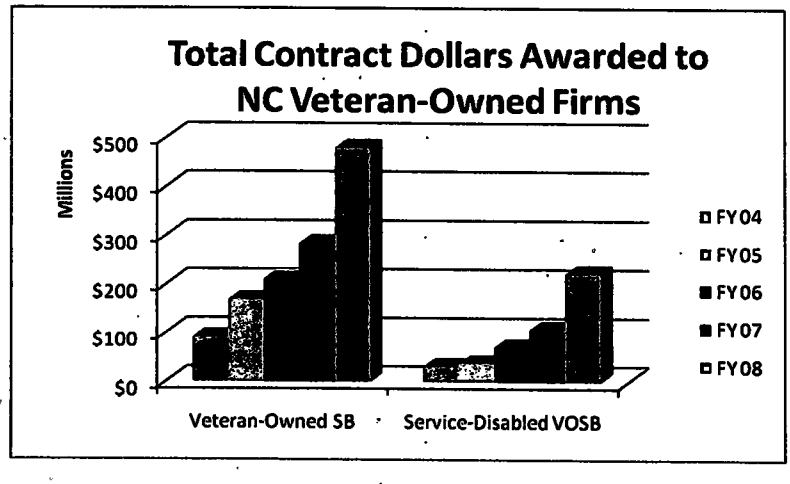
Key metric: the dollar value of all federal contract awards to North Carolina women-owned small businesses (WOSBs) has risen steadily since FY2006 to a high of $282 million in FY2008, and has more than tripled since FY2004 when it was $91 million. DoD dollars have risen more than 405% over the same five year period, from almost $48 million in FY2004 to nearly $194 million in FY2008.



Key Metric
The dollar value of all federal contract awards to North Carolina HUBZone certified firms has risen steadily since FY2006 to a high of $183 million in FY2008.

Key metric: the dollar value of all federal contract awards to North Carolina HUBZone certified firms has risen steadily since FY2006 to a high of $183 million in FY2008 and has nearly doubled since FY2004. DoD dollars have more than doubled over the same five year period, from almost $61 million in FY2004 to nearly $142 million in FY2008.

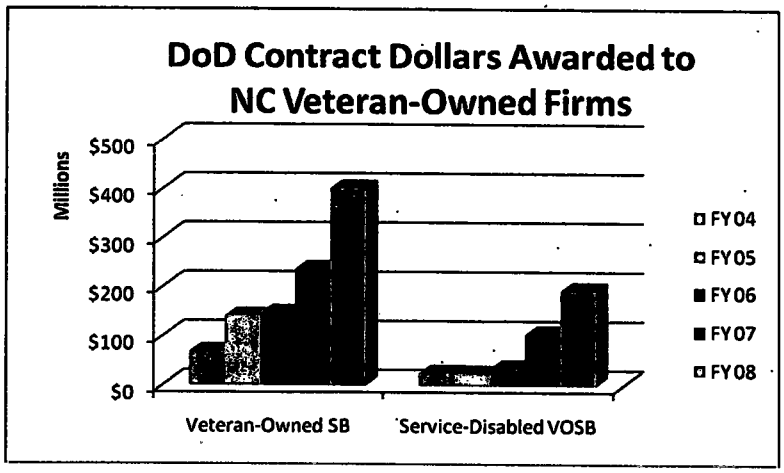
Even more impressive, and especially meaningful given the mission of the NCMBC and its focus on the military, is the growth in contract dollars going to North Carolina veteran-owned and service-disabled veteran-owned small businesses.



Key Metric
The dollar value of all contract awards to North Carolina veteran-owned small businesses has risen steadily and dramatically since FY2004. The dollar value of contract awards to North Carolina service-disabled veteran-owned small businesses has also risen dramatically since FY2004.

Key metric: the dollar value of all contract awards to North Carolina veteran-owned small businesses has risen steadily and dramatically since FY2004 from just over $91 million to more than $479 million in FY2008, increasing 526% over this time span. The dollar value of contract awards to North Carolina service-disabled veteran-owned small businesses has also risen dramatically since FY2004 from just over $31 million to more than $223 million in FY2008, increasing an incredible 713% over this time.

DoD contract awards to North Carolina veteran-owned and service-disabled veteran-owned businesses reveal similar results.



Key Metric
The dollar value of DoD contract awards to North Carolina veteran-owned small businesses has risen dramatically since FY2004. Similarly, the dollar value of contract awards to North Carolina service-disabled veteran-owned businesses has also risen dramatically since FY2004.

Key metric: the dollar value of DoD contract awards to North Carolina veteran-owned small businesses has risen dramatically since FY2004 from almost $68 million to more than $401 million in FY2008, increasing 526% over this time span. The dollar value of contract awards to North Carolina service-disabled veteran-owned small businesses has also risen dramatically since FY2004 from just over $24 million to more than $193 million in FY2008, increasing an amazing 788% over this time.

Goal I Summary

The NCMBC does not take "credit" for contract awards to its North Carolina business clients. These businesses ultimately won these contracts (which the NCMBC terms "Wins") because they offered the best products and/or best services, at the best prices and best value to the government. However, the NCMBC played a role in winning each of these awards, either by screening the opportunities prior to posting on SourceNC, notifying the winning businesses of contract opportunities through MatchForce or the BD team, or by providing technical assistance to help the winners understand the solicitations and to compete for the contracts that they ultimately won.

Neither does the NCMBC take "credit" for the total federal or DoD contract award dollars going to North Carolina firms. These figures are affected by complex factors over which the NCMBC has no control.

Key Point
Metric data supports the conclusion that the NCMBC's activities and the State of North Carolina's investment in the federal market sector are generating considerable success that contribute to securing:

- *More federal contracting dollars*
- *Creating and preserving jobs*
- *Expanding the economy of the state*

Key Point: However, the **data certainly supports the conclusion that the NCMBC's activities** to promote the federal market and assist North Carolina firms in winning federal contracts, and the **State of North Carolina's investment in this rapidly expanding and lucrative market sector**, are **generating considerable successes** (known and unknown, recognized as "wins" or not) and are **contributing to securing more federal contracting dollars, creating and preserving more jobs** and **expanding the economy** of North Carolina through the federal marketplace.

NCMBC metrics effectively track key processes in achieving increased federal prime and subcontracts to North Carolina businesses – and progress toward achieving NCMBC Goal I and its key objectives. The metrics of NCMBC outcomes indicate that its programs and initiatives are effective. Continued evaluation, modification and implementation of current initiatives, and resourcing complimentary new

strategies developed by the NCMBC will increase contract awards to North Carolina businesses even more in the future.

GOAL 2

To achieve the NCMBC's Goal 2 (increase employment of transitioning military personnel and family members), the NCMBC must:

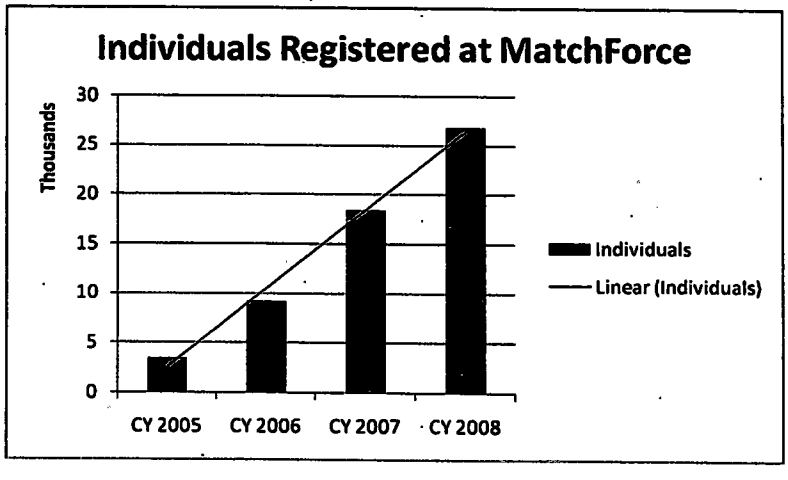
- Expand the pool of transitioning military and family members for employment (objective 2.1; achieved by the NCMBC communications and outreach and employment programs; measured with MatchForce metrics)
- Expand private and public sector job opportunities for transitioning military and family members (objective 2.2; achieved by the NCMBC communications and outreach and employment programs; measured with MatchForce metrics)

To achieve these objectives, the NCMBC actively recruits individuals to create skill profiles on MatchForce, trains, promotes and assists businesses registered on MatchForce to post jobs on MatchForce, and ensures that MatchForce creates accurate and effective matches between job opportunities and individual profiles. Ultimately, these activities will result in increased hiring of transitioning military personnel and family members by businesses registered in the MatchForce portal.

The NCMBC has established metrics for these activities on MatchForce. It should be noted that the NCMBC does not distinguish between military and non-military connected individuals in these statistics. Since the NCMBC markets MatchForce extensively to the military community, the NCMBC believes that transitioning personnel and family members make up a representative sample of the data included in NCMBC metrics. Additionally, it should be noted that neither individuals nor companies posting jobs are required to provide information about actual new hires as a result of jobs posted or matches achieved on MatchForce.

MatchForce registrations

Since the statewide rollout of MatchForce in early 2005, there has been a steady linear increase in the number of individuals registered in the database as demonstrated by the chart below. During a typical week with no marketing, roughly 40-70 individuals register on MatchForce. During NCMBC marketing campaigns, the number increases to 120 to 160 individuals per week.

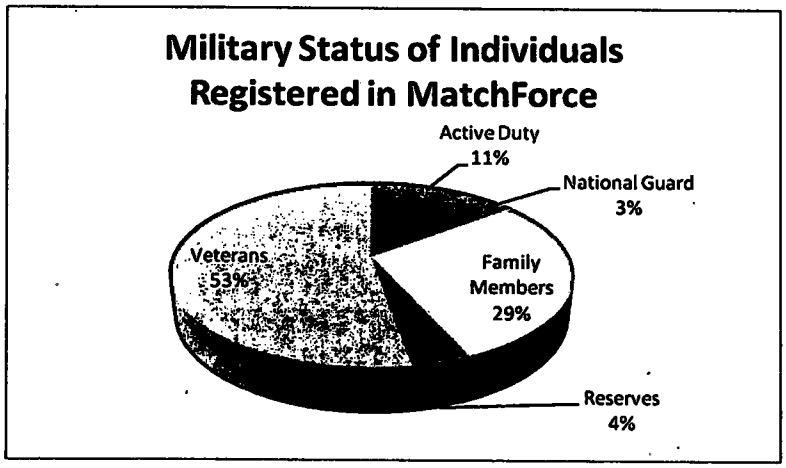


Key Metric: as of February 21, 2009, 27,475 individuals had registered their skills on MatchForce.

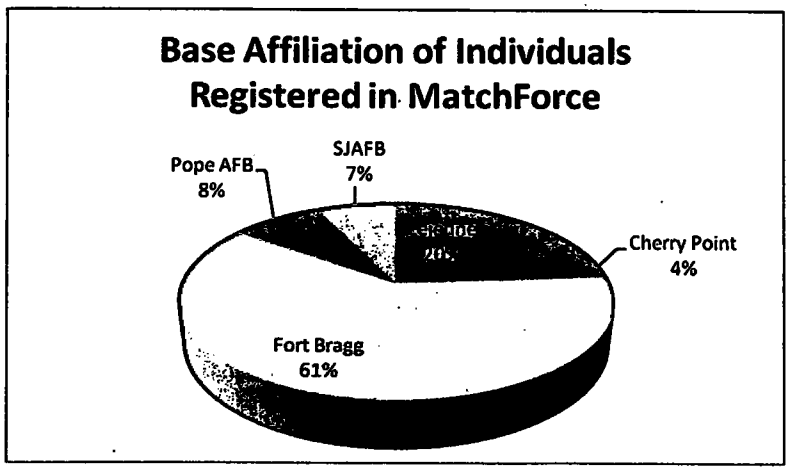
Key Metric
As of 2/21/09, 27,475 individuals had registered their skills on MatchForce.

Military Status of MatchForce.org Registrants

Individuals have the option to indicate their military status when registering on MatchForce. Out of the 26,841 individuals actively registered as of December 31, 2008, 9,198 individuals indicated that they had some military status. The number of military personnel and family members may in fact be higher than listed in the database, since it is not a required field and many individuals, particularly military spouses, believe that identifying their military status may reduce (sadly) their competitiveness for jobs. The chart below reflects the percentage of registrants who indicated their military status.



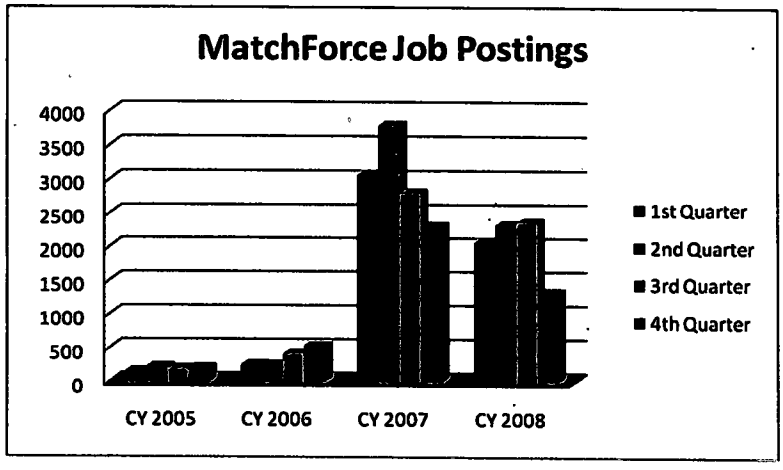
Individuals who chose to indicate a military status were also asked to indicate with which of the North Carolina military bases they were associated. The chart below reflects the percentage who indicated they were affiliated with Fort Bragg, Pope Air Force Base, Seymour Johnson Air Force Base (SJAFB), Camp Lejeune, and Marine Corps Air Station Cherry Point. This data helps the NCMBC target and assess its individual recruitment activities.



Job Opportunity Postings on MatchForce

The chart below reflects the number of new jobs posted on MatchForce during each calendar quarter. On any given day, roughly 4,000 job postings are available on MatchForce. **Key Metric:** North Carolina businesses (and the State of North Carolina) have posted a total of 22,204 job vacancies to MatchForce between January 2005 and December 31, 2008.

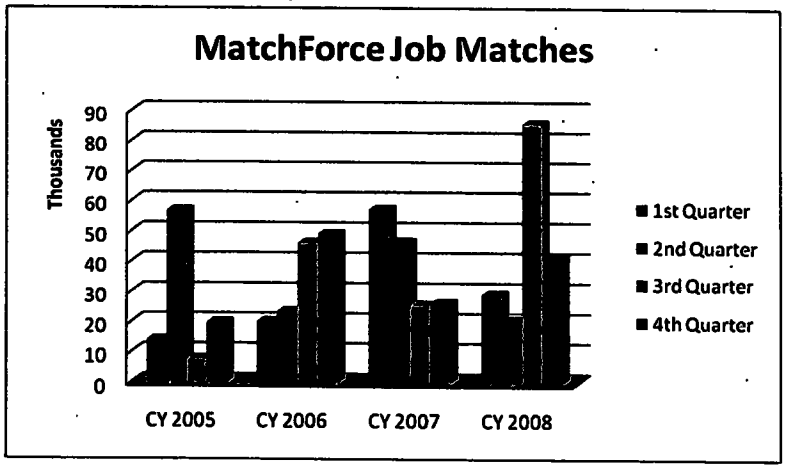
Key Metric
North Carolina businesses and state agencies have posted a total of 22,204 job vacancies to MatchForce between January 2005 and December 31, 2008.



Job Matches and Notifications

The chart below reflects the number of matches made between jobs and individuals by MatchForce during each calendar quarter. **Key Metric:** from the 22,204 total jobs posted, individuals registered on MatchForce have been matched to and notified of job opportunities a total of 568,246 times.

Key Metric
From the 22,204 total jobs posted, individuals registered on MatchForce have been matched to and notified of job opportunities a total of 568,246 times.



Goal 2 Summary

The NCMBC provides the employment side of MatchForce at **extremely low cost** per business and individual user. The employment functionality is essentially an adjunct to the matching capability created in MatchForce for business-to-contract matching. Nevertheless, the results of individual registrations, the continued job posting and the limited quantitative and rich anecdotal data from employers suggest that the system functions effectively, and is limited only by the volume of individual

The employment side of MatchForce is provided at an extremely low cost per business and individual user and is a logical follow through to the economic development created by the contract matching side of the system.

registrations and job postings. Already contributing to accomplishment of Goal 2, MatchForce will increase in effectiveness when supplemented in CY2009 by implementation of the "StayNC" and "I Hire Military" campaigns, both of which are directly targeted at increasing the volume of military MatchForce registrants and job postings by military-friendly employers.

3.b. Discussion of whether objectives have been achieved

The discussion of programs (Section 2.c) and performance measures, outputs and outcomes (Section 3.a) clearly indicate progress toward achieving Goal 1 (more federal prime and subcontracts for North Carolina businesses) and Goal 2 (increase employment of transitioning military and family members). However, the State of North Carolina and the NCMBC have much more to achieve, having barely scratched the surface of opportunity.

Goal 1 objectives include engaging more businesses in the market (1.1), engaging buyers with North Carolina suppliers (1.2), connecting businesses to and helping them win contracts (1.3), identifying and winning future opportunities (1.4) and increasing subcontract relationships and awards to in-state contractors (1.5). As outlined in Section 2c above, numerous initiatives of at least five NCMBC programs (all but Employment) are targeted at these objectives. The program discussion outlined activities and progress in achieving objectives 1.2, 1.4 and 1.5. Additionally, NCMBC "wins" included subcontract awards (objective 1.5). The metrics for market engagement, opportunity connections and contract "wins" outlined in Section 3a demonstrate striking success in achieving objectives 1.1 and 1.3 – companies are in the market, getting opportunities, bidding on work and winning contracts because of the NCMBC's work and the State's investment in leveraging the federal market.

Program descriptions in Section 2c and the outcomes in Section 3a also demonstrate progress in achieving the NCMBC's employment goals and supporting objectives to expand the pool of military in the workforce (2.2) and opportunities for these talented workers (2.2). The figures for MatchForce registrations and job postings, business and developer reaction to the transitioning military database and examples of hiring successes demonstrate the viability and potential of this goal. With sufficient resources, coordinated efforts among agencies, and implementation of two newly developed NCMBC initiatives, the State is poised to leverage the military workforce for business expansion in North Carolina.

With several successful business recruitments, many other engagements with developers on prospects and innumerable small business expansions through winning military opportunities, progress is evident toward the first objective of Goal 3, growing business capacity in the state capable of engaging in federal work (3.1). However, much needs to be done to bring major DoD contractors to North Carolina, to transition out-of-state contractors on our bases into full tax paying corporate citizens and to create a level playing field for businesses in the State (3.2). With base expansion, a great business climate and great developers focused on the task, the State will achieve the contractor growth. Interagency partnerships are required to achieve 3.2, and to win support of these state goals from federal agencies strapped with installation and agency issues and no incentive to "buy NC."

The outcome of these successes is already impressive.

Key Fact: For approximately $4.5 million in State funds spent over four years, the NCMBC has played a role in not less than $1,146,386,689 in contract awards to North Carolina businesses, a 250:1 dollar for dollar return on the State's investment. At $30,000 per job, this minimum total of contract value equates to as many as 38,200 jobs created or preserved in the state through these contracts alone. In fact, NCMBC activities to promote and drive companies to the market have produced far more actual awards than those captured as NCMBC "wins," making the job figure from federal contracts in the "NCMBC-era" much higher.

Key Facts
An analysis of State funds spent versus contract awards to North Carolina businesses reveals at least a 250:1 dollar for dollar return on the State's investment.

NCMBC's role in not less than $1.15 billion in contract awards equates to 38,200 jobs created or preserved at $30,000 per job.

But this "jobs metric" only indicates the short term effect – the tip of the spear. The NCMBC and others working to expand this sector have barely scratched the surface of opportunity for economic expansion. With more companies engaging in the market per dollar spent, and base growth offering the potential for significant in-migration of companies in the defense and security sector, the State's investment in this market will have a snowballing effect – compounding geometrically the return in jobs created, tax base expansion, revenue generation and public goodwill from a very modest investment in an outcome-focused NCMBC.

4. LINK BETWEEN FUNDING RESOURCES & STATEWIDE SOCIETAL IMPACT

The NCMBC believes that, in a limited resource environment, a logical relationship must exist between resources invested and their ultimate societal impact statewide. Furthermore, there must be a logical and identifiable progression from resources input, to activities performed, to outputs generated, to outcomes achieved and, ultimately, to positive societal impact achieved. Put another way, there must be bang for the buck – and a logical progression from investing the buck to achieving the bang.

The State's investment in this market has a snowballing effect.

The NCMBC has no problem with demonstrating this relationship. The NCMBC is a lean, operationally driven, outcome-focused organization. It also believes in basing operations on a strategic framework that cascades from a clear and ambitious vision of the future to a mission, goals, objectives, operational programs and continuously measured, evaluated and refocused activities – appropriately resourced.

Demonstrating societal impact from resources invested is, in essence, a "reverse cascading" of the NCMBC strategic framework – a bottom-up versus top-down methodology. This section demonstrates how dollars invested in the NCMBC will result ultimately in achieving its mission, which not coincidentally, includes a statement of desired societal impact – "to leverage military and other federal business opportunities for economic development and quality of life in North Carolina." Resources invested in activities associated with each NCMBC goal are targeted at achieving societal impact.

Resources invested in achieving the NCMBC mission – leveraging military and other federal business opportunities for economic development and quality of life in North Carolina – are targeted at achieving societal impact.

The NCMBC leverages funds invested in the NCMBC to secure resources – human resources and business contracts – the "means of production." These resources conduct "activities" inherent in five of six NCMBC programs, including public events, one-on-one business counselings, networking events, web-based resources, identification and notification of contracting opportunities and many others. These "activities" produce "outputs," which are analogous to NCMBC "objectives" – businesses engaged and bidding in the market, buyers engaged with North Carolina companies, companies engaged as subcontractors with primes and companies

companies, companies engaged as subcontractors with primes and companies prepositioned for future opportunities. These "outputs" produce outcomes – in the case of Goal 1, companies winning both prime and subcontracts. These "outcomes" produce positive societal impact – jobs created or retained, federal revenues captured, economic activity generated, tax base expanded and taxes garnered – all resulting in more and better public services and improved quality of life for everyone in North Carolina.

The means of production secured with funds invested in the NCMBC produce similar societal impact through the NCMBC's employment goal (Goal 2). These resources conduct "activities" inherent in three NCMBC programs (employment, communications and outreach, technology resources) that include public information campaigns, MatchForce registration, promotion of "I Hire Military" and "StayNC" campaigns among others. These "activities" produce "outputs" – an expanded pool of transitioning military and spouses in the workforce, and increased job opportunities from employers in North Carolina – which in turn (Goal 2) "increase employment of transitioning military and military family members in North Carolina." This "outcome" produces positive societal impact – increased employment, taxes paid, public services improved and higher quality of life for all.

Funds invested in the NCMBC produce similar societal impact through the NCMBC's goal to support recruitment and development of additional business capacity in North Carolina. Resources secured with these funds conduct "activities" inherent in all five NCMBC programs, to include: maintaining a transitioning military database; maintaining target company (DoD contractor) recruitment data for economic developers; providing data on in-state contractors poised for growth; and developing incentives for migration off the installations and into the community. These activities produce "outputs" – businesses recruited or expanded in North Carolina, defense contractors "incentivized" to relocate off base and a level playing field generated for North Carolina firms. The "outcome" achieved is increased business capacity in North Carolina engaged in the federal market, jobs created or retained, federal revenues captured, tax base expanded and leveraged to improve public services and quality of life across the state.

The bottom line is that resources invested in the NCMBC and its programs produce positive societal impact statewide. The NCMBC is located and operates statewide – and businesses in over 90 counties perform military contracts. The NCMBC, properly resourced and focused on tactical and strategic initiatives, produces and will expand its production of positive societal outcomes in the future.

5. PROGRAM JUSTIFICATION

5.a. Rationale for recommended funding level

To continue to achieve the phenomenal outcomes and societal impact it already produces, the NCMBC needs **reinstatement of recurring funding** at least at the current annual rate of **$1.25 million annually**. With recurring funding at the rate of **$1.60 million annually**, the NCMBC will fund all currently operational programs and designed but currently unfunded initiatives to fully leverage the federal and defense market for job creation and retention, expansion of the tax base and economy and improved quality of life in North Carolina.

Reinstatement of recurring funding for the NCMBC is essential. The **NCMBC IS the State's investment** in leveraging the expanding federal marketplace. No other state-funded agency provides statewide business development services to help North Carolina companies win contracts, secure federal revenues, grow jobs and expand the tax base. Recurring funding provides operational stability to the NCMBC, reassures businesses of the State's commitment to the market and represents long term investment in the fastest growing sector of the economy and in reinforcing the NCMBC's phenomenal success.

With recurring funding of **$1.25 million annually**, the NCMBC would continue to drive companies to the market, connect them with lucrative opportunities and help them win contracts, create jobs and expand the economy. This funding would allow the NCMBC to **continue to achieve incredible results** as significant as those outlined in Section 3a. However, **funding for some existing programs would have to be reduced.** The NCMBC would also be unable to resource new initiatives to leverage imminent opportunities. Specifically, the NCMBC would:

- ❑ Fund currently operational initiatives in the strategic initiatives program (but only **part time**):
  - A military construction specialist in Greensboro (part time, priority 1)
  - A strategic initiatives manager in Wilmington (part time, priority 1)
- ❑ Not fund a BD specialist position in northeastern North Carolina (Elizabeth City, priority 2)
- ❑ Not fund a BD specialist position to leverage GSA schedules (priority 2)
- ❑ Not fund a position to leverage base growth, tech transition or foreign military sales (priority 3)
- ❑ Not upgrade one position in the headquarters to full time to increase infrastructure (priority 4)
- ❑ Reduce hours and funding for one or more BD specialist positions in the BD program
- ❑ Eliminate (virtually all) funds for advertising from the communications and outreach program

With recurring funding of $1.6 million annually, NCMBC can implement additional initiatives that will greatly increase societal impact in terms of contracts won, revenues garnered, and jobs created or retained.

The modest additional State investment of $350,000 will resource the NCMBC to "add muscle" to operational capabilities.

With recurring funding of **$1.60 million annually**, the NCMBC will implement initiatives within its six operational programs that will **greatly increase outcomes** and societal impact in terms of prime and subcontracts won, revenues garnered and jobs created. The funds will allow the NCMBC to invest in growth sectors and to focus selected assets on potential "big wins," while sustaining "bread and butter" business development operations that have already produced tremendous results. Specifically, **the modest additional State investment of $350,000** will resource the NCMBC to "add muscle" – to implement all of the human resource priority initiatives outlined in Section 2.d (see "Future NCMBC Organizational Chart"):

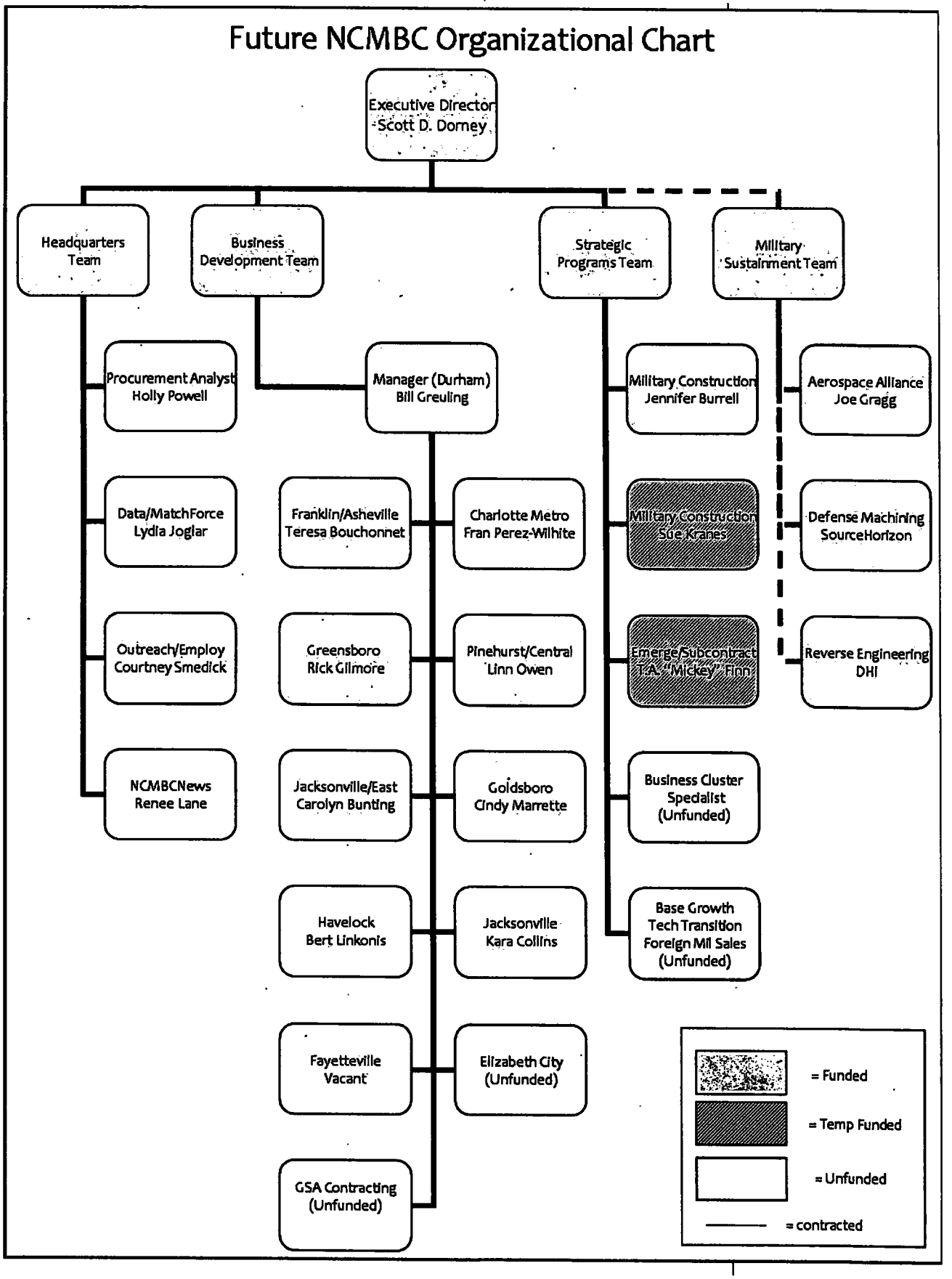
- ❑ Fund currently operational initiatives in the strategic initiatives program (**full time**):
  - A military construction specialist in Greensboro (full time, priority 1)

- A strategic initiatives manager in Wilmington (full time, priority 1)

- ❑ Fund a BD specialist position in northeastern North Carolina (Elizabeth City, full time, priority 2)
- ❑ Fund a BD specialist position to leverage GSA schedules (full time, location TBD, priority 2)
- ❑ Fund a position to leverage base growth, technology transition, business capacity development and/or foreign military sales (part time, priority 3)
- ❑ Upgrade one position in the headquarters to full time to increase infrastructure (priority 4)
- ❑ Maintain hours and funding for all BD specialist positions in the BD program
- ❑ Maintain funds for advertising in the communications and outreach program

The NCMBC encourages the General Assembly to make a modest increased investment in **recurring funding** for the NCMBC. With the current level of funding, the NCMBC will continue to produce outstanding results – but opportunities to fully leverage significant growth may not be realized. An increase of only **$350,000** in recurring funding provides the NCMBC significant additional **operational capacity** to leverage major opportunities, while sustaining all current capabilities in support of businesses across the state. The additional capacity will focus on high growth opportunities:

- ❑ Winning military construction prime/subcontracts (a $5-7 billion opportunity in North Carolina)
- ❑ Identifying emerging DoD opportunities before release and teaming companies to win
- ❑ Developing subcontracting relationships and contracts with major DoD prime contractors
- ❑ Increasing BD capacity focusing on expanding federal procurement from all target agencies
- ❑ Leveraging increasing opportunities from USCG Elizabeth City and installations in Tidewater, VA
- ❑ Helping businesses across the state leverage GSA schedule contracts
- ❑ Supporting recruitment and development of new defense capacity in the state
- ❑ Providing needed headquarters resources to fully develop and sustain initiatives of the technology resources, employment and communications and outreach programs
- ❑ Engaging additional businesses in the expanding federal market


Future NCMBC Organizational Chart
Executive Director
Scott D. Dorney
Headquarters Team
Business Development Team
Strategic Programs Team
Military Sustainment Team
Procurement Analyst
Holly Powell
Data/MatchForce
Lydia Joglar
Outreach/Employ
Courtney Smedick
NCMBCNews
Renee Lane
Manager (Durham)
Bill Greuling
Franklin/Asheville
Teresa Bouchonnet
Greensboro
Rick Gilmore
Jacksonville/East
Carolyn Bunting
Havelock
Bert Linkonis
Fayetteville
Vacant
GSA Contracting
(Unfunded)
Charlotte Metro
Fran Perez-Wilhite
Pinehurst/Central
Linn Owen
Goldsboro
Cindy Marrette
Jacksonville
Kara Collins
Elizabeth City
(Unfunded)
Military Construction
Jennifer Burrell
Military Construction
Sue Kranes
Emerge/Subcontract
T.A. "Mickey" Finn
Business Cluster
Specialist
(Unfunded)
Base Growth
Tech Transition
Foreign Mil Sales
(Unfunded)
Aerospace Alliance
Joe Gragg
Defense Machining
SourceHorizon
Reverse Engineering
DHI
= Funded
= Temp Funded
= Unfunded
= contracted

5.b. Consequences of discontinuing or reducing program funding

Failure to re-invest in NCMBC will inhibit further momentum, while removing the 250:1 dollar for dollar return on the State's investment.

Failure to re-invest in the NCMBC would be disastrous for North Carolina. An investment of $5.5 million and expenditures of approximately $4.5 million over 4 years have produced at least **597 contract "wins," worth $1.15 billion** and (at $30,000 each) as many as 38,200 jobs retained or created in this state. These metrics significantly understate the NCMBC's contributions to helping companies enter the market and win many more contracts in our state. Although great companies with great workers, with great products and with great services ultimately won these contracts, **$1.15 billion in contracts won represents a 250:1 dollar for dollar return on the State's investment in the NCMBC to date.**

A modest investment of $1.25 to $1.60 million annually provides the resources to secure these results. With these resources, the NCMBC provides businesses all across the state – from Murphy to Elizabeth City – the support, the assistance and the opportunities they need to engage, to compete, to win contracts and to grow jobs in the expanding federal marketplace. The **NCMBC IS the State's investment** in the military and federal marketplace statewide. With the federal stimulus package upon us, growth at our military installations imminent, and DoD spending remaining strong into the future, eliminating funding for the NCMBC would leave businesses in our state unprepared, unsupported and ultimately unsuccessful in maximizing the potential for job creation in our state.

Even reducing funding for the NCMBC would have extremely negative consequences. As noted throughout the report, the NCMBC is a lean and operationally focused organization with minimal organizational infrastructure. Being a component of the Community College System reduces overhead costs significantly. Consequently, any reduction in funding cuts muscle – not fat – and muscle that businesses across the state need to fight for and with them to win contracts in the federal market. The description above of the increased capability garnered through a small increased investment is instructive. A corresponding decrease in funding would result in staff layoffs, significantly reduced operational capacity and elimination of resources that businesses in our state sorely need to compete in the federal market, win contracts and grow jobs across our state.

6. RECOMMENDATIONS TO IMPROVE EFFICIENCY & EFFECTIVENESS

The NCMBC is a young organization – created just four years ago and significantly operational for only 3.5 years. Even as it has designed and implemented the programs and initiatives described in this report, it has constantly evaluated its ongoing operations. This evaluation includes assessment of both *efficiency*, in terms of outcomes achieved versus costs incurred, and *effectiveness*, which incorporates the "value" or the "so what" factor into the assessment process. The NCMBC's organizational mantra is to provide both *valuable and* ***valued*** services to NCMBC customers – to help them grow, win contracts and create jobs.

6.a. Improving services

As a result of this continuous assessment of operational programs – many much newer than the NCMBC itself – the organization has modified, refocused and retargeted assets and operations to ensure the NCMBC is achieving the maximum bang for the taxpayer buck – and a bang that is valued by NCMBC customers. For example, NCMBC's assessments have led to significant improvements in MatchForce functionality, and it now produces extremely accurate matches for both contract and employment opportunities. NCMBC managers have frequently retargeted BD specialists to more lucrative industries and buying offices – to ensure the NCMBC is providing the most "winnable" and job-producing opportunities to potential contract winners in North Carolina.

NCMBC strives to provide resources and services that are both valuable and valued.

The NCMBC can and is doing more to increase the "outcomes" side of the efficiency equation. The NCMBC initially focused BD resources on "low hanging fruit" – mass notification of North Carolina businesses of publicly posted opportunities considered winnable by companies in the state, and by providing business assistance as requested to secure contract wins. This "mile wide and inch deep" strategy has been very successful.

To advance to the next level – to win the big opportunities and significantly increase valued outcomes – the NCMBC has invested in strategic resources and begun to partially refocus BD resources on activities that are an "inch wide and mile deep." Those activities include identifying and "working" emerging opportunities, and working with strategic partners – major DoD contractors – identified and recruited by the strategic initiatives manager and MILCON specialists to meet these customers' teaming and subcontractor requirements on major projects. Concurrently, BD resources have begun working intensively with select "tactical partners," highly capable North Carolina businesses poised to engage successfully in the federal market. This broadening of focus from "inch deep" to "mile deep" will take time, commitment and resources to increase outcomes. The NCMBC can afford this redirection of some current resources only because of its increased efficiency, proficiency and proven record of success, increasing engagement and commitment by businesses in the market, and confidence in continuing long term investment by the State.

NCMBC continually evaluates programs and resources, modifying, refocusing and retargeting as necessary to ensure that NCMBC is providing valuable and valued services to achieve the maximum "bang" for the taxpayer's dollars.

The NCMBC can also improve long term outcomes by leveraging new areas including base growth opportunities, GSA schedule opportunities, technology transition, foreign military sales and new or expanding customers like the Aviation Logistics Center at Elizabeth City, NC. With current NCMBC resources fully committed, and some only temporarily funded, additional resources are required for the NCMBC to leverage these opportunities and increase outcomes – contracts, job growth and economic expansion in the state.

To accelerate the pace of increased outcomes, the NCMBC needs intensified partnerships with chambers of commerce, economic developers, industry organizations and even the 58 community colleges across the state. These partnerships are "effectiveness multipliers" that can perform local recruitment and engagement "intake" tasks and identify major potential market players, freeing NCMBC staff to pursue more high-payoff tasks. To further facilitate this high payoff, longer term operational approach, the NCMBC also needs reinstatement of recurring funding and full funding for expanding NCMBC services.

6.b. Reducing costs or duplication

On the cost side of the efficiency equation, the NCMBC is a very lean and frugal organization that operates with little infrastructure and very low overhead, yet continually seeks and leverages cost-saving opportunities. The major factor in keeping costs down and minimizing overhead is the NCMBC's incorporation in the Community College System and at FTCC. As noted in Section 3.d above, leveraging Community College facilities, management, legal and financial services allows the NCMBC to operate efficiently at a high operational tempo, and achieve great results within a very modest budget.

The NCMBC "squeezes" $1.25 million as well as any other organization could. The NCMBC is operationally focused, employing or contracting for more than 20 staff members who provide intensive, tactical work for businesses and individuals in every corner of the state, every day. The ***NCMBC IS the State's investment*** in the expanding federal market. It is the only resource that gets the tactical, "trench work" done statewide to win contracts, create jobs and expand the military economy in North Carolina. The metrics in Section 3a indicate that, at $1.25 million or even $1.60 million, the NCMBC is a low cost, high payoff and highly efficient and effective investment for growing the military market in this state.

The NCMBC provides unique "business development" services statewide. Although other agencies, like the Community College SBCs, SBTDC/PTAC and SBA "develop businesses," the NCMBC is the ***only*** entity that links federal opportunities to companies and helps them win. When the NCMBC knocks on a business's door, it comes with a job-creating opportunity in hand. Both strategies – developing businesses and business development – are essential to a business' success.

Although the SBTDC/PTAC helps clients compete for federal contracts, its approach is different and complementary. Small *businesses contact the PTAC* – principally for assistance with engaging (registering) in the federal market. The *NCMBC contacts all businesses* with specific opportunities, provides solicitation and proposal assistance and helps them win. Consequently, the organizations complement each other, much like the community colleges and the university system both serve a higher education mission. As in education, the mission is vast – the NCMBC works enthusiastically with numerous organizations to help businesses succeed, and to win contracts and grow jobs in North Carolina.

6.c. Statutory, budgetary or administrative changes

NCMBC's primary need to increase effectiveness is reinstatement of recurring funding – preferably at $1.60 million annually.

The NCMBC's primary statutory need to increase effectiveness is ***reinstatement of recurring funding*** by the General Assembly of at least $1.25 million annually. With the State's long term investment, the NCMBC will continue to drive companies to the market, connect them with opportunities, and help them win contracts, create jobs, expand the economy and improve quality of life. Investing long term in the NCMBC, in winning government contracts, creating jobs and expanding the economy, makes sense – it is essential to secure and reinforce the NCMBC's phenomenal success.

Preferably, the General Assembly should ***increase recurring funding*** for the NCMBC from $1.25 million to $1.60 million per year – periodically increased as necessary for inflation and to leverage emerging opportunities (see Section 5a). This

expansion will fully fund ongoing pilot programs and fund additional resources to leverage GSA, Coast Guard, base growth, technology transition, foreign military sales and other opportunities as they present. Recurring funding for the NCMBC – at the current or preferred level – is a modest investment by the State in leveraging the expanding federal market – one of the fastest growing sectors of America's and North Carolina's economy.

The General Assembly should also endorse any future request from FTCC or the NCMBC to modify the NCMBC's enabling legislation to provide maximum flexibility to organize the NCMBC most efficiently. The NCMBC may leverage its 3.5 years of operational experience to seek statutory authorization to increase flexibility in staff assignments at community colleges across the state, to ensure unity of command, widest presence and operational support to businesses across the state, common mission with host facilities and increased operational efficiency.

To increase outcomes, the General Assembly should endorse any emerging initiatives to focus and coordinate State agencies' engagement in growing the federal market. The NCMBC will work with the Department of Commerce and the Military Foundation to secure industry cluster data to effectively target its BD resources on industries with rich capacity in North Carolina. The NCMBC will work with the Department of Revenue to ensure that out-of-state companies operating strictly on military installations are paying corporate income tax commensurate with revenues generated in North Carolina. Finally, the General Assembly should endorse an initiative to create an Office of Military Affairs or other coordinating body to ensure efficient operations of all State entities engaged in leveraging defense business in North Carolina.

The General Assembly should endorse future initiatives to grow the military economy in the State. These initiatives could include incentives to out-of-state businesses operating only on installations to move off base (and become full tax-paying corporate citizens) and to use *North Carolina subcontractors*. They also may include incentives for North Carolina businesses to expand jobs by *engaging in the federal market* and to *hire transitioning military personnel and spouses*. Finally, the State should take all appropriate measures to ***encourage the military to select North Carolina businesses*** for future contracts. Given the economic situation, the need for maximum job creation and all the measures that the State has taken for the military to become America's "most military-friendly state," increased contracts for North Carolina businesses are essential to the economic vitality of this state.

7. EXTERNAL FACTORS

7.a. Policy issues for consideration by the General Assembly

When the General Assembly funded the NCMBC in July 2004, it took a bold step in recognizing the potential of the military and federal market to grow jobs, expand the economy and tax base and improve quality of life in North Carolina. It also broke ground in recognizing the value of a "business development" approach to economic development – connecting existing industries and small businesses to real opportunities and providing them the technical assistance to bid on and win work – and grow jobs. This approach, and the focus on a defined and growing sector of the economy, was a departure from and complimentary to ongoing economic

development efforts, which were largely focused on funding regional and state efforts to recruit new businesses to North Carolina.

As the State of North Carolina confronts revenue shortfalls for FY2009-2010 and makes difficult choices about funding State programs, it will have to consider the following policy issues:

- Will the State continue to invest a portion of its economic development resources in defined and productive **market sectors**, versus general recruitment of businesses to the state? Will the State identify and invest strategically in **growth sectors**, to maximize its opportunity for economic growth and revenue generation? With the continuing Global War on Terror, expansion of the DoD and federal budget, and recession in the civilian marketplace, the military market is a steadily expanding sector that North Carolina businesses can leverage to grow economic activity. With $3 billion in annual federal procurement in the state already, the sector has a solid foundation and potential for growth. In difficult times, when many sectors are contracting and competition in recruitment is fierce, targeting investment to grow the DoD market makes sense for North Carolina.
- Will the State continue to invest a portion of its economic development resources in supporting and growing **existing industry**, or focus on recruitment of new businesses in a shrinking and increasingly competitive corporate relocation environment? Will the State continue to invest in growing existing **small businesses**, by providing them the necessary resources to access new markets and grow jobs? Existing industries – large and small – create the majority of jobs in this state, and, with appropriate business development and technical assistance, have the capability to engage in, compete in and win in the federal market, grow jobs and expand the state economy.
- Will the State continue to invest in programs that focus on growing businesses **statewide**, as well as on regional and local economic development? Investing in economic development activities with statewide presence and impact – in **rural** as well as urban areas – will help businesses across the state leverage business opportunities that match their capacity and capabilities. Extending these services through the Community College system – with 58 locations to serve North Carolina – is an effective way to make services available to businesses everywhere in this state. Geography is no impediment to success in the federal marketplace.
- Will the State continue to invest in opportunity-focused ***business development*** activities, or restrict economic development investment to ***developing business capacity*** through recruitment, incubation and entrepreneurship programs? Business development – connecting business capacity to business opportunity – compliments and "operationalizes" the State's capacity generation activities. Without markets, and the capacity to help good businesses win good work and grow good jobs, business capacity in the world is meaningless.
- Will the State aggressively leverage **growth of military installations** in North Carolina to grow the state economy? With headquarters of the Army Forces Command and Army Reserve Command – the equivalent of a Fortune 500 corporate headquarters – and up to 25,000 active duty, civilian employees and

Client Testimonial

"... after closing our year and reviewing our sales for 2008, it was very apparent that with all of your assistance and education, our sales have increased by 25%, which was due to military participation..."

~Leesa Martins, Everglades Electric Supply Inc.

Client Testimonial

"Two years ago, Baker Roofing Company decided to pursue the acquisition of military contracts... The support, knowledge and energy of your staff has enabled [us] to become a successful entry into this market. I can not tell you how important and pleasant it has been to have your organization shepherd us through this ongoing process."

~Joe Ross, Baker Roofing

dependents moving to Fort Bragg by 2011, business opportunities in construction, services and other areas will grow exponentially. Eastern North Carolina will experience similar growth in business opportunity, with 12,000 new Marines, a new Marine Special Operations Command Headquarters and a population increase of up to 70,000 locating in the vicinity of Camp Lejeune and Cherry Point. Funding the NCMBC is an investment in leveraging this military growth to expand the local economy, grow the state tax base and improve quality of life.

Key Point: In difficult economic times, it is essential for the State to stay engaged and to invest in growth sectors that will grow jobs, expand the economy and improve quality of life in North Carolina. The State needs to invest in growing the military economy through low cost, high productivity programs with statewide impact. The State also needs to invest in business development resources that leverage existing business capacity to meet the demands of the expanding federal market. *The State needs to invest in the NCMBC – it makes sense for North Carolina.*

In difficult economic times, the State should invest in growth sectors.

7.b. Other relevant information

The NCMBC is a young and vibrant organization. Opened in 2005, the NCMBC has rapidly matured into a highly productive, customer-focused and valued resource for businesses across the state. Although NCMBC metrics are impressive, outcomes will increase exponentially as more businesses engage and leverage NCMBC resources to compete and win in the federal market. The NCMBC should be judged on its potential as well as its accomplishments.

Ever innovative and flexible, the NCMBC adapts rapidly to changing environments and develops new initiatives to help customers succeed in the federal market. Funding from the General Assembly and the flexibility to commit these resources to new and expanding programs has been essential to the success of the NCMBC. Continued and moderately growing investment in the NCMBC, in challenging times with unique opportunities, will ensure that businesses across the state will have not only the capacity but also the market intelligence, business development and professional resources they need to engage, to compete and to win in the federal market – expanding our economy and improving quality of life for everyone in North Carolina.

The North Carolina Military Business Center takes this opportunity to thank the General Assembly for its continuing support.

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Tuesday, Wednesday, & Thursday, March 24, 25, 26, 2009**

TIME: **08:30 AM**

LOCATION: **421 LOB**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
Specific bills to be heard each day will be sent at a later date.

Respectfully,
Representative Glazier
Representative McLawhorn
Representative Rapp
Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at on **March 19, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Carin Savel (Committee Assistant)

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Tuesday, March 24, 2009, 8:30 a.m.

The House Appropriations Subcommittee on Education/Higher Education met in Room 544 of the Legislative Building at 8:35 a.m. Representative Rick Glazier, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley. Members of the Education Fiscal Research Division were also in attendance. The following are attached and made part of these minutes: (i) Joint Appropriations Subcommittee on Education Attendance Sheet; (ii) House Page Roster; and (iii) Visitor Registration Sheet.

The Chair called the meeting to order and welcomed everyone. The Chair briefly introduced the subject matters to be covered during the committee meeting and recognized the Pages and the Sergeant of Arms staff in attendance.

The Chair recognized Representative **Joe Tolson, to speak on HB 65,** A BILL TO BE ENTITLED AN ACT TO REENACT AND CLARIFY THE STATUTE AUTHORIZING INTELLECTUALLY GIFTED STUDENTS UNDER THE AGE OF SIXTEEN TO ATTEND COMMUNITY COLLEGE. (*See* ATTACHMENT #1). Following discussion on the bill, and **upon motion made by Rep. Johnson, seconded by Rep. Wiley, the committee voted for a favorable report to the committee substitute, unfavorable to the original bill.**

The next order of business was **HB 42,** A BILL TO BE ENTITLED AN ACT TO IMPLEMENT SCIENCE SAFETY MEASURES IN THE PUBLIC SCHOOLS. (*See* ATTACHMENT #2). The Chair surrendered the gavel to Co-Chair McLawhorn who then recognized Co-Chair Glazier to speak on the bill. **Following discussion, and upon motion by Rep. Cullie Tarleton, seconded by Rep. Parmon, the committee voted for a favorable report, unfavorable to the original bill.**

Chair McLawhorn turned over the gavel to Co-Chair Glazier who then recognized Representative Cullie Tarleton to speak on the next item of business, **HB 37,** A BILL ENTITLED AN ACT TO FULLY FUND THE ABCS BONUSES EARNED BY PUBLIC SCHOOL EMPLOYEES DURING THE 2007-2008 YEAR. (*See* ATTACHMENT #3). Discussion and questions followed.

The next order of business was **HB 173,** A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE KIDS VOTING OF NORTH CAROLINA PROGRAM. (*See* ATTACHMENT 4). The Chair recognized Representative Susan Fisher to explain the bill. Discussion and questions followed.

The Chair then surrendered the gavel to Co-Chair McLawhorn who moved to the next order of business, **HB 192**, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS TO EXPAND THE NORTH CAROLINA SCIENCE OLYMPIAD TO ALL ONE HUNDRED COUNTIES. (*See* ATTACHMENT 5). Chair McLawhorn recognized Co-Chair Glazier to present the bill. Discussion and questions followed. Following discussion on the bill, Chair McLawhorn turned over the gavel to Co-Chair Glazier.

The next order of business was **HB 184**, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR ADDITIONAL LEARN AND EARN HIGH SCHOOLS IN NORTH CAROLINA, AS RECOMMENDED BY THE JOINT LEGISLATIVE COMMISSION ON DROPOUT PREVENTION AND HIGH SCHOOL GRADUATION. (*See* ATTACHMENT 6). The Chair recognized Representative Earline Parmon to speak on the bill. Discussion and questions followed.

The next order of business was **HB 185**, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR COMMUNITIES IN SCHOOLS OF NORTH CAROLINA, INC., PROGRAMS AND SERVICES AND TO PLACE NO FEWER THAN ONE HUNDRED GRADUATION COACHES IN EITHER MIDDLE OR HIGH SCHOOLS, AS RECOMMENDED BY THE JOINT LEGISLATIVE COMMISSION ON DROPOUT PREVENTION AND HIGH SCHOOL GRADUATION. (*See* ATTACHMENT 7). The Chair recognized Representative Earline Parmon to explain the bill. Ms. Evelyn Hawthorne, Government Relations Consultant, and Ms. Linda Harrill, President, of Communities in Schools of North Carolina were recognized by the Chair and spoke favorable of the bill. Discussion and questions followed.

Throughout the presentation, there were questions and discussion. With there being no further business, the meeting adjourned at 9:43 a.m.

Respectfully submitted,

Representative Rick Glazier

Carin Savel, Committee Assistant

VISITOR REGISTRATION SHEET

APPRO. Ed — 3-24-09

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Stella Huggins	NC Central University
Paul Stam	House 37
Tony Johnson	NC REAL
Caroline Atkinson	NC PTSC
Ann Maddock	Governor's office
BRIAN LEWIS	NCAE
Julia Kron	NCTA
Ref Tat Hurley	
Jennifer Willis	NCCLS
Jennifer Haywood	NCCCS
Linda Dudley	NCAE
Angelia Brant	NCJCA

VISITOR REGISTRATION SHEET

3-24-09

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Karen Gaskill	NBPTS
Joel Mayfield	CMS
Carol Brockett	NCSBA
Sue Harrison	WCPSS
Katherine W Joyce	NCASA
Jim Stegall	UCPS.
Chuck Hawkins	NCCAT
Brittany Farrell	NCFPC
Mary Pollock	CQTL
Linda Ayers	Ed Consultant
Marie Manos	Public School Forum
Meredith Henderson	NCCIU
Linda Nahill	CISMC
Evelyn Hawthorne	PONC; CASNC
Joanne Stevens	Stevens + associates
Emily Doyle	NCPAPA
Pamela Schore	NCASA
Mindi Hutson	MWC
Ann Fahlder	MWC
Gene Causby	NCSBA

House Pages

JT APPR. EC

Name Of Committee: _____ Date: 3-25-08

1. Name: Ethan Hollifield
   County: Mitchell
   Sponsor: Rep. Frye
2. Name: Lexi Hollifield
   County: Mitchell
   Sponsor: Rep. Frye.
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

House Sgt-At-Arms

1. Name: Charles Williams
2. Name: EARL COTER
3. Name: _____
4. Name: _____
5. Name: _____

Attachment #1.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

H D

HOUSE BILL 65
Committee Substitute Favorable 3/4/09
PROPOSED COMMITTEE SUBSTITUTE H65-PCS50261-LE-6

Short Title: Students Under 16 May Attend Comm. College. (Public)

Sponsors:

Referred to:

February 5, 2009

A BILL TO BE ENTITLED

AN ACT TO REENACT THE STATUTE AUTHORIZING INTELLECTUALLY GIFTED STUDENTS UNDER THE AGE OF SIXTEEN TO ATTEND COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. Section 4 of S.L. 2001-312, as rewritten by Section 2 of S.L. 2005-77, reads as rewritten:

"**SECTION 4.** Section 2 of this act is effective when it becomes law, and shall apply beginning with the 2001-2002 academic year. Section 2 of this act expires ~~September 1, 2008.~~September 1, 2008, and is reenacted effective March 1, 2009. The remainder of this act is effective when it becomes law."

SECTION 2. This act is effective when it becomes law.

Attachment 2

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

H 2

HOUSE BILL 42
Committee Substitute Favorable 3/18/09

Short Title: Science Safety in the Public Schools. (Public)

Sponsors:

Referred to:

February 4, 2009

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT SCIENCE SAFETY MEASURES IN THE PUBLIC SCHOOLS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.4. Science safety requirements.**

(a) Prior to July 1, 2010, and annually thereafter, each local board of education shall certify to the State Board of Education that its high school and middle school science laboratories are equipped with appropriate personal protective equipment for students and teachers.

(b) Each local board of education shall ensure that its high schools and middle schools comply with all State Board of Education policies related to science laboratory safety."

SECTION 2. G.S. 115C-296(b) reads as rewritten:

"(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel certified in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several certification requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs. The certification program shall provide for initial certification after completion of preservice training, continuing certification after three years of teaching experience, and certificate renewal every five years thereafter, until the retirement of the teacher. The last certificate renewal received prior to retirement shall remain in effect for five years after retirement.

The State Board of Education, as lead agency in coordination with the Board of Governors of The University of North Carolina and any other public and private agencies as necessary, shall continue to raise standards for entry into teacher education programs.

The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall evaluate and modify, as necessary, the academic requirements for students preparing to teach science in middle and high schools to ensure that there is adequate preparation in issues related to science laboratory safety.

The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing certification. The new requirements shall reflect more rigorous standards for continuing

certification and to the extent possible shall be aligned with quality professional development programs that reflect State priorities for improving student achievement.

The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall reevaluate and enhance the requirements for renewal of teacher certificates. The State Board shall consider modifications in the certificate renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills. The State Board shall adopt new standards for the renewal of teacher certificates by May 15, 1998.

The standards for approval of institutions of teacher education shall require that teacher education programs for all students include demonstrated competencies in (i) the identification and education of children with disabilities and (ii) positive management of student behavior and effective communication techniques for defusing and deescalating disruptive or dangerous behavior. The State Board of Education shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program into its school administrator program approval standards.

All North Carolina institutions of higher education that offer teacher education programs, masters degree programs in education, or masters degree programs in school administration shall provide performance reports to the State Board of Education. The performance reports shall follow a common format, shall be submitted according to a plan developed by the State Board, and shall include the information required under the plan developed by the State Board."

SECTION 3. G.S. 115C-521 is amended by adding a new subsection to read:

"(c1) No local board of education shall begin construction of any new middle or high school building until the plans for the science areas of the building have been reviewed and approved to meet accepted safety standards for school laboratories, preparation rooms, and stockrooms. The review and approval of the plans may be done by the State Board of Education or by any other entity that is licensed or authorized by the State Board to do so."

SECTION 4. This act is effective when it becomes law.

attachment #3
3.24.09

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

Tarleton

H

1

HOUSE BILL 37

for discussion only

Short Title:	Pay Teachers the ABC Bonuses They Earned.	(Public)
Sponsors:	Representatives Tarleton, Blackwood, Brubaker (Primary Sponsors); Allred, Cotham, Dockham, Faison, Grady, Harrell, Hughes, Jackson, Jeffus, Langdon, Mackey, McLawhorn, Moore, Neumann, Samuelson, Setzer, Spear, Stevens, Underhill, and R. Warren.	
Referred to:	Rules, Calendar, and Operations of the House.	

February 4, 2009

A BILL TO BE ENTITLED

AN ACT TO FULLY FUND THE ABCS BONUSES EARNED BY PUBLIC SCHOOL EMPLOYEES DURING THE 2007-2008 SCHOOL YEAR.

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 forty-four million dollars ($44,000,000) for the 2009-2010 fiscal year to fully fund bonuses earned by public school employees during the 2007-2008 school year in accordance with the ABCs of Public Education Program.

SECTION 2. This act becomes effective July 1, 2009.

Attachment 4 3.24.09

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

Fisher appeared for discussion

H 1

HOUSE BILL 173

Short Title:	Kids Voting Funds.	(Public)
Sponsors:	Representatives Jeffus, Fisher, Glazier, Rapp (Primary Sponsors); M. Alexander, Bell, Carney, Cotham, Dickson, E. Floyd, Goforth, Goodwin, Gulley, Harrison, Hughes, Hurley, Insko, Jackson, Johnson, Jones, Justus, Lucas, Luebke, Martin, McComas, McLawhorn, Pierce, Ross, Samuelson, Setzer, Stevens, Tarleton, Wainwright, R. Warren, Weiss, Wiley, Womble, and Wray.	
Referred to:	Appropriations.	

February 18, 2009

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE KIDS VOTING OF NORTH CAROLINA PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Kids Voting of North Carolina, Inc., a nonprofit corporation, the sum of three hundred thousand dollars ($300,000) for the 2009-2010 fiscal year to be allocated as follows:

(1) Fifty thousand dollars ($50,000) to be used by the State program to implement new Kids Voting programs across the State.

(2) Two hundred fifty thousand dollars ($250,000) to be divided on the basis of North Carolina Department of Public Instruction's Average Daily Membership with a minimum of two thousand five hundred dollars ($2,500) for the following counties to assist those counties with their Kids Voting programs: Alleghany, Beaufort, Buncombe, Burke, Cabarrus, Catawba, Chowan, Clay, Cumberland, Davie, Durham, Forsyth, Greene, Guilford, Haywood, Henderson, Iredell, Jackson, Lee, Madison, Mecklenburg, New Hanover, Onslow, Randolph, and Wake.

SECTION 2. If a county that received funds under subdivision (2) of Section 1 of this act determines it does not need all of its funding, the county may remit any portion of the funds received to the State program for further expansion of the Kids Voting program to nonparticipating counties.

SECTION 3. This act becomes effective July 1, 2009.

attachment 5
3.24.09

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

Glazier explained for documents

H

HOUSE BILL 92

Short Title:	North Carolina Science Olympiad Funds.	(Public)
Sponsors:	Representatives Glazier; Weiss, Rapp, Yongue (Primary Sponsors); Dickson, Faison, Harrison, Hughes, Lucas, Tarleton, and Wainwright.	
Referred to:	Rules, Calendar, and Operations of the House.	

February 10, 2009

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 two hundred thousand dollars ($200,000) for the 2009-2010 fiscal year and the sum of two hundred thousand ($200,000) for the 2010-2011 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, 2009.

attachment 6

3-24-09

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

Parmon explanation

H

HOUSE BILL 184* for discussion only

1

Short Title:	Funding for Learn and Earn.	(Public)
Sponsors:	Representatives Parmon, Fisher, Current, Hurley (Primary Sponsors); K. Alexander, M. Alexander, Bell, Blue, Bordsen, Bryant, Carney, Cotham, Dockham, England, E. Floyd, Glazier, Goodwin, Harrison, Hughes, Insko, Lucas, Luebke, Mackey, McLawhorn, Pierce, Rapp, Stevens, Tarleton, Wainwright, Weiss, and Womble.	
Referred to:	Appropriations.	

February 18, 2009

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR ADDITIONAL LEARN AND EARN HIGH SCHOOLS IN NORTH CAROLINA, AS RECOMMENDED BY THE JOINT LEGISLATIVE COMMISSION ON DROPOUT PREVENTION AND HIGH SCHOOL GRADUATION.

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 three million two hundred and fifty thousand dollars ($3,250,000) for the 2009-2010 fiscal year and the sum of three million two hundred and fifty thousand dollars ($3,250,000) for the 2010-2011 fiscal year in recurring funds. These funds shall be used to provide funding for the 11 additional Learn and Earn high schools that will be operational in 2009-2010.

SECTION 2. This act becomes effective July 1, 2009.

attachment 7
3.24.09

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009 Parmon et al

H 1

HOUSE BILL 185* - for discussion

Short Title:	Communities in Schools Funds.	(Public)
Sponsors:	Representatives Parmon, Fisher, Tarleton, Bryant (Primary Sponsors); K. Alexander, M. Alexander, Barnhart, Bell, Bordsen, Carney, Coates, Cotham, Dickson, Dockham, England, Faison, E. Floyd, Goforth, Goodwin, Harrison, Hill, Hughes, Hurley, Insko, Lucas, Luebke, Mackey, McLawhorn, Pierce, Rapp, Wainwright, Weiss, Wiley, Womble, and Wray.	
Referred to:	Education, if favorable, Appropriations.	

February 18, 2009

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR COMMUNITIES IN SCHOOLS OF NORTH CAROLINA, INC., PROGRAMS AND SERVICES AND TO PLACE NO FEWER THAN ONE HUNDRED GRADUATION COACHES IN EITHER MIDDLE OR HIGH SCHOOLS, AS RECOMMENDED BY THE JOINT LEGISLATIVE COMMISSION ON DROPOUT PREVENTION AND HIGH SCHOOL GRADUATION.

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 six million twenty-four thousand ninety-one dollars ($6,024,091) for the 2009-2010 fiscal year and the sum of six million twenty-four thousand ninety-one dollars ($6,024,091) for the 2010-2011 fiscal year in recurring funds to support and expand the programs and services of Communities in Schools of North Carolina, Inc., a public and private partnership that addresses the multiple needs of students at the greatest risk of dropping out of schools. Communities in Schools of North Carolina, Inc., shall use the funds to leverage federal and private grants to support local Communities in Schools programs throughout the State and to place no fewer than 100 graduation coaches in either middle or high schools. When placing graduation coaches, Communities in Schools of North Carolina, Inc., shall give priority to schools that have a four-year cohort graduation rate of less than sixty-five percent (65%).

The graduation coaches shall:

(1) Identify and coordinate appropriate academic assistance and support for students at risk of dropping out of school;

(2) Refer at-risk students to other school personnel such as counselors, social workers, and nurses who can address problems that might prevent a student from graduating;

(3) Recruit mentors and tutors from the local community to work with at-risk students to help keep them on track to graduate;

(4) Initiate contact with parents and guardians of at-risk students, provide regular updates of the student's academic progress, and encourage parental involvement in student academic endeavors;

(5) Provide information to at-risk students and their parents or guardians about graduation requirements, support services to help students not performing at

grade level, advanced and honors courses, opportunities for higher education, and worker training after graduation; and

(6) Refer students requiring services relating to substance abuse, domestic violence, family planning, or mental health to appropriate providers where medically accurate information will be provided and appropriate services are available.

SECTION 2. Communities in Schools of North Carolina, Inc., shall report on the activities of the graduation coaches to the Joint Legislative Commission on Dropout Prevention and High School Graduation and the Joint Legislative Education Oversight Committee by October 15, 2010, and annually thereafter.

SECTION 3. This act becomes effective July 1, 2009.

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Thursday, April 9, 2009, 8:30 a.m.

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building on Thursday, April 9, 2009 at 8:30 a.m. Representative Marian McLawhorn, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and Rapp, Co-Chairs; Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Vice-Chairs, Representatives Blackwell, Hilton and Wiley. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages, Sergeant at Arms, and staff who attended and assisted the meeting.

The bill to be heard was HB 88, A BILL TO BE ENTITLED AN ACT TO PROVIDE FOR ABSTINENCE UNTIL MARRIAGE AND COMPREHENSIVE SEXUALITY EDUCATION PROGRAMS IN GRADES SEVEN THROUGH NINE (See Attachment 1). Representative England, the bill sponsor, explained the bill. Representative Hilton sent forth an amendment (See Attachment 2). The amendment passed. Representative Wiley sent forth an amendment (See Attachment 3). The Chair called for a roll call vote, and the amendment failed (See Attachment 3). Representative Rapp sent forth an amendment (See Attachment 4). The amendment passed. Representative Rapp sent forth another amendment (See Attachment 5). The amendment passed. Representative Wiley sent forth an amendment (See Attachment 6). The amendment failed. Upon motion made by Representative Glazier the committee voted to give HB88 a favorable report to the bill as amended, rolled into a committee substitute, with a favorable report to the committee substitute and an unfavorable report to the original bill. Representative Hilton called for a roll call vote (See Attachment 7). The bill passed 9 to 4.

With there being no further business, the meeting adjourned at 9:50 a.m.

Respectfully submitted,

Representative Marian McLawhorn

Susan Burleson, Committee Assistant

RESCHEDULED FROM 4-8-09

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Thursday, April 9, 2009**

TIME: **8:30 AM**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

HB 88 Healthy Youth Act **England**
Fisher
Adams
Wilkins

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **6:00 PM** on **April 8, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Susan Burleson (Committee Assistant)

House Appropriations Subcommittee on Education
Agenda

Thursday, April 9, 2009
8:30 AM
Room 421, Legislative Office Building
Representative McLawhorn, Presiding

BILLS TO BE DISCUSSED

BILL NO.	SHORT TITLE	SPONSOR
HB 88	Healthy Youth Act	England Fisher Adams Wilkins

Adjournment

2009 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:

By Representative(s) Glazier, McLawhorn, Rapp (Chairs) for the Appropriations Subcommittee on Education.

☒Committee Substitute for
HB 88 A BILL TO BE ENTITLED AN ACT TO PROVIDE FOR ABSTINENCE UNTIL MARRIAGE AND COMPREHENSIVE SEXUALITY EDUCATION PROGRAMS IN GRADES SEVEN THROUGH NINE.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Representative Michaux, Adams, Alexander, Crawford, Haire, Jeffus, Tolson, Yongue (Chairs) for the Standing Committee on Appropriations.

s/ 4.07.09

☒With a favorable report as to the committee substitute bill #2, unfavorable as to Committee Substitute Bill #1.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

Attachment 1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

H 2

HOUSE BILL 88
Committee Substitute Favorable 4/8/09

Short Title: Healthy Youth Act. (Public)

Sponsors:

Referred to:

February 9, 2009

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR ABSTINENCE UNTIL MARRIAGE AND COMPREHENSIVE SEXUALITY EDUCATION PROGRAMS IN GRADES SEVEN THROUGH NINE.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as the "Healthy Youth Act of 2009."

SECTION 2. G.S. 115C-81(e1)(1)l. reads as rewritten:

"l. ~~Abstinence until marriage education;~~ An abstinence only until marriage program, and an abstinence-based comprehensive sexuality education program; and".

SECTION 3. G.S. 115C-81(e1)(3) is repealed.

SECTION 4. G.S. 115C-81(e1)(4) reads as rewritten:

"(4) ~~The State Board of Education shall evaluate abstinence until marriage curricula and their learning materials and shall develop and maintain a recommended list of one or more approved abstinence until marriage curricula. The State Board may develop an abstinence until marriage program to include on the recommended list. The State Board of Education shall not select or develop a program for inclusion on the recommended list that does not include the positive benefits of abstinence until marriage and the risks of premarital sexual activity as the primary focus. The State Board shall include on the recommended list only programs that include, in appropriate grades and classes, instruction that:~~ Each local school administrative unit shall offer an abstinence only until marriage program commencing in the seventh grade that includes the following instruction:

a. Teaches that abstinence from sexual activity outside of marriage is the expected standard for all school-age children;

b. Presents techniques and strategies to deal with peer pressure and offering positive reinforcement;

c. Presents reasons, skills, and strategies for remaining or becoming abstinent from sexual activity;

d. Teaches that abstinence from sexual activity is the only certain means of avoiding out-of-wedlock pregnancy, sexually transmitted diseases when transmitted through sexual contact, including HIV/AIDS, and other associated health and emotional problems;

e. Teaches that a mutually faithful monogamous heterosexual relationship in the context of marriage is the best lifelong means of avoiding sexually transmitted diseases, including HIV/AIDS;

f. Teaches the positive benefits of abstinence until marriage and the risks of premarital sexual activity;
g. Provides opportunities that allow for interaction between the parent or legal guardian and the student; and
h. Provides factually accurate biological or pathological information that is related to the human reproductive system."

SECTION 5. G.S. 115C-81(e1) is amended by adding two new subdivisions to read:

"(4a) Each local school administrative unit shall also offer an abstinence-based comprehensive sexuality health education program commencing in the seventh grade that includes the following instruction:
a. Teaches respect for marriage and committed relationships;
b. Teaches that abstinence from sexual activity is the only certain way to prevent unintended pregnancy, reduce the risk of sexual transmission of diseases, including HIV/AIDS, and provide information about the value of abstinence;
c. Teaches about sexually transmitted diseases. Instruction shall include how sexually transmitted diseases are and are not transmitted, the effectiveness and safety of all federal Food and Drug Administration (FDA)-approved methods of reducing the risk of contracting sexually transmitted diseases, and information on local resources for testing and medical care for sexually transmitted diseases;
d. Teaches about the effectiveness and safety of all FDA-approved contraceptive methods in preventing pregnancy;
e. Teaches functional knowledge and essential skills to promote and maintain healthy behaviors that value lifelong good health and avoidance of risky behaviors such as alcohol and drug abuse, intravenous drug abuse, and unprotected sexual activity;
f. Teaches awareness of sexual assault, sexual abuse, and risk reduction. The instruction and materials shall:
1. Focus on healthy relationships;
2. Teach students what constitutes sexual assault and sexual abuse, the causes of those behaviors, and risk reduction;
3. Inform students about resources and reporting procedures if they experience sexual assault or sexual abuse; and
4. Examine common misconceptions and stereotypes about sexual assault and sexual abuse;
g. Provides opportunities that allow for interaction between the parent or legal guardian and the student;
h. Provides that materials used in instruction shall be age appropriate for use with students; and
i. Provides that information conveyed during the instruction shall be objective and based upon scientific research that is peer reviewed and accepted by professionals and credentialed experts in the field of sexual health education.

(4b) Each local school administrative unit shall (i) submit to all parents or guardians of students in grades seven through nine consent forms explaining the two available tracks, abstinence only until marriage and abstinence-based comprehensive sexuality health education, and explain that a parent or guardian may chose to have his or her child not enroll in either track, and (ii) ask that each parent or guardian select a track for his or her child and return

the signed consent form to the school. The consent form shall contain a statement in bold print that if the signed form is not returned to the school, the student will be enrolled in the abstinence-based comprehensive sexuality health education program. Schools shall offer both options to all parents of students attending public school grades seven through nine."

SECTION 6. G.S. 115C-81(e1)(5) reads as rewritten:

"(5) The State Board of Education shall make available to all local school administrative units for review by the parents and legal guardians of students enrolled at that unit any State-developed objectives for instruction, any approved textbooks, the list of reviewed materials, and any other State-developed or approved materials that pertain to or are intended to impart information or promote discussion or understanding in regard to the prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of out-of-wedlock pregnancy, or to the abstinence only until marriage ~~curriculum.~~curriculum or abstinence-based comprehensive sexuality curriculum. The review period shall extend for at least 60 days before use."

SECTION 7. G.S. 115C-81(e1)(6) is repealed.

SECTION 8. G.S. 115C-81(e1)(7) reads as rewritten:

"(7) Each school year, before students may participate in any portion of (i) a program that pertains to or is intended to impart information or promote discussion or understanding in regard to the prevention of sexually transmitted diseases, including HIV/AIDS, or to the avoidance of out-of-wedlock pregnancy, (ii) an abstinence only until marriage program, or (iii) ~~a comprehensive sex~~an abstinence-based comprehensive sexuality education program, whether developed by the State or by the local board of education, the parents and legal guardians of those students shall be given an opportunity to review the objectives and materials. Local boards of education shall adopt policies to provide opportunities either for parents and legal guardians to consent or for parents and legal guardians to withhold their consent to the students' participation in any or all of these programs."

SECTION 9. G.S. 115C-81(e1) is amended by adding a new subdivision to read:

"(11) Each local school administrative unit shall provide a comprehensive school health education program that meets all the requirements of this subsection and all the objectives established by the State Board. Each local board of education may expand on the subject areas to be included in the program and on the instructional objectives to be met."

SECTION 10. This act is effective when it becomes law and applies beginning with the 2009-2010 school year.

House Approp-Ed

Attachment 2

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 88

4/9/09

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

H88-ASH-6 [v.1]

Comm. Sub. [YES]
Amends Title [NO]
First Edition

Date _____,2009

Representative ~~Dollar~~ Hilton

moves to amend the bill on page 1, line 8, by deleting the word "only";

and on page1, line 23, by deleting the word "only";

and on page 2, line 51, by deleting the word "only";

and on page 3, line 16, by deleting the word "only";

and on page 3, line 26, by deleting the word "only".

SIGNED Mark Hilton
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ~~Failed~~ TABLED _____

Attachment 3

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 88

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H88-ASQ-23 [v.1]

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Date _____,2009

Representative Wiley

moves to amend the bill on page 3, lines 3-4. by deleting the phrase "abstinence-based comprehensive sexuality health education program" and substituting the phrase " abstinence ~~only~~ until marriage program".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 3

ROLL CALL VOTE

5 YES 8 NO = 13 (TOTAL)

HB# 88
SB# ____

HOUSE STANDING COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

House Subcommittee on Appropriations Education

YES	NO	MEMBER (last name)	YES	NO	MEMBER (last name)
___	✓	GLAZIER, Rick Chair	___	___	
✓	___	McLAWHORN, Marian Chair	___	___	
___	✓	RAPP, Ray Chair	___	___	
___	✓	BELL, Larry Vice Chair	___	___	
✓	___	JOHNSON, Linda Vice Chair	___	___	
___	✓	LUCAS, Marvin Vice Chair	___	___	
___	✓	PARMON, Earline Vice Chair	___	___	
___	✓	TARLETON, Cullie Vice Chair	___	___	
✓	___	MEMBERS	___	___	
✓	___	BLACKWELL, Hugh	___	___	
✓	___	HILTON, Mark	___	___	
___	___	HOLLOWAY, Bryan	___	___	
✓	___	WILEY, Laura	___	___	
___	✓	Alexander	___	___	
___	✓	Adams	___	___	
___	___		___	___	
___	___		___	___	

PLEASE PRESS HARD - 5 COPIES

Attachment 4

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. 2

H. B. No. 88 DATE 4-9-09

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Sen.) RAPP

1 moves to amend the bill on page 3, line 39
2 ( ) WHICH CHANGES THE TITLE
3 by rewriting the LINE to READ:
4 "with the 2010-2011 school year.".
5
7
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12
13
14
15
16
17
18

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

PLEASE PRESS HARD - 5 COPIES

Attachment 5

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. 3

H. B. No. 88 DATE 4-2-09

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Rapp
)
Sen.)

1 moves to amend the bill on page 2, line 12
2 ( ) WHICH CHANGES THE TITLE
3 by _____
4 changing long-time "committed relationships"
5 to ~~[illegible]~~
6
7
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12
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16
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18

SIGNED Rapp

ADOPTED _____ FAILED _____ TABLED _____

Attachment 6

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 88

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H88-ASQ-26 [v.1]

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Date _____ ,2009

Representative Wiley

moves to amend the bill on page 3, lines 5-6, by inserting between the lines:

"**SECTION 5.1.** Only State or federal funds shall be used to develop and implement an abstinence-based comprehensive sexuality health education program as provided in G.S. 115C-81(e1)(4a). If State and federal funds are insufficient to implement the program a local school administrative unit shall not be required to offer the program.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 7

ROLL CALL VOTE

9 YES 4 NO = 13 (TOTAL)

HB# 88
SB# ____

HOUSE STANDING COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

House Subcommittee on _____

YES	NO	MEMBER (last name)	YES	NO	MEMBER (last name)
✓		GLAZIER, Rick Chair			
✓		McLAWHORN, Marian Chair			
✓		RAPP, Ray Chair			
✓		BELL, Larry Vice Chair			
	✓	JOHNSON, Linda Vice Chair			
✓		LUCAS, Marvin Vice Chair			
✓		PARMON, Earline Vice Chair			
✓		TARLETON, Cullie Vice Chair			
		MEMBERS			
	✓	BLACKWELL, Hugh			
	✓	HILTON, Mark			
		HOLLOWAY, Bryan			
	✓	WILEY, Laura			
✓		Adams			
✓		Alexander			

House Pages

Name Of Committee: APPROPIATIONS / EDUCATION Date: 9-APRIL-09

1. Name: Nick Hunter
   County: Johnston
   Sponsor: Owens
2. Name: Morgan Lane
   County: Nash
   Sponsor: Farmer-Butterfield
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: FRANK PREVO
2. Name: JERALD PERRY
3. Name: EARL COKER
4. Name: _____

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 9, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Maddock	Governor's Office
Pat A. Yancey	APPCNC
Bill Brooks	NCFAC
Brittany Farrell	NCFPC
Rev. Mark Creech	CAL
Brian Lewis	NCAE
Melissa Reed	PP
Mary McDuffie	NCCAT
Susan Harris	WCBS
Paige Ellen	Planned Parenthood
Alan Miller	CPS

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 9, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sarah Preston	ACLU-NC
Ian Palmquist	ETNC
Jim Stegall	U.C.P.S.
Michael Hutson	MWC
Emily Doyle	NCPAPA
Katherine Joyce	NCASA
C Minard	State Bd of Ed
Darnell Boyd	Rep. Adams
Paula A. Wolf	March of Dimes / NC Now
Ann Harris	Community volunteer / Winston-Salem NC
Kay Phillips	APPCNC Exec. Director

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 9, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Roz Sawyer	NCACC
BRIAN LEWIS	NCAE
DAVID BARNES	Parker Sprouse
joel maynard	CMS
Carol Brackett	NCSBA
Leanne Winner	NCSBA

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the House Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, April 15, 2009**

TIME: **8:30 AM**

LOCATION: **421 LOB**

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 582	Special Education Changes	Representative Glazier Representative Cotham Representative Lucas Representative Wiley

Respectfully,
Representative Rapp
Representative Glazier
Representative McLawhorn
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **11:45 AM** on **April 14, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

House Appropriations Subcommittee on Education

Agenda

Wednesday, April 15, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Ray Rapp, Presiding

I. Welcome

Rep. Ray Rapp

II. HB 582 – Special Education Changes

Rep. Rick Glazier

III. Presentation of Education Portion of Senate Bill 202

Public Schools
Brian Matteson, Fiscal Research
Kristopher Nordstrom, Fiscal Research

Community Colleges
Andrea Poole, Fiscal Research

UNC
Richard Bostic, Fiscal Research

IV. Committee Discussion

V. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Wednesday, April 15, 2009, 8:30a.m.

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building at 8:37 a.m. on Wednesday, April 15, 2009. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representative McLawhorn, Co-Chair, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley. Members of the Education Team in the Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted with the meeting.

The Chair recognized Representative Wiley to explain HB 582, AN ACT PROVIDING FOR COMPLIANCE WITH FEDERAL LAW REQUIRING THE PROVISION OF EDUCATIONAL SERVICES TO STUDENTS TRANSFERRING INTO A NORTH CAROLINA SCHOOL DISTRICT WHILE UNDER A TERM OF SUSPENSION OR EXPULSION. Representative Glazier is the primary sponsor of the bill. A copy of the bill is attached and made a part of these minutes (See Attachment #1). Representative Wiley explained the bill and answered questions from members of the committee. The committee did not take any action on the bill.

The Chair recognized **Brian Matteson**, **Kris Nordstrom**, and **Andrea Poole**, with the Fiscal Research Division, to present the Senate's proposed education budget. (See Attachment #2 for a copy of the education section of the Senate's proposed budget).

Throughout the presentation, there were questions and discussion. With there being no further business, the meeting adjourned at 9:43 a.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

VISITOR REGISTRATION SHEET

...use Appropriations Subcommittee on Edu. — 15April 2009

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.
Emily Doyle	NCPAPA
Leanne Winner	NCSBA
Katherine W Joyce	NCASA
Pam Harris	Public Sch. Forum of N.C.
John D. Dening	All Kinds of Minds
Michael Tarantino	Cary, NC
Mary Watson	NCDPI
Rob Hudson	Hollingsworth
Brian Lewis	NCAE
Jenni Ar Willis	NCCCS

VISITOR REGISTRATION SHEET

4-15-09

Name of Committee | Date

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NAME	FIRM OR AGENCY AND ADDRESS
Jennifer Parker	Charlotte
Victoria Byrd	Clinton

VISITOR REGISTRATION SHEET

House Appropriations- Education
Name of Committee

April 15, 2009
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bryan Conrad	OSBM
[signature]	OSBM
Joyce Wallace	OSBM
Jennifer Haygood	NCCCS
Anita Watkins	UNC GA
Ceil S Bond	NCAE
[signature]	UNC
Linda Hatcher	Parent - Beyond Academics 4114 Carpenter Pond Rd Durham NC
Chris Minard	State Bd of Ed
[signature]	UNC
[illegible]	[illegible]

VISITOR REGISTRATION SHEET

House Appropriations – Education
Name of Committee

April 15, 2009
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Soren Schmidt	AFC NC

House Pages

Approp Ed

Name Of Committee: _____ Date: 4-15-09

1. Name: Josh Chappell
   County: Wayne
   Sponsor: Efton Sager
2. Name: John Manigo
   County: Cumberland
   Sponsor: Floyd
3. Name: Ashley Williams
   County: Cumberland
   Sponsor: Marvin W. Lucas
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Charles Williams
2. Name: Earl Coker
3. Name: _____
4. Name: _____

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

HOUSE BILL 582
Committee Substitute Favorable 4/7/09

Short Title: Special Education Changes. (Public)

Sponsors:

Referred to:

March 16, 2009

A BILL TO BE ENTITLED

AN ACT PROVIDING FOR COMPLIANCE WITH FEDERAL LAW REQUIRING THE PROVISION OF EDUCATIONAL SERVICES TO STUDENTS TRANSFERRING INTO A NORTH CAROLINA SCHOOL DISTRICT WHILE UNDER A TERM OF SUSPENSION OR EXPULSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-366(a3)(2) reads as rewritten:

"(a3) A student who is not a domiciliary of a local school administrative unit may attend, without the payment of tuition, the public schools of that unit if all of the following apply:

...

(2) The student ~~is~~ is:

a. ~~not~~ Not currently under a term of suspension or expulsion from a school for conduct that could have led to a suspension or an expulsion from the local school administrative ~~unit.~~unit, or

b. Currently under a term of suspension or expulsion from a school for conduct that could have led to a suspension or an expulsion from the local school administrative unit and is identified as eligible for special education and related services under the Individuals with Disabilities Education Improvement Act, 20 U.S.C. § 1400, et seq., (2004). Assignment under this sub-subdivision is available only if evidence of current eligibility is tendered with the affidavit required under subdivision (3) of this subsection.

...."

SECTION 2. G.S. 115C-366(a5) reads as rewritten:

"(a5) Notwithstanding any other law, a local board may deny admission to or place reasonable conditions on the admission of a student who has been suspended from a school under G.S. 115C-391 or who has been suspended from a school for conduct that could have led to a suspension from a school within the local school administrative unit where the student is seeking admission until the period of suspension has expired. Also, a local board may deny admission to or place reasonable conditions on the admission of a student who has been expelled from a school under G.S. 115C-391 or who has been expelled from a school for behavior that indicated the student's continued presence in school constituted a clear threat to the safety of other students or employees or who has been convicted of a felony in this or any other state. If the local board denies admission to a student who has been expelled or convicted of a felony, the student may request the local board to reconsider that decision in accordance with G.S. 115C-391(d). When a student who has been identified as eligible to receive special education and related services under the Individuals with Disabilities Education Improvement

Act, 20 U.S.C. § 1400, et seq., (2004), is denied admission under this subsection, the local board shall provide educational services to the student to the same extent it would if the student were enrolled in the local school administrative unit at the time of the suspension or expulsion, as required by G.S. 115C-107.1(a)(3)."

SECTION 2. This act is effective when it becomes law.

House Appropriations Subcommittee on Education

SB 202 – Education Money Report & Provisions

April 15, 2009

Senate Subcommittee on Education

Public Education

	GENERAL FUND			
	FY 09-10		FY 10-11	
Adjusted Continuation Budget	**$8,245,341,827**		**$8,358,798,223**	
Legislative Changes				
A. Technical Adjustments				
1 Civil Penalties Receipts Makes recurring adjustment to budgeted civil penalty revenues to account for actual FY 2007-08 receipts. Collected civil penalties revenues are required to be deposited in the State Public School Fund (SPSF) for allotment to LEAs on a per-ADM basis. Total realized FY 2007-08 receipts were $120.3 million. The nonrecurring adjustment reflects the transfer of $18 million in civil penalties held in escrow at University of North Carolina campuses to the Civil Penalty and Forfeiture Fund for appropriation.	($6,324,790) ($18,183,251)	R NR	($6,324,790)	R
2 Financing School Bus Replacement Adjusts the schedule for school bus financing from three to four years on a recurring basis. This adjustment does not cut or delay the number of buses scheduled to be replaced in FYs 2009-11.	($7,500,000)	R	($7,500,000)	
3 Textbook Freight Eliminates funding for textbook freight. These costs will be covered through receipts from books purchased by the local education agencies (LEAs).	($217,837)	R	($217,837)	R
4 Eliminate Certain Continuation Budget Adjustments Eliminates funding increases provided in the FYs 2009-11 continuation budget for the following items: Miscellaneous Contractual Services ($395,109), Unemployment Compensation ($45,072), Short Term Disability ($3,617,512), Annual Leave ($259,162), Nat'l Board for Professional Teaching Standards Fees ($2,284,043), and Workers Compensation ($3,513,237).	($10,114,135)	R	($10,114,135)	R
B. State Public School Fund				
5 Information Highway Eliminates funding for a program that previously paid for LEAs to access distance learning. Funds are no longer needed as the School Connectivity Initiative (SCI) has replaced this program and provides increased service to the LEAs.	($1,200,000)	R	($1,200,000)	R

	FY 09-10		FY 10-11	
6 Adjust School Resource Officer (SRO) Allotment G Revises the At-Risk Student Services allotment to reflect the FY 2008-09 actual salary and benefits expenditures for School Resource Officers (SROs). A portion of the current allotment provides each high school with $37,838 to support the salary and benefits for SROs.	($1,202,256)	R	($1,202,256)	R
7 School Technology Fund G Reduces by 40% on a nonrecurring basis the General Fund support for the School Technology Fund, which provides support to LEAs on a per-ADM basis for the development and implementation of LEA technology plans. An additional $18 million for this Fund is annually provided from the Civil Penalty and Forfeiture Fund.	($4,000,000)	NR	($4,000,000)	NR
8 Textbooks G Adjusts allotment to reflect one-year delay in the adoption of grades 6-12 mathematics textbooks. Sufficient funding is provided in the continuation budget to support the adoption of the mathematics textbooks in FY 2010-11.	($37,977,278)	NR		
9 NC Wise Owl G Reduces funding by 38% for this online reference resource for teachers and students. This portion of the reference service is being provided at no cost by SAS Institute.	($500,000)	R	($500,000)	R
10 Central Office Administration G Reduces dollar allotment to Local Education Agencies (LEAs) for salaries and benefits for central office staff which includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. The reduction reflects a 5.3% decrease from the FY 2009-10 continuation budget total of $120,855,235.	($6,470,262)	R	($6,470,262)	R
11 More at Four G^M Transfers funding for the More at Four program to the Department of Health and Human Services.	($86,000,000) G: (1,010,000) No transfer	R	($86,000,000) (1,010,000)	R
12 Local Education Agency Discretionary Reduction G^M The State Board of Education shall distribute this local education agency discretionary reduction on the basis of ADM. A related provision, Section 7.8, will provide additional flexibility to the LEAs to manage this reduction.	($9,432,140) (144,000,000)	R R	($8,782,140) (144,000,000)	R
13 Testing G^M Eliminates funding for all State-administered tests not currently required by Federal law or as a condition of Federal grants. These tests include: Geometry End of Course (EOC), Algebra II EOC, Physical Science EOC, Chemistry EOC, Physics EOC, Reading Competency, Mathematics Competency, and Computer Skills. A related provision, section 7.20, will prohibit the North Carolina State Board of Education from requiring the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.	($3,636,594) (2,000,000)	R	($3,636,594) (2,000,000)	R

	FY 09-10		FY 10-11	
14 Focused Education Reform Provides a 10% reduction to funds appropriated to DPI in support of the pilot program known as The Collaborative Project. DPI funding for this program is currently $4,833,728. The Public School Forum receives an additional $2,342,705 to support and administer the pilot. This item would not reduce the Public School Forum component of overall funding for the Collaborative Project.	($483,373)	R	($483,373)	R
15 Staff Development Reduces funding by 50%, on a nonrecurring basis, for the staff development allotment.	($6,278,960)	NR	($6,278,960)	NR
16 Improving Student Accountability Eliminates funding for this allotment that supports activities designed to improve the performance of those students scoring at Level I or II on certain State tests. The Disadvantaged Student Supplemental Funding and At-Risk Student Services allotments support similar types of activities.	($38,339,798)	R	($38,339,798)	R
17 Critical Foreign Language Pilot Eliminates funding for this two-year old pilot program. Section 7.16 of this bill will enable the carryover of FY 2008-09 funding to complete the development of online Russian and Japanese language courses that is currently ongoing.	($500,000)	R	($500,000)	R
18 Increase Class Size by 2 Students in Every Grade Decreases funding for the Classroom Teachers allotment consistent with increasing the student to teacher funding allotment ratio currently set by the State Board of Education for each grade by 2. The related provision, section 7.23, increases the allowable maximum district-wide class size average and maximum individual class size by 2, and clarifies that the General Assembly's intent is to restore this cut as soon as State revenues make it fiscally responsible to do so.	($322,705,848)	R	($322,705,848)	
C. Department of Public Instruction				
19 DPI Position Reduction Requires the State Board of Education (SBE) to identify and eliminate the following number and types of positions over the biennium:	($5,420,925) -100.00	R	($12,648,825) -300.00	R
FY 2009-10 Eliminate a combination of 100 vacant, transferred and filled State-supported positions. 25 of these positions shall be transferred to the Department of Health and Human Services (DHHS) along with the Office of School Readiness and the More at Four program. The 25 positions are comprised of 23 receipt-supported positions and 2 Federally-supported Head Start positions.	G: (1,998,705)		(1,998,705)	
FY 2010-11 Eliminate 200 additional positions. At least 100 of these positions shall be State-supported.				

	FY 09-10		FY 10-11	
20 Plan for Statewide Motor Coach Permit Directs the State Board of Education, in conjunction with the Division of Motor Vehicles, to develop a plan by January 1, 2010 for a statewide permit for motor coach companies seeking to contract with local school systems to transport students and other authorized personnel on school-sponsored trips.	$5,000	NR		
G **21 Membership Dues** Eliminates the allowable inflation provided for membership dues in the FYs 2009-11 continuation budget.	($209,238)	R	($209,238)	R
G **22 Legacy Funds** Adjusts fund balance remaining from nonrecurring appropriations made for agency IT infrastructure. This reduction would eliminate the fund balance of $2,000,000.				
G **23 DPI Operating Funds** Reduces DPI operating and purchased services budgeted expenditures consistent with actions taken to manage these expenditures in FY 2008-09.	($1,591,552)	R	($1,591,552)	R
G **24 Personal Financial Literacy** Eliminates the recurring appropriation for this activity. Personal Financial Literacy has already been integrated into the curriculum and is available to students through the North Carolina Virtual Public Schools. DPI personnel shall continue to provide curricular materials, professional development, and technical assistance to teachers on this subject.	($500,000)	R	($500,000)	R
G^M **25 Governor's Schools** Eliminates the inflation built into both years of the FY 2009-11 continuation budget and decreases the appropriation to support 600 student participants in FY 2010-11. Funding supports the Governor's Schools, which are held each summer for six weeks at two college campuses. Student selection is competitive. The current appropriation supports a total of 800 student participants.	($59,752)	NR	($439,409)	NR
D. Pass-Through Funds				
G^M **26 Tarheel ChalleNGe Academy** Provides funding to the North Carolina's Tarheel ChalleNGe Academy, a quasi-military program for high school dropouts, or expellees. It is located in Sampson County and sponsored by the North Carolina National Guard. This program receives matching funds from the federal government equal to $60 for every $40 of State funds. Previously, the Tarheel ChalleNGe had been funded within the Department of Crime Control and Public Safety budget. The appropriation for this program was eliminated for FY 2008-09 pending the findings of a Continuation Review.	$1,293,000	NR	$1,293,000	NR

G: (59,752) NR (789,409) NR
– support 400 students in 10-11

G: Recurring, in JPS Budget

	FY 09-10		FY 10-11	
27 Appropriations to Non-Public School Organizations Reduces recurring funding to the following organizations by 10% of their budgeted amount: Communities in Schools ($160,750), Schools Attuned ($82,091), ExplorNet ($30,000), Teacher Cadet ($40,000), NC Network ($31,263), Science Olympiad ($15,000), Teach for America ($95,000), and NC Math & Science ($10,000). Additionally, recurring funding for Literacy Coach training provided by the Teacher Academy shall be reduced by 10%, or $150,000. $1,350,000 would remain available to train 200 coaches.	($614,104)	R	($614,104)	R
E. Expansion-State Public School Fund				
28 Learn and Earn Early College High Schools Provides funding for 12 additional Learn and Earn high schools that will be operational in FY 2009-10, bringing the total number of Learn and Earn "traditional" high schools to 68. the nonrecurring appropriation provides $10,000 per site to support start-up costs associated with the first year of implementation.	$3,601,265 $120,000	R NR	$3,601,265	R
29 Dropout Prevention Grants Provides two years of nonrecurring funding for additional dropout prevention grants. This program provides funding on a competitive basis to local school administrative units, schools, local agencies, or nonprofit organizations to support programs that address dropout prevention. The additional funding for this program can be used to provide continued funding to past grant recipients or to fund new recipients. The maximum grant size is $150,000.	$1,000,000	NR	$1,000,000	NR
30 North Carolina Virtual Public School (NCVPS) Provides additional funds to expand the NCVPS. These funds would provide additional resources to support the cost of teachers and instructional materials for students enrolled in NCVPS courses. These funds would be in addition to $2.7 million in other recurring NCVPS funding.	$2,000,000	R	$2,000,000	R
F. Expansion-Department of Public Instruction				
31 Leadership Academy Supports the creation of a Leadership Academy which will provide professional development to superintendents, enabling them to train principals to address critical areas such as student achievement and teacher working conditions.	$200,000	R	$200,000	R

	FY 09-10		FY 10-11	
32 District and School Transformation Initiative	$3,023,546	R	$3,023,546	R
Expands the State Board of Education's District and School Transformation initiative. The District and School Transformation initiative is part of the State's redesigned framework for delivering technical assistance and other support to low performing districts and schools. The recommended appropriation supports the addition of 23 full-time positions to expand services to additional districts and schools. The recommended expansion includes nonrecurring costs for start-up costs and professional development to DPI staff to build local capacity.	$342,000	NR		
	23.00		23.00	
33 Diagnostic Assessment and Accountability				
Provides nonrecurring funds to support the development and implementation of a new Standard Course of Study for all content areas and grade levels. This appropriation will also support the State Board of Education's efforts to research, design, and implement a new comprehensive State testing system that will include formative, benchmark/interim, and summative tests. The ultimate goal of this initiative is to develop a new K-8 and K-12 accountability model.	$3,000,000	NR		
G. Other Reserves and Transfers				
34 Teaching Fellows Trust Fund				
Reduces the cash balance of the Teaching Fellows Trust Fund on a nonrecurring basis by $4,500,000. The current cash balance of the Fund is $6.76 million. This reduction will not negatively impact program participants or operations.				
35 Children's Trust Fund	($247,500)	R	($247,500)	R
Eliminates the State appropriation for this program. Other annual receipts of approximately $365,000 generated from marriage license fees will continue to support this program that awards grants to entities that support child neglect and abuse prevention initiatives. Section 10.43 of this bill will move administration of this program to the Department of Health and Human Services.				
36 Redirect Capital Funds to Support Public Schools through the General Fund				
Suspends the transfer of Corporate Income Tax funds in FY 2009-10 and FY 2010-11 to the Public School Building Capital Fund. Instead, funds will be transferred as a receipt to the State Public School Fund to temporarily offset the costs for public school operations. For FYs 2009-10 and 2010-11, General Fund appropriations will be reduced by the amount that was scheduled to be transferred to the capital accounts.	($60,500,000)	NR	($64,500,000)	NR

Senate Subcommittee on Education	FY 09-10		FY 10-11	
Total Legislative Changes	**($494,385,541)**	**R**	**($500,963,441)**	**R**
	($121,239,241)	**NR**	**($72,925,369)**	**NR**
Total Position Changes	-77.00		-277.00	
Revised Budget	**$7,629,717,045**		**$7,784,909,413**	

SECTION 6.16.(e) Executive branch State agencies shall provide all information requested by Office of State Budget and Management in conducting the inventory and in all other issues related to the development of this plan.

SECTION 6.16.(f) The Office of State Budget and Management shall submit the plan to the Joint Legislative Oversight Committee on Information Technology on or before March 1, 2010.

POSITION TRANSFER REPORTS/OFFICE OF INFORMATION TECHNOLOGY SERVICES/OSC

SECTION 6.17.(a) By November 1, 2009, the Office of Information Technology Services shall submit a written report to the Appropriation Committees of the Senate and the House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division regarding the transfer of information technology (IT) positions associated with IT consolidation. The report shall include the following:

(1) The numbers and types of positions transferred to the Office of Information Technology Services from other State agencies, an explanation as to why each position was moved to Office of Information Technology Services, the cost associated with each position, and how that cost is allocated.

(2) The number and types of information technology positions remaining with each State agency, an explanation as to why the positions were retained by the agency, and the total cost for each position.

(3) The number and location of positions eliminated as a result of IT consolidation and the associated cost savings.

(4) Any new positions created within Office of Information Technology Services to support IT consolidation, the reason each position was created, and the associated cost.

SECTION 6.17.(b) By November 1, 2009, the Office of the State Controller shall submit a written report to the Appropriations Committees of the Senate and House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division on the transfer of positions associated with the implementation of the BEACON (HR)/Payroll project. The report shall include the following:

(1) The numbers and types of positions transferred to the Office of the State Controller from other State agencies, an explanation as to why each position was moved to the Office of the State Controller, the cost associated with each position, and how that cost is allocated.

(2) The number and types of positions remaining with each State agency, an explanation as to why the positions were retained by the agency, and the total cost for each position.

(3) The number and location of positions eliminated as a result of the implementation of the BEACON HR/Payroll system and the associated cost savings.

(4) Any new positions created within the Office of the State Controller to support BEACON HR/Payroll, the reason each position was created, and the associated cost.

PART VII. PUBLIC SCHOOLS

CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate funds for children with disabilities on the basis of three thousand five hundred dollars and seventy-seven cents

($3,500.77) per child for a maximum of 173,249 children for the 2009-2010 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 2009-2010 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.

G,$

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of one thousand one hundred sixty-three dollars and seven cents ($1,163.07) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2009-2010 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 58,597 children for the 2009-2010 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.

G^M

USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks; (ii) for salary supplements for instructional personnel and instructional support personnel; and (iii) to pay an amount not to exceed ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II in grades 4 and 7.

SECTION 7.3.(b) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
   a. Anticipated county property tax revenue availability,
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
   c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and
   d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
   c. Add to the resulting amount the:
      1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
      2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
      3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:
   a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
   b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
   c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
   d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of

Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.3.(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.3.(f) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of

Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only. This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws. If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.3.(h) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.3.(i) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

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SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four,

and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least seven hundred eighty-eight thousand seven hundred eighty-nine dollars ($788,789), excluding textbooks, for the 2009-2010 fiscal year and a base of seven hundred eighty-eight thousand seven hundred eighty-nine dollars ($788,789) for the 2010-2011 fiscal year.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12. If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.4.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.4.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula because of (i) an increase in the population of the county in which the local school administrative unit is located or (ii) an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be continued for nine years after the unit becomes ineligible.

SECTION 7.4.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(3) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(4) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(5) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(6) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(7) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.4.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7.

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REPLACEMENT SCHOOL BUSES/FUNDS

SECTION 7.5.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

(1) The local board of education shall use the funds only to make the first, second, third, or fourth year's payment on a financing contract entered into pursuant to G.S. 115C-528.

(2) The term of a financing contract entered into under this section shall not exceed four years.

(3) The local board of education shall purchase the buses only from vendors selected by the State Board of Education and on terms approved by the State Board of Education.

(4) The Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for the direct purchase of school buses and activity buses and shall establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.

(5) A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.5.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

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DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.6.(a) If the State Board of Education does not have sufficient resources in the ADM Contingency Reserve line item to make allotment adjustments in accordance with the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual, the State Board of Education may use funds appropriated to State Aid for Public Schools for this purpose.

SECTION 7.6.(b) If the higher of the first or second month average daily membership in a local school administrative unit is at least two percent (2%) or 100 students lower than the anticipated average daily membership used for allotments for the unit, the State Board of Education shall reduce allotments for the unit. The reduced allotments shall be based on the higher of the first or second month average daily membership plus one-half of the number of students overestimated in the anticipated average daily membership.

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

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LITIGATION RESERVE FUNDS

SECTION 7.7. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2009-2010 and 2010-2011 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to litigation.

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LEA FLEXIBILITY

SECTION 7.8.(a) The State Board of Education shall implement temporary modifications to the limitations on budget flexibility set out in G.S. 115C-105.25. For the 2009-2010 and 2010-2011 fiscal years, local school administrators shall make every effort to reduce spending whenever and wherever such budget reductions are appropriate as long as the targeted reductions do not directly impact classroom services or any services for students at risk or children with special needs.

SECTION 7.8.(b) Within 14 days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit and charter school of the amount the unit shall reduce from the State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit on the basis of average daily membership.

SECTION 7.8.(c) Each unit shall report to the Department of Public Instruction on the flexibility budget reductions it has identified for the unit within 30 days of the date this act becomes law.

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NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS

SECTION 7.9.(a) Beginning with the 2010-2011 fiscal year, the State Board of Education shall implement an allotment formula for e-learning developed pursuant to Section 7.16(d) of S.L. 2006-66.

The North Carolina Virtual Public School (NCVPS) shall be available at no cost to all high school students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

The Department of Public Instruction shall communicate to local school administrative units all applicable guidelines regarding the enrollment of nonpublic school students in these courses.

SECTION 7.9.(b) In order to ensure funds are available to operate NCVPS for the 2009-2010 fiscal year, the State Board of Education shall use funding sources in the following order:

(1) The General Fund appropriation for NCVPS;
(2) Available funds received under the American Recovery and Reinvestment Act;
(3) Up to six million dollars ($6,000,000) of funds appropriated for school technology;
(4) Funds from the State Public School Fund.

SECTION 7.9.(c) NCVPS courses shall be available only to high school students.

SECTION 7.9.(d) The State Board of Education shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, on its implementation of this section.

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LEARN AND EARN ONLINE

SECTION 7.10.(a) Funds are appropriated in this act for the Learn and Earn Online program. This program will allow high school students to enroll in college courses to qualify for college credit. Online courses shall be made available to students through The University of North Carolina and the North Carolina Community College System.

SECTION 7.10.(b) Funds shall be used for:

(1) Course tuition and only those technology and course fees and textbooks required for course participation; and
(2) A liaison position in the Department of Public Instruction to coordinate with The University of North Carolina and the North Carolina Community College System and to communicate course availability and related information to high school administrators, teachers, and counselors.

SECTION 7.10.(c) The State Board of Education shall determine the allocation of Learn and Earn Online course offerings across the State.

SECTION 7.10.(d) The State Board of Education shall allot funds for tuition, fees, and textbooks on the basis of and after verification of the credit hour enrollment of high school students in Learn and Earn Online courses. The Office of State Budget and Management shall transfer sufficient funds from the State Public School Fund to the Community Colleges System Office for courses offered by community colleges.

SECTION 7.10.(e) The University of North Carolina program shall report to The University of North Carolina Board of Governors, and the North Carolina Community College program shall report to the State Board of Community Colleges. The Department of Public Instruction shall report to the State Board of Education.

SECTION 7.10.(f) Both The University of North Carolina and the North Carolina Community College System shall provide oversight and coordination, including coordination with the Department of Public Instruction and with the North Carolina Virtual Public School (NCVPS), to avoid course duplication.

SECTION 7.10.(g) The programs shall establish course quality and rigor standards and shall conduct course evaluations to ensure that the online courses meet the established standards.

SECTION 7.10.(h) Local school administrative units may purchase textbooks for Learn and Earn Online courses through the Department of Public Instruction's textbook warehouse in the same manner as textbooks that have been adopted for public school students by the State Board of Education.

SECTION 7.10.(i) Funds appropriated for Learn and Earn Online that are unexpended or unencumbered at the end of each fiscal year shall not revert but shall remain available for expenditure.

SECTION 7.10.(j) Subsection (i) of this section becomes effective June 30, 2009.

ABCS OF PUBLIC EDUCATION

SECTION 7.11. Notwithstanding G.S. 115C-105.36, the State Board of Education shall place a one-year moratorium on financial awards paid to school personnel in the 2009-2010 fiscal year based on 2008-2009 student academic performance.

The State Board of Education shall develop a plan to restructure the ABCs Accountability System and report the restructuring plan to the Governor and General Assembly by January 31, 2010.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.12.(a) Up to three hundred thousand dollars ($300,000) may be transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet. These funds may be used for services to coordinate e-learning activities across all State educational agencies.

SECTION 7.12.(b) Of the funds allocated for the School Connectivity Initiative, the sum of two hundred fifty thousand dollars ($250,000) may be used annually to sustain the Education E-Learning Portal.

SECTION 7.12.(c) Section 7.6(a) of S.L. 2008-107 reads as rewritten:

"**SECTION 7.6.(a)** Up to ~~six~~ three hundred thousand dollars ~~($600,000)~~($300,000) may be transferred annually through June 30, 2013, to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century Teaching and Learning outcomes approved by the State Board of Education. The Friday Institute shall report annually to the State Board of Education on the evaluation ~~results, including recommendations for continued implementation of the school connectivity initiative that improves teaching and learning.~~ results."

SECTION 7.12.(d) Funds allocated to the School Connectivity Initiative shall carry forward to the next fiscal year until the project is fully implemented by June 30, 2010.

SECTION 7.12.(e) Subsection (d) of this section becomes effective on June 30, 2009.

DROPOUT PREVENTION GRANTS

SECTION 7.13.(a) Dropout Prevention Grants. – The Committee on Dropout Prevention, as reestablished in Section 7.14 of S.L. 2008-107, may use funds appropriated in this act to provide grants to new recipients or to extend additional funding to organizations that received funding previously.

SECTION 7.13.(b) Criteria for Dropout Prevention Grants. – The following criteria apply to all types of dropout prevention grants approved by the Committee:

(1) Grants shall be issued in varying amounts up to a maximum of one hundred fifty thousand dollars ($150,000).

(2) These grants shall be provided to innovative programs and initiatives that target students at risk of dropping out of school and that demonstrate the potential to (i) be developed into effective, sustainable, and coordinated dropout prevention and reentry programs in middle schools and high schools and (ii) serve as effective models for other programs.

(3) Grants shall be distributed geographically throughout the State and throughout the eight educational districts as defined in G.S. 115C-65. No more than three grants shall be awarded in any one county under this section in a single fiscal year.

(4) Grants may be made to local school administrative units, schools, local agencies, or nonprofit organizations.

(5) Grants shall be to programs and initiatives that hold all students to high academic and personal standards.

(6) Grant applications shall state (i) how grant funds will be used, (ii) what, if any, other resources will be used in conjunction with the grant funds, (iii) how the program or initiative will be coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community, and (iv) a process for evaluating the success of the program or initiative.

(7) Programs and initiatives that receive grants under this section shall be based on best practices for helping at-risk students achieve successful academic progress, preventing students from dropping out of school, or for increasing the high school completion rate for those students who already have dropped out of school.

(8) Priority for grants shall be given to proposals that demonstrate input from the local community and coordination with other available programs or resources.

(9) Grantees shall assure their compliance with applicable laws and rules regulating conflicts of interest.

(10) Priority for grants shall be given to programs that would serve students in local schools that have a four-year cohort graduation rate of less than sixty-five percent (65%). The Committee shall establish a grant rating cutoff score at such a level as to allow for consideration of all viable grants in this priority category. The Committee may require grantees to provide supplemental information in response to any prior reviewer comments.

(11) The demonstrated need for a grant, level of collaboration, ability to increase attendance, persistence, academic success, ability to increase parental involvement, and graduation shall be given more weight than the quality of the written grant.

(12) Grants shall be made no later than November 1, 2009.

The Committee shall report to the Joint Legislative Commission on Dropout Prevention and High School Graduation and the Joint Legislative Education Oversight Committee on the grants awarded under this section by March 1, 2010.

SECTION 7.13.(c) Evaluation. – The Committee shall evaluate the impact of the dropout prevention grants awarded under this section. In evaluating the impact of the grants, the Committee shall consider:

(1) How grant funds were used, including the services provided for teen pregnancy prevention and for pregnant and parenting teens;

(2) The success of the program or initiative, as indicated by the evaluation process stated in its grant application;

(3) The extent to which the program or initiative has improved students' attendance, test scores, persistence, and graduation rates;

(4) How the program or initiative was coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community;

(5) What, if any, other resources were used in conjunction with the grant funds;

(6) The sustainability of the program;

(7) The number, gender, ethnicity, and grade level of students being served as well as whether the students left school due to pregnancy or parenting responsibilities;

(8) The potential for the program to serve as a model for achieving successful academic progress for at-risk students; and

(9) Other indicators of the impact of the grant on dropout prevention.

The recipients of the dropout prevention grants awarded under this section shall report to the Committee on Dropout Prevention by January 31, 2011, and by September 30, 2011. The reports shall provide information to assist the Committee in conducting its evaluation. The reports shall include a statement that the recipients used grant funds for the purposes appropriated by the General Assembly and complied with applicable laws, regulations, and terms and conditions of the grant documents. The Committee shall make an interim report of the results of its evaluation of the grants awarded under this section by March 31, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee. The Committee shall make a final report of the results of its evaluation of the grants awarded under subsection (c) of this section by November 15, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee.

SECTION 7.13.(d) Of the funds appropriated in this act for the Committee on Dropout Prevention, the sum of one million dollars ($1,000,000) for the 2009-2010 and 2010-2011 fiscal years shall be used to award new grants, as well as additional grants to previous grant recipients, in accordance with subsection (b) of this section.

SECTION 7.13.(e) Funds appropriated for the dropout prevention grants for the 2009-2010 fiscal year and the 2010-2011 fiscal year shall not revert but shall remain available for expenditure until August 31, 2011.

SECTION 7.13.(f) Of the funds appropriated for the dropout prevention grants, the sum of one hundred thousand dollars ($100,000) for the 2009-2010 and 2010-2011 fiscal years may be used to issue a request for proposals from qualified vendors on a competitive basis to contract as a consultant to assist with the evaluation. The factors to be considered in awarding the contract shall be identified in the request for proposals.

SECTION 7.13.(g) Of the funds appropriated for the dropout prevention grants, the Department of Public Instruction may use up to fifty thousand dollars ($50,000) in fiscal years 2009-2010 and 2010-2011 for its administrative assistance to the Committee and provide technical assistance under this section.

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DEPARTMENT OF PUBLIC INSTRUCTION/BUDGET FLEXIBILITY

SECTION 7.14. Notwithstanding G.S. 143C-6-4, the Department of Public Instruction may reorganize, if necessary, to implement the budget reductions set out in this act. The Department shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

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BUSINESS EDUCATION TECHNOLOGY ALLIANCE

SECTION 7.15. G.S. 115C-102.15 is repealed.

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CRITICAL FOREIGN LANGUAGE PILOT FUNDS DO NOT REVERT

SECTION 7.16.(a) Funds appropriated for the Critical Foreign Language Pilot that are unexpended or unencumbered shall not revert but shall remain available for expenditure through June 30, 2010.

SECTION 7.16.(b) This section becomes effective June 30, 2009.

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NORTH CAROLINA 1:1 LEARNING PROJECT

SECTION 7.17.(a) Funds appropriated for the North Carolina 1:1 Learning Project that are unexpended or unencumbered at the end of the 2008-2009 fiscal year shall not revert but shall remain available for expenditure through June 30, 2010.

SECTION 7.17.(b) This section becomes effective June 30, 2009.

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ASSESSMENT AND ACCOUNTABILITY

SECTION 7.18.(a) Funds appropriated in this act for assessment and accountability shall be used to develop new end-of-course and end-of-grade tests, identify national assessments, or both, as determined by the State Board of Education. The development of any new tests replacing end-of-course and end-of-grade tests shall be aligned with the new essential standards and included in the State Board of Education's new accountability restructuring plan.

SECTION 7.18.(b) Notwithstanding G.S. 115C-174.11, the State Board of Education shall investigate and pilot a developmentally appropriate diagnostic assessment for students in elementary grades during the 2009-2010 school year. This assessment will (i) enable teachers to determine student learning needs and individualize instruction and (ii) ensure that students are adequately prepared for the next level of coursework as set out by the standard course of study.

The State Board of Education shall report the results of the pilot to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management, by December 1, 2010.

SECTION 7.18.(c) Funds appropriated for assessment and accountability that remain unexpended and unencumbered at the end of the 2009-2010 fiscal year shall not revert but shall remain available for expenditure through June 30, 2011.

DEVELOPMENT OF A PREK-20 DATA SYSTEM

SECTION 7.19.(a) The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall collaboratively develop and systematically determine the technical specifications and data standards for a PreK-20 data system to centralize student data collected about students enrolled in prekindergarten programs through doctoral programs. The PreK-20 data system shall build upon the current capacity, programs, and initiatives of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina.

The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall also collaboratively develop a strategy for tracking students for five years after they complete their education at a North Carolina public educational institution.

SECTION 7.19.(b) The PreK-20 data standards and specifications shall include:

(1) The types and forms of data to be included in a PreK-20 data system, including longitudinal data and the use of a unique student identifier;

(2) The capacity of a shared PreK-20 data system;

(3) The degree and extent of cooperation between a shared PreK-20 data system and the current data collection systems of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina;

(4) The minimum capacity and technical specifications needed for each data system to feed into a shared PreK-20 data system; and

(5) The ability for data in a shared PreK-20 data system to be understood and used by interested stakeholders, including federal and other State agencies.

SECTION 7.19.(c) Standards and specifications shall conform to the guidelines and instructions governing any funds received through the American Recovery and Reinvestment Act of 2009 for this purpose.

SECTION 7.19.(d) Standards and specifications shall be submitted to the Education Cabinet no later than January 1, 2010. The Education Cabinet shall review these standards and submit its recommendations regarding them to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2010.

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ELIMINATE CERTAIN TESTS

SECTION 7.20.(a) The State Board of Education shall identify and eliminate certain unnecessary or duplicative tests not required by the federal government for No Child Left Behind (NCLB) to determine Adequate Yearly Progress (AYP).

SECTION 7.20.(b) G.S. 115C-174.10 reads as rewritten:

"**§ 115C-174.10. Purposes of the Statewide Testing Program.**

The ~~three~~-testing programs in this Article have three purposes: (i) to assure that all high school graduates possess those minimum skills and that knowledge thought necessary to function as a member of society; (ii) to provide a means of identifying strengths and weaknesses in the education process in order to improve instructional delivery; and (iii) to establish additional means for making the education system at the State, local, and school levels accountable to the public for results."

SECTION 7.20.(c) G.S. 115C-174.11 reads as rewritten:

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

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

~~(b) Competency Testing Program.~~

~~(1) The State Board of Education shall adopt tests or other measurement devices which may be used to assure that graduates of the public high schools and graduates of nonpublic schools supervised by the State Board of Education pursuant to the provisions of Part 1 of Article 39 of this Chapter possess the skills and knowledge necessary to function independently and successfully in assuming the responsibilities of citizenship.~~

~~(2) The tests shall be administered annually to all ninth grade students in the public schools. Students who fail to attain the required minimum standard for graduation in the ninth grade shall be given remedial instruction and additional opportunities to take the test up to and including the last month of the twelfth grade. Students who fail to pass parts of the test shall be retested on only those parts they fail. Students in the ninth grade who are enrolled in special education programs or who have been officially designated as eligible for participation in such programs may be excluded from the testing programs.~~

~~(3) The State Board of Education shall:~~

~~a. Adopt one or more nationally standardized tests or other nationally standardized equivalent measures that measure competencies in the verbal and quantitative areas; or~~

~~b. Develop and validate alternate means and standards for demonstrating minimum competence. These standards must be as difficult as the tests adopted pursuant to subdivision (1) of this subsection.~~

~~The State Board of Education shall adopt a policy to identify which students and under what circumstances students may pass one of these tests in lieu of the testing requirement of subdivision (2) of this subsection.~~

~~(3a) Students with disabilities who fail to pass the competency test adopted pursuant to subdivision (2) of this subsection after two attempts shall be~~

~~given the opportunity to take and pass one of the alternate tests adopted pursuant to subdivision (3) of this subsection.~~

(4) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 18.14.

(c) Annual Testing Program.

(1) The State Board of Education shall adopt ~~a system of annual testing~~ the tests for grades three through ~~12.~~ 12 that are required by federal law or as a condition of a federal grant. These tests shall be designed to measure progress toward reading, communication skills, and mathematics for grades three through eight, and toward competencies ~~designated by the State Board~~ for grades nine through 12. ~~The State Board may develop and implement a plan for high school end-of-course tests that must be aligned with the content standards developed under G.S. 115C-12(9c).~~ Students who do not pass the tests adopted for eighth grade shall be provided remedial instruction in the ninth grade. ~~This assistance shall be calculated to prepare the students to pass the competency test administered under subsection (b) of this section.~~

(2) If the State Board of Education finds that additional testing in grades three through 12 is desirable to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states.

(d) The State Board of Education shall not require the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.

The State Board of Education shall adopt and provide to local school administrative units all tests required by federal law or as a condition of a federal grant."

SECTION 7.20.(d) G.S. 115C-174.12 reads as rewritten:

"**§ 115C-174.12. Responsibilities of agencies.**

(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. These policies and guidelines shall include the following:

(1) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning;

(2) Students in a school shall not be subject to field tests or ~~national tests~~ other standardized tests during the two-week period preceding the administration of end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams; and

(3) No school shall participate in more than two field tests at any one grade level during a school year unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests.

These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and section 504 (29 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption.

The State Board of Education may appoint an Advisory Council on Testing to assist in carrying out its responsibilities under this Article.

(b) The ~~Superintendent of Public Instruction~~Chief Executive Officer shall be responsible, under policies adopted by the State Board of Education, for the statewide administration of the testing program provided by this Article.

(b1) The ~~Superintendent~~ Chief Executive Officer shall notify local boards of education by October 1 of each year of any field tests that will be administered in their schools during the school year, the schools at which the field tests will be administered, and the specific field tests that will be administered at each school.

(c) Local boards of education shall cooperate with the State Board of Education in implementing the provisions of this Article, including the regulations and policies established by the State Board of Education. Local school administrative units shall use the annual ~~and competency testing programs~~ tests to fulfill the purposes set out in this Article. Local school administrative units are encouraged to continue to develop local testing programs designed to diagnose student ~~needs further.~~needs."

REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING

SECTION 7.21.(a) The State Board of Education shall:

(1) Review the lateral entry program and identify and remove from it barriers to the lateral entry of skilled individuals from the private sector into the teaching profession;

(2) Reduce the coursework requirements for lateral entry by consolidating the required competencies into fewer courses and fewer semester hours of coursework; and

(3) Provide additional opportunities for individuals to complete coursework online and at community colleges.

SECTION 7.21.(b) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by January 15, 2010, on its implementation of this section.

NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS

SECTION 7.22.(a) G.S. 115C-285(a) is amended by adding a new subdivision to read:

"**§ 115C-285. Salary.**

(a) Principals and supervisors shall be paid promptly when their salaries are due provided the legal requirements for their employment and service have been met. All principals and supervisors employed by any local school administrative unit who are to be paid from local funds shall be paid promptly as provided by law and as State-allotted principals and supervisors are paid.

Principals and supervisors paid from State funds shall be paid as follows:

...

(8) A teacher who becomes an assistant principal without a break in service shall be paid, on a monthly basis, at least as much as he or she would earn as a teacher employed by that local school administrative unit."

SECTION 7.22.(b) This section becomes effective July 1, 2009, and applies to all persons initially employed as assistant principals on or after that date.

INCREASE CLASS SIZE

SECTION 7.23. Notwithstanding any other provision of law, the allotment ratios, the maximum class size, and the maximum average class size limits for each grade level in the

public schools shall be two students higher beginning with the 2009-2010 school year than they were for the 2008-2009 school year.

It is the intent of the General Assembly that this increase remain in effect for a maximum of two years and that lower class sizes be restored as soon as State revenues make it fiscally responsible to do so.

DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC SCHOOL FUND

SECTION 7.25. Notwithstanding the provisions of G.S. 115C-546.1(b), the Secretary of Revenue shall not remit any funds for credit to the Public School Building Capital Fund during the 2009-2011 fiscal biennium but shall deposit in the State Public School Fund the funds that would have otherwise been deposited in the Public School Building Capital Fund pursuant to G.S. 115C-546.1(b). The Department of Public Instruction may continue to use these funds to support six positions in the School Planning Division.

TEACHERS FOR GEOGRAPHICALLY ISOLATED K-12 SCHOOLS

SECTION 7.26. The State Board of Education shall modify its policy on the allotment of additional classroom teachers to schools containing grades K-12 when consolidation is not feasible due to the geographic isolation of the school. In administering this policy with regard to a school located in a local school administrative unit in which the average daily membership is less than 1.5 per square mile, the State Board of Education shall, at a minimum:

(1) Allot teachers to the geographically isolated school on the basis of one classroom teacher per grade level; and

(2) Allot teachers to the remainder of the local school administrative unit under the regular teacher allotment formula.

The State Board of Education may allot additional teachers to the local school administrative unit if demographic conditions warrant.

ENSURE ACCESS TO THE EVAAS SYSTEM

SECTION 7.27. The State Board of Education shall use funds appropriated to the State Public School Fund for the 2009-2011 fiscal biennium to ensure that all local school administrative units and charter schools have access to SAS EVAAS (Education Value Added Assessment System).

LOCAL BOARDS MUST INFORM PUBLIC ABOUT SCHOOL REPORT CARDS

SECTION 7.28. G.S. 115C-47 is amended by adding a new subdivision to read:

"**§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(53) To Inform the Public About the North Carolina School Report Cards Issued by the State Board of Education. – Each local board of education shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or otherwise."

PLAN FOR STATEWIDE MOTOR COACH PERMIT

SECTION 7.29.(a) The State Board of Education, in conjunction with the Division of Motor Vehicles, shall develop a plan for a Statewide permit for commercial motor coach companies that seek to contract with local school systems to transport students, school personnel, and other persons authorized by the school system on school-sponsored trips. The

purpose of the permit shall be (i) to ensure student safety, (ii) to ensure safe operations by motor coach companies, (iii) to minimize paperwork, (iv) to minimize visits to the motor coach companies by local school systems, and (v) to minimize the need for motor coach companies to respond to multiple requests for information from multiple local school systems.

SECTION 7.29.(b) In developing the plan for a permit, the State Board of Education and the Division of Motor Vehicles shall consult with the North Carolina School Boards Association, the State Highway Patrol, the North Carolina Pupil Transportation Association, the North Carolina Motor Coach Association, the Federal Motor Carrier Safety Administration, and other interested parties.

SECTION 7.29.(c) The components of the plan shall include, but not be limited to, all of the following:

(1) Scope of the permit.
(2) Standards for issuing the permit.
(3) Duration of the permit.
(4) Process for required inspections.
(5) Entity to conduct required inspections.
(6) Conditions for revoking the permit.
(7) Renewal process.
(8) Schedule of fees to cover the cost of implementation and administration.
(9) Application form and other required documentation.
(10) Dissemination of current permit holders to school systems.
(11) Estimate of costs to implement and number of new positions required.
(12) Impact on motor coach companies that have interstate operations.
(13) Other related issues.

SECTION 7.29.(d) The State Board of Education and the Division of Motor Vehicles shall consult on the proposed plan to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by January 1, 2010. Before the plan is implemented, the Commission shall make any recommendations, including proposed legislation, to the 2010 General Assembly.

PART VIII. COMMUNITY COLLEGES

BPM

COMMUNITY COLLEGE FACULTY SALARY PLAN

SECTION 8.1.(a)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average community collage faculty salary, therefore:
   a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.
   b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.
   c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

Community Colleges

	GENERAL FUND			
	FY 09-10		FY 10-11	
Adjusted Continuation Budget	$1,072,571,152		$1,114,034,594	
Legislative Changes				
A. Enrollment				
37 Fully Fund Enrollment Growth	$10,380,387	R	$10,380,387	R
Provides funds to fully fund enrollment growth. Community college enrollment has increased by 15,259 full-time equivalents (or FTE), from 201,625 to 216,884, an increase of 7.6%. This enrollment growth requires a total appropriation of $58.1 million. The continuation budget included $47.7 million for this purpose. However, the data needed to accurately calculate enrollment growth requirements were not available at the time the continuation budget was developed. This appropriation provides the remaining $10.4 million needed.	G= 500,000	R	500,000	R
38 Enrollment Growth Reserve	$3,000,000	R	$3,000,000	R
Provides funds for an Enrollment Growth Reserve to assist colleges that experience enrollments that exceed 5% above budgeted levels.				
B. Reductions - Community College System Office				
39 Eliminate Vacant Positions and Salary Reserves	($523,128)	R	($523,128)	R
Eliminates 7 vacant positions in the Community College System Office, as well as $46,192 of unused salary reserves.	-7.00		-7.00	
40 Eliminate Filled Positions	($124,040)	R	($124,040)	R
Eliminates two filled positions in the Community College System Office. The duties of these positions shall be eliminated or absorbed by other System Office employees. The positions are: 1. Special Events Coordinator and 2. BioNetwork Grants Associate.	-2.00		-2.00	
41 Move Positions to Receipt Support	($85,454)	R	($85,454)	R
Reduces appropriations by shifting one Grants Administrator position to indirect cost receipts and one Education Consultant partially to proprietary school receipts. These positions oversee the activities that generate these receipts.				

	FY 09-10		FY 10-11	
42 Reduce System Office Operating Budget Reduces the System Office operating budget in the following areas: - IT Contracts ($200,000), - Number of IT Training Days ($88,000), - ITS Project Management Services ($76,000), - Travel and Operating Funds for the Technology and Workforce Development Division ($71,245), - Funding for Professional Development Course ($7,500), and - Travel and Operating Funds for the Academic and Student Services Division ($19,680).	($462,425)	R	($462,425)	R
43 Reduce 2+2 E-Learning Initiative Reduces the budget of the 2+2 E-Learning Initiative by $140,000. This reduction leaves the 2+2 E-Learning Initiative with $860,000 in recurring funds to support innovative distance learning programs.	($140,000) (250,000)	R R	($140,000) (250,000)	R R
44 Eliminate Increase to Unemployment Compensation Eliminates OSBM increase to unemployment compensation in the continuation budget.	($6,500)	R	($6,500)	R
45 Management Flexibility Reduction Reduces the NC Community College System Office budget and provides flexibility for the System Office in implementing this reduction.	($489,823)	R	($489,823)	R
C. Reductions - Colleges - State Aid				
46 Eliminate Increases to State Aid Eliminates OSBM increase to State aid in the continuation budget.	($18,543,704)	R	($18,543,704)	R
47 Management Flexibility Reduction - State Aid Reduces funds in the State Aid budget. The State Board of Community Colleges shall distribute the flexibility reduction, accounting for the unique needs of each college. Each college reduced shall have the flexibility to adjust its budget to implement this reduction, but shall not impact those activities directly involved in retraining displaced workers.	($1,023,133)	R	($1,023,133)	R
D. Reductions - Categorical Programs				
48 Maintenance of Plant Supplement Eliminates supplemental funding currently allocated to colleges with an out-of-county student population over 50% of the total student population. Section 8.10 of this bill permits colleges currently receiving these funds to use noninstructional State funds allocated to them through the institutional support allotment for maintenance of plant for the biennium.	($787,877)	R	($787,877)	R

	FY 09-10		FY 10-11	
49 Botanical Laboratory at Fayetteville Technical Community College Eliminates funding for the botanical laboratory at Fayetteville Technical Community College.	($300,000)	R	($300,000)	R
50 Community Service Block Grant Eliminates funding for the community service block grant, requiring all community service programs to be offered on a self-supporting basis.	($1,066,603)	R	($1,066,603)	R
51 Baccalaureate Education Attainment Funds Eliminates baccalaureate education attainment funds available to community college faculty and staff to pursue and attain bachelor's degrees.	($112,751)	R	($112,751)	R
52 Faculty and Staff Development Funds Eliminates funds allocated by the State for professional development of community college faculty and staff.	($507,068)	R	($507,068)	R
53 Compensatory Education Administration Eliminates additional funds allotted to colleges for the administration of compensatory education programs. These programs provide assistance to developmentally-disabled, adult students by teaching them life-skills. Community colleges will continue to receive FTE funding for enrollment of these students.	($1,229,760)	R	($1,229,760)	R
54 Supplemental Multi-Campus Center Funds Reduces supplemental multi-campus center funds by 7%. With this reduction, a total of $13,776,921 will be available for multi-campus centers. Community colleges will continue to receive FTE funding for enrollment at multi-campus sites.	($1,036,973)	R	($1,036,973)	R
55 Off-Campus Center Funds Eliminates supplemental funding for off-campus centers. Community colleges will continue to receive FTE funding for the enrollment at off-campus centers.	($1,000,000)	R	($1,000,000)	R
56 Eliminate One Virtual Learning Community Development Center Eliminates one of the five State-supported Virtual Learning Community development centers. The State Board of Community Colleges will determine which center to eliminate.	($200,000)	R	($200,000)	R
57 Reduce Funding for Library Books and Materials to FY 2008-09 Level Eliminates increases in the continuation budget for library books and materials.	($476,250)	R	($793,067)	R
58 Reduce BioNetwork Grants and Marketing Funds Reduces funds for grants and marketing of the NCCCS BioNetwork. Of the total reduction, $1,056,808 will be reduced from grants to colleges and $383,866 will be reduced from System Office marketing funds.	($1,440,675)	R	($1,440,675)	R

	FY 09-10		FY 10-11	
59 Eliminate Supplemental Hearing Impaired Funding Eliminates funds allotted to Wilson, Central Piedmont, and Western Piedmont Community Colleges to support the additional costs of serving hearing impaired students. These colleges will continue to receive FTE funding for the enrollment of these students.	($190,000)	R	($190,000)	R
60 Eliminate Funds for Disadvantaged Nursing Students Eliminates funds for disadvantaged nursing students. These funds currently support tutoring, NCLEX review, and instructional software.	($80,000)	R	($80,000)	R
61 Regional Criminal Justice Coordinators Eliminates funds used for three regional coordinators to provide comprehensive education and training to law enforcement personnel.	($430,119)	R	($430,119)	R
62 Regional Fire Training Coordinators Eliminates funds used for eight regional coordinators to provide training to fire instructors, as well as curriculum development, guidance, and support to colleges' fire training programs.	($772,293)	R	($772,293)	R
63 Public Radio Station Pass-Through Funds Eliminates pass-through funds for three public radio stations located on community college campuses: - Gaston ($191,333), - Craven ($66,333), and - Isothermal ($201,255).	($458,921)	R	($458,921)	R
64 Reduce Child Care Grants to FY 2007-08 Actual Expenditures Reduces funding for child care grants to student parents who rely on child care to pursue their studies to actual FY 2007-08 expenditures ($1,838,215).	($84,801)	R	($84,801)	R
E. Tuition and Fees				
65 Restructure Continuing Education Fee Rates Restructures continuing education fee rates. The new fee structure will consolidate the current structure from four tiers into three, based on the number of hours of class time, as follows: Classes 1-20 hours - $65, Classes 21-50 hours - $120, and Classes 50+ hours - $175. Continuing education fees have not been increased since the current sliding scale was adopted in 1999. Continuing education courses are non-credit courses and are taken by students not seeking a degree.	($9,426,885)	R	($9,426,885)	R
66 Eliminate Certain Tuition Waivers Eliminates tuition waivers for senior citizens ($1,316,192) and prisoners ($4,832,895).	($6,149,087)	R	($6,149,087)	R

G

	FY 09-10		FY 10-11	
F. Expansion				
67 Expansion of High-Demand/High Cost Health Care Programs Provides funds for FY 2009-10 for faculty recruitment in order to reduce the length of waiting lists of student applicants in nursing, dental, and radiography technology programs. In FY 2010-11, the State Board may increase the weighted funding in these specific program areas to sustain efforts made the previous year, and to reduce waiting lists and expand program offerings in other high-demand health care program areas.	$4,835,000	R	$6,242,300	R
68 Vocational and Technical Education Programs Provides funds to re-establish and place renewed emphasis on vocational and technical education programs. Funds may be used for faculty, equipment, or supplies in the following curriculum areas: Transportation, Engineering, Industrial, Military, Construction, and Green Technology Sectors. Funds shall be distributed to colleges based on the number of FTE students enrolled in these areas.	$4,500,000	R	$4,500,000	R
69 Equipment and Technology Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the $31.3 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment formula.	$10,000,000	R	$12,000,000	R
70 Restore Funding for the NC Military Business Center Restores funding to the NC Military Business Center at Fayetteville Technical Community College. The Center received non-recurring funds in FY 2008-09 while undergoing a continuation review. The Center works with communities and companies to develop and obtain federal business opportunities, including with the US military at NC military installations.	$1,250,000	R	$1,250,000	R
71 Customized Training Provides additional funding the for the Customized Training Program to improve programming and develop stronger infrastructure for college-based instruction. The Customized Training Program offers programs and training services to assist new and existing business and industry to remain productive, profitable, and within the State. Of the funds appropriated for Customized Training, the sum of 250,000 for each year shall be used for a training program in entrepreneurial skills provided by NC REAL (NC Rural Entrepreneurship through Active Learning).	$500,000	R	$500,000	R

Gm G= 4,835,000 R 5,242,300 R for 65 additional nursing faculty

Gm G= 3,000,000 R 3,000,000 R

Gm G= 5,000,000 R 5,000,000 R

G

Senate Subcommittee on Education	FY 09-10		FY 10-11	
Total Legislative Changes	**($12,682,883)**	**R**	**($9,592,400)**	**R**
Total Position Changes	-9.00		-9.00	
Revised Budget	**$1,059,888,269**		**$1,104,442,194**	

purpose of the permit shall be (i) to ensure student safety, (ii) to ensure safe operations by motor coach companies, (iii) to minimize paperwork, (iv) to minimize visits to the motor coach companies by local school systems, and (v) to minimize the need for motor coach companies to respond to multiple requests for information from multiple local school systems.

SECTION 7.29.(b) In developing the plan for a permit, the State Board of Education and the Division of Motor Vehicles shall consult with the North Carolina School Boards Association, the State Highway Patrol, the North Carolina Pupil Transportation Association, the North Carolina Motor Coach Association, the Federal Motor Carrier Safety Administration, and other interested parties.

SECTION 7.29.(c) The components of the plan shall include, but not be limited to, all of the following:

(1) Scope of the permit.
(2) Standards for issuing the permit.
(3) Duration of the permit.
(4) Process for required inspections.
(5) Entity to conduct required inspections.
(6) Conditions for revoking the permit.
(7) Renewal process.
(8) Schedule of fees to cover the cost of implementation and administration.
(9) Application form and other required documentation.
(10) Dissemination of current permit holders to school systems.
(11) Estimate of costs to implement and number of new positions required.
(12) Impact on motor coach companies that have interstate operations.
(13) Other related issues.

SECTION 7.29.(d) The State Board of Education and the Division of Motor Vehicles shall consult on the proposed plan to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by January 1, 2010. Before the plan is implemented, the Commission shall make any recommendations, including proposed legislation, to the 2010 General Assembly.

PART VIII. COMMUNITY COLLEGES

BPM

COMMUNITY COLLEGE FACULTY SALARY PLAN

SECTION 8.1.(a)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average community collage faculty salary, therefore:
   a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.
   b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.
   c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

The State Board of Community Colleges shall adopt guidelines to implement the provisions of this subdivision.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for Customized Training to increase faculty salaries.

SECTION 8.1.(b) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.1.(c) The State Board of Community Colleges shall adopt guidelines to implement the provisions of this section.

USE OF BASIC SKILLS FUNDS

SECTION 8.2. Notwithstanding any other provision of law, a local community college may use up to five percent (5%) of the Literacy Funds allocated to it by the State Board of Community Colleges to procure instructional technology for literacy labs. This technology may include computers, instructional software and software licenses, scanners for testing, and classroom projection equipment.

FUNDS FOR CAMPUS SECURITY

SECTION 8.3. Notwithstanding G.S. 115D-32 or any other provision of law, a community college may use up to two percent (2%) of the noninstructional State funds allocated to it through the institutional support allotment for the 2009-2010 and 2010-2011 fiscal years for campus security. This may include the hiring of personnel, contracted professional services, surveillance cameras, call boxes, alert systems, and other equipment-related expenditures.

These funds shall be used to supplement and shall not be used to supplant existing local funding for campus security.

FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

SECTION 8.4. G.S. 115D-40.1(c) reads as rewritten:

"(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance.

The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds. The interest earned on the funds provided in this section may be used to support the costs of administering the Community College Grant Program."

CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS BIOTECHNOLOGY TRAINING FUNDS

SECTION 8.5.(a) Funds appropriated in S.L. 2006-66, S.L. 2007-323, and S.L. 2008-103 for the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis shall not revert, but shall remain available until expended.

SECTION 8.5.(b) This section becomes effective June 30, 2009.

LEARN AND EARN ONLINE FUNDS

SECTION 8.6.(a) Funds reimbursed to the Community College System for full-time equivalent students participating in Learn and Earn Online courses during the 2008-2009 and 2009-2010 fiscal years shall not revert at the end of the fiscal year, but shall remain available for expenditure up to 12 months after the close of a fiscal year.

SECTION 8.6.(b) Community college student enrollments in Learn and Earn Online shall be considered regular budget full-time equivalent in the curriculum enrollment formula regardless of the term during which the instruction is provided. The North Carolina Community College System may only seek reimbursement from the Department of Public Instruction for technology, course fees, and textbooks required for course participation.

SECTION 8.6.(c) The Office of State Budget and Management shall transfer sufficient funds from the State Public School Fund to the Community Colleges System Office to implement subsection (b) of this section.

SECTION 8.6.(d) Subsection (a) of this section becomes effective June 30, 2009.

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.7.(a) Funds appropriated in this act to the Community Colleges System Office for the College Information System shall not revert at the end of the 2008-2009 fiscal year but shall remain available until expended. These funds may be used to purchase periodic system upgrades.

SECTION 8.7.(b) Notwithstanding G.S. 143C-6-4, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management and in consultation with the Office of Information Technology Services, use funds appropriated in this act for the College Information System to create a maximum of three positions if doing so is cost-effective. Personnel positions created pursuant to this subsection shall be dedicated to

maintaining and administering information technology and software upgrades to the College Information System.

SECTION 8.7.(c) Subsection (a) of this section becomes effective July 1, 2009.

MODIFY MULTICAMPUS AND OFF CAMPUS CENTER REPORT DATE

SECTION 8.8. G.S. 115D-5(o) reads as rewritten:

"(o) The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by ~~October 1~~ December 1 of each year."

REPEAL REPORT ON THE USE OF COMM COLL FACILITIES BY PRIVATE BUSINESSES

SECTION 8.9. G.S. 115D-5(q) is repealed.

MAINTENANCE OF PLANT FLEXIBILITY

SECTION 8.10. Notwithstanding any other provision of law, a community college that received State funds for maintenance of plant pursuant to G.S. 115D-31.2 for the 2008-2009 fiscal year may use noninstructional State funds allocated to it through the institutional support allotment for maintenance of plant for the 2009-2010 and 2010-2011 fiscal years.

The amount of these funds used for the 2009-2010 fiscal year for maintenance of plant shall not exceed the total amount of maintenance of plant funds received for the 2008-2009 fiscal year. The amount of these funds used for the 2010-2011 fiscal year for maintenance of plant shall not exceed fifty percent (50%) of the amount of maintenance of plant funds received for the 2008-2009 fiscal year.

ELIMINATE SOME TUITION WAIVERS

SECTION 8.11.(a) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds; provided, however, that the State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate, for training courses for volunteer firemen, local fire department personnel, volunteer rescue and lifesaving department personnel, local rescue and lifesaving department personnel, Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, local law-enforcement officers, patients in State alcoholic rehabilitation centers, all full-time custodial employees of the Department of Correction, employees of the Department's Division of Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and

the rules of the Criminal Justice and Training Standards Commission, trainees enrolled in courses conducted under the ~~New and Expanding Industry Program,~~ Customized Training Program, clients of sheltered workshops, clients of adult developmental activity programs, students in Health and Human Services Development Programs, juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction~~, prison inmates~~, members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General Statutes, and elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation (CPR). ~~Provided further, tuition shall be waived for senior citizens attending institutions operating under this Chapter as set forth in Chapter 115B of the General Statutes, Tuition Waiver for Senior Citizens. Provided further, tuition shall also be waived for all~~

(b1) The State Board shall waive tuition and fees for courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this section.

The State Board also shall waive tuition and fees for persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate.

SECTION 8.11.(b) G.S. 115B-2 reads as rewritten:

"**§ 115B-2. Tuition waiver authorized.**

(a) The constituent institutions of The University of North Carolina and ~~the community colleges as defined in G.S. 115D-2(2)~~ shall permit the following persons to attend classes for credit or noncredit purposes without the required payment of tuition:

(1) Legal residents of North Carolina who have attained the age of 65.

(2) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.

(3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.

(4) Any child, if the child is at least 17 years old but not yet 23 years old, whose parent is a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 48 months, if the child is seeking a baccalaureate degree, or (ii) if the child is not seeking a baccalaureate degree, the number of months required to complete the educational program to which the child is applying.

(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student.

The community colleges as defined in G.S. 115D-2(2) shall permit the persons listed in subdivisions (2) through (5) of this subsection to attend classes for credit or noncredit purposes without the required payment of tuition.

(b) Persons eligible for the tuition waiver under subsection (a) of this section must meet admission and other standards considered appropriate by the educational institution. In addition, the constituent institutions of The University of North Carolina shall accept these persons only on a space available basis."

SECTION 8.11.(c) G.S. 115B-5(a) is repealed.

CONTINUING EDUCATION FEES

SECTION 8.12. The fees charged for community college continuing education courses shall be based on the number of hours of class time. The fees shall be:

Class Hours	Cost
1-20	$65.00;
21-50	$120.00;
51-100+	$175.00.

CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS

SECTION 8.13. The State Board of Community Colleges shall consolidate the Nursing categorical allotment into the Allied Health categorical allotment before distributing funds appropriated in this act. These funds shall be awarded to community colleges based on the full-time equivalent (FTE) enrollment in allied health programs.

CUSTOMIZED TRAINING PROGRAM

SECTION 8.14.(a) Funds appropriated in this act for the Customized Training Program that unexpended and unencumbered on June 30, 2010, may, subject to cash availability and the approval of the Office of State Budget and Management, be carried forward into the 2010-2011 fiscal year for equipment purchases. These funds shall be distributed through the Educational Equipment Reserve.

SECTION 8.14.(b) Projects that create or retain jobs in North Carolina shall receive first priority for funds appropriated for the Customized Training Program.

SECTION 8.14.(c) G.S. 115D-5.1(f) is amended by adding a new subsection to read:

"(f) The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

...

(1a) The types of services sought by the company, whether for new, expanding, or existing industry."

COMMUNITY COLLEGE FINANCIAL ASSISTANCE FUND BALANCE SHALL BE USED TO OFFER NEED-BASED AID

SECTION 8.15. The balance remaining in Budget Code 66801, Fund 6102 (CCS Financial Assistance) shall be used in the 2009-2010 fiscal year to offer need-based assistance to displaced workers and qualified students. This balance has accumulated due to financial aid refunds received from students in fiscal year 2008-2009 and prior fiscal years.

NORTH CAROLINA MILITARY BUSINESS CENTER

SECTION 8.16. The funds appropriated in this act to the Community Colleges System Office for the NC Military Business Center shall be used for the continued operations of the NC Military Business Center. The Military Business Center shall provide services to residents and businesses throughout the State. The purpose of the business center is to serve as a coordinator and facilitator for small- and medium-sized businesses throughout the State seeking to win and complete federal contracts, with a focus on military-related contracts. Activities of the business center shall include:

(1) Training and mentoring eligible businesses on effectively marketing their products and services to military and other federal clients and contracting offices.

(2) Assisting eligible businesses with any required accreditations and qualifications for government contracting.

(3) Teaching eligible businesses about federal set-aside programs and how to take advantage of these programs directly or through partnering with other eligible businesses.

(4) Training and assisting clients with the registration, proposal development, and bidding processes related to military and other federal contracts.

(5) Training eligible businesses on legal and regulatory compliance.

(6) Designing and implementing mentoring programs to facilitate the development of interrelationships between eligible businesses.

(7) Forecasting the need for and assisting eligible businesses in obtaining advanced certifications and accreditations and advanced manufacturing skills and technologies.

(8) Working with Small Business Centers throughout the State to carry out these activities on a statewide basis.

(9) The maintenance of an Internet-based system to match the knowledge, skills, and abilities of active-duty military personnel, veterans, and their families throughout the State with the needs of North Carolina businesses.

(10) The study of community resources and existing business capacity to meet the current and future needs of the military and the development of proposals for further developing community resources and developing or recruiting new businesses to meet those needs.

(11) The marketing of the services provided by the Military Business Center.

PART IX. UNIVERSITIES

USE OF ESCHEAT FUNDS FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of one hundred twenty-three million six hundred forty-one thousand forty dollars ($123,641,040) for fiscal years 2009-2010 and 2010-2011, to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for 2009-2010 and 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for years 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

SECTION 9.1.(b) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.1.(c) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of one million one hundred fifty-seven thousand dollars ($1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium

UNC System

	GENERAL FUND	
	FY 09-10	FY 10-11
Adjusted Continuation Budget	$3,026,185,255	$3,100,871,575

Legislative Changes

A. Base Budget Adjustments

G m	72 **Management Flexibility Reduction** Mandates a management flexibility reduction for the UNC operating budget. The UNC President and UNC Board of Governors shall follow the "Guidelines for Implementing 2009-11 Budget Reductions" issued to UNC Chancellors in 2009 when making reductions.	($70,066,227) ($5,370,571) G = (99,077,334)	R NR R	($70,066,227) (87,742,959)	R R
T	73 **Salary Related Reductions** Removes OSBM increases for Overtime Pay, Premium Pay, Unemployment Compensation, Disability Benefits, and Workers Compensation.	($7,757,661)	R	($7,741,169)	R
G	74 **Building Reserve Adjustments** Adjusts the building reserves for operating new and renovated buildings due to changes in building completion dates.	($2,692,333)	NR	($2,256,597)	I
G	75 **Library Inflation Removal** Removes an inflationary adjustment for library books and periodicals.	($14,129,584)	R	($18,411,905)	R
G m	76 **Fuel Oil Inflation Adjustment** Reduces the inflationary increases for utility budgets at UNC-W, NCA&T, WCU, ECSU, and NCCU due to a decline in the price of residual fuel oil. Also restores a utility cut to UNC-GA made in error.	($1,302,965) G = (1,603,910)	R R	($1,061,665) (1,362,610)	R R
G	77 **University Cancer Research Fund - Increased Tax Projections** Lowers the General Fund appropriation to the University Cancer Research Fund due to an increase in the projected tax collections from the tax on tobacco products other than cigarettes. With this adjustment, the $50 million commitment to the Fund in FY 2009-10 will consist of $8 million Tobacco Trust Fund, $25 million General Fund, and $17 million tobacco tax proceeds.	($561,179)	R	($592,890)	R
G	78 **Reserve for Distance Education Reduction** Reduces the Reserve for Distance Education Capacity Enhancement by 10%. Created in 1996, the reserve is currently being used for UNC online efforts.	($112,936)	R	($112,936)	R

	FY 09-10		FY 10-11	
79 Reserve for Information Technology Reduction Reduces the Reserve for Information Technology Productivity and Efficiency by 10%. This reserve has been used to help 14 UNC campuses implement the Banner computer program for Finance, Human Resources, and Financial Aid.	($90,592)	R	($90,592)	R
80 Strategic Initiative Reserve Reduction Reduces the UNC President's $3.3 million Strategic Initiative Reserve for two years. The Reserve is used to encourage multi-campus initiatives, take advantage of promising opportunities, and address system-wide issues and concerns.	($1,000,000)	NR	($1,000,000)	NR
81 Legislators' Schools For Leadership Development Abolished Abolishes the Legislators' Schools for Leadership Development at ECU and WCU. These programs provide summer residential programs to enhance the leadership abilities of rising eighth through eleventh graders.	($500,000) G= (500,000) -4.00	R NR	($500,000) (500,000) -4.00	R NR
82 Bowles Center for Alcohol Studies - DWI Fee Change Reduces the General Fund appropriation for the Bowles Center for Alcohol Studies by directing that the $25 DWI driver's license restoration fee be used for the Center's operating support instead of the Center's endowment fund.	($500,000)	R	($500,000)	R
83 Focused Growth Reserve Eliminated Eliminates a UNC General Administration reserve for new degree programs on Focused Growth campuses. Enrollment growth funding can be used to initiate new academic programs. This reduction does not reduce the $29.2 million in Focused Growth funds allocated to the 7 designated campuses.	($1,343,002)	R	($1,343,002)	R
84 Tuition Waiver for NC Science and Math Graduates Phased Out Phases out the waiver of tuition at UNC institutions for graduates of the North Carolina School of Science and Math beginning in FY 2010-11. All UNC students currently receiving the tuition waiver and Science and Math students graduating in 2009 will receive the tuition waiver until college graduation.	G= (990,619)	R	($1,000,000) (2,034,190)	R R
85 Nurse Educators of Tomorrow - Fund Balance Reduced Reverts $1 million from the fund balance in the Nurse Educators of Tomorrow scholarship-loan program. A slow start-up in this program to increase the number of nursing faculty allowed a fund balance to accrue in this nonreverting account. The increased General Fund availability will be used to fund expansion budget items.				
86 Future Teachers Scholarship-Loan Program Reduced Reduces the appropriation for the Future Teachers of North Carolina Scholarship-Loan program due to low enrollment.	($1,000,000)	R	($1,000,000)	R
87 NCCU Salary Correction Deletes OSBM error in SPA salary line item for NC Central University.			($36,000)	R

	FY 09-10		FY 10-11	
B. Expansion				
88 UNC Need-Based Aid Increases the UNC Need-Based Student Financial Aid Program to accommodate growth in eligible students and to hold current recipients harmless from increases in cost of attendance. There is $116.4 million appropriated from the Escheats Fund for the program.	$23,397,311	R	$23,397,311	R
89 Distinguished Professors Endowment Fund Increases the Distinguished Professors Endowment Fund to match a grant from the C.D. Spangler Foundation to award professorships at each of the 16 UNC campuses and to address the backlog of 86 professorships awaiting State matching funds.	$6,800,000	R	$6,800,000	R
90 Campus Safety Continues the implementation of the UNC Campus Safety Task Force recommendations by increasing the number of university personnel in mental health services and campus police.	$5,000,000	R	$5,000,000	R
91 Veterinary Medicine Clinical Teaching and Research Fund Provides continued funding to the NC State University College of Veterinary Medicine for the Veterinary Medicine Clinical Teaching and Research Fund. This fund allows advanced diagnostic and treatment options for animals where a) owner financing of such options are limited, b) significant instructional value exists, or c) the diagnostic and treatment options have the potential of adding significantly to the core knowledge in the relevant clinical area.	$250,000	NR		
92 ECU Dental School Operations Provides funds to the School of Dentistry at East Carolina University to hire new faculty, to develop the curriculum in preparation of program accreditation, and to establish the location of dental service learning centers throughout the state where faculty and students will see patients.	$3,000,000	R	$3,000,000	R
93 ECU Indigent Care Reimburses a portion of the annual uncompensated patient care provided by the clinics of the East Carolina University Brody School of Medicine.	$2,000,000 G= 4,000,000	R NR	$2,000,000	R
94 UNC Hospitals Indigent Care Increases UNC Hospitals' reimbursement for indigent patient care.	$2,000,000	R	$2,000,000	R
95 Medical Care Expansion Provides $1,310,000 to continue planning for the expansion of the UNC-Chapel Hill and East Carolina University medical schools and medical residency programs. Also provides $1,310,000 to the UNC Board of Governors and Mountain Area Health Education Center (MAHEC) for planning and programming for the Center for Health and Aging.	$2,620,000	NR		

	FY 09-10		FY 10-11	
96 Nursing Program Expansion Funds the establishment of an accelerated baccalaureate nursing program at North Carolina Central University ($500,000) that will produce highly skilled nursing personnel in a shorter time period and will have a specific focus on recruiting students from medically underserved populations within North Carolina. Also funds an increase of 80 students at the UNC-Chapel Hill School of Nursing ($335,000) with an emphasis on increasing the number of pre-licensure graduates and providing increased access to baccalaureate nursing education to college graduates.	$835,000 5.00	R	$835,000 5.00	R
97 ASU College of Health Sciences and Allied Professions Provides operating funds for Appalachian State University's newly consolidated College of Health Sciences and Allied Professions.	$250,000	R	$250,000	R
98 UNC-W College of Health and Human Services Funds supplemental instruction and additional operating support for UNC Wilmington's new College of Health and Human Services.	$400,000	R	$400,000	R
99 NC Research Campus at Kannapolis Provides funding to hire researchers and to provide equipment and supplies for University personnel working at the NC Research Campus in Kannapolis. Six UNC-system campuses are involved in collaborative research at the campus to break new ground in health and science discoveries and help attract new employers and jobs to the State. The UNC System's annual operating budget at the Research Campus will increase to $22.5 million with this appropriation.	$3,000,000	R	$3,000,000	R
100 Energy Production Infrastructure Center at UNCC Provides funds to hire 14 senior faculty and 24 research support staff to develop programs in the following targeted hiring areas: electrical power including alternative energy, power plant engineering, and power system infrastructure. This center will help meet the increasing demand for engineers in the energy field created by an aging workforce and industry growth.	$2,000,000 15.00	R	$5,000,000 38.00	R
101 NC A&T College of Engineering Provides the NC A&T State University College of Engineering with funding for post-doctoral and faculty positions, SPA staff support, laboratory supplies, and equipment upgrades and maintenance. A portion of these funds may be used to match NC A&T's portion of a $18.5 million five-year National Science Foundation Engineering Research Center grant, the first ERC grant awarded to a HBCU (Historically Black College and University).	$2,000,000	R	$2,000,000	R

	FY 09-10		FY 10-11	
102 NCSU College of Engineering Provides funds to the NC State University College of Engineering to add faculty in interdisciplinary areas that respond to State and national needs. A portion of the funds may be used to match external grants for Electric Vehicle Research in the NCSU Advanced Transportation Energy Center.	$5,000,000	R	$5,000,000	R
103 NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering Continues the phase-in of faculty and staff for the NC A&T/UNC-G Joint School of Nanoscience and Nanotechnology located the Gateway University Research Park in Greensboro. When the new building housing the school is completed in 2012, scientists will be trained in areas such as drug design and delivery, nanobioengineering, and genetic screening.	$1,000,000	R	$1,000,000	R
104 WCU Rapid Product Realization Funds additional faculty and staff to enable Western Carolina's Center for Rapid Product Realization to link the academic programs of the School of Construction Management and Technology to regional businesses.	$200,000	R	$200,000	R
105 ECSU School of Aviation Provides additional operating funds for the newly established flight school at the Elizabeth City State University School of aviation. The flight school was established with an appropriation of $300,000 R and $300,000 NR in FY 2008-09.	$300,000	R	$300,000	R
106 Research Competitiveness Fund Continues the Research Competitiveness Fund that began in 2007. The Fund supports strategic research investments in areas that have high probabilities of economic success and are important to keeping the North Carolina economy competitive. This appropriation builds on last biennium's investment of $4 million which funded 24 research projects and led to grant proposals for non-state funds exceeding $35 million.	$3,000,000	R	$3,000,000	R
107 Graduate Student Recruitment and Retention Funds 162 new tuition remissions for graduate students in science, technology, and mathematics degree programs.	$2,000,000	R	$2,000,000	R
108 UNC-SA School of Filmmaking Funds additional faculty, staff, and equipment at the UNC School of the Arts School of Filmmaking. Nonrecurring funds will be used to upgrade the theatre at the School of Filmmaking's Sound Stage in High Point and the film archives building on the main campus.	$500,000 $500,000	R NR	$500,000 $500,000	R NR
109 Faculty Recruiting and Retention Fund Continues the Faculty Recruiting and Retention Fund that was initiated in FY 2006-07. The UNC President may use the fund to offer salary increases to recruit and retain faculty members in the 16 constituent universities.	$2,000,000	R	$2,000,000	R

Senate Subcommittee on Education	FY 09-10		FY 10-11	
110 NC School of Science and Math Online Initiative Extends a North Carolina School of Science and Math pilot program that offers online science and math courses to students across the state. In FY 2008-09, 70 juniors in 49 high schools enrolled in up to 2 of the 6 courses offered, such as AP Chemistry, AP Calculus, or Honors Genetics and Biotechnology.	$200,000	R	$200,000	R
111 Special Focus Universities Provides UNC-Asheville and UNC School of the Arts with $1 million each year for their operating budgets because the mission and limited size of these institutions makes it difficult for them to generate sufficient funds from the student credit hour enrollment model and other sources to provide needed student services.	$2,000,000	R	$2,000,000	R
112 FSU Military One-stop Center & BRAC Outreach Funds a one-stop academic counseling center for military and Department of Defense personnel and their dependents at Fayetteville State University. Also funds the development of two 18-month online master's degree programs in Business Administration and Criminal Justice.	$251,500	R	$251,500	R
113 UNC-P Academic Support Funds additional academic counselors, advisors, and other student support positions to help UNC Pembroke improve its retention and graduation rates.	$300,000	R	$300,000	R
114 WSSU Adult & Transfer Student Recruitment Funds a joint program between Winston-Salem State University and Forsyth Technical Community College that will add advising center staff focused on community college students and create a Gateway Program to assist working adults with the transition to college.	$475,700	R	$475,700	R
Total Legislative Changes	**($29,454,635)**	R	**($31,546,875)**	R
	($5,692,904)	NR	**($2,756,597)**	NR
Total Position Changes	16.00		39.00	
Revised Budget	**$2,991,037,716**		**$3,066,568,103**	

(3) Teaching eligible businesses about federal set-aside programs and how to take advantage of these programs directly or through partnering with other eligible businesses.
(4) Training and assisting clients with the registration, proposal development, and bidding processes related to military and other federal contracts.
(5) Training eligible businesses on legal and regulatory compliance.
(6) Designing and implementing mentoring programs to facilitate the development of interrelationships between eligible businesses.
(7) Forecasting the need for and assisting eligible businesses in obtaining advanced certifications and accreditations and advanced manufacturing skills and technologies.
(8) Working with Small Business Centers throughout the State to carry out these activities on a statewide basis.
(9) The maintenance of an Internet-based system to match the knowledge, skills, and abilities of active-duty military personnel, veterans, and their families throughout the State with the needs of North Carolina businesses.
(10) The study of community resources and existing business capacity to meet the current and future needs of the military and the development of proposals for further developing community resources and developing or recruiting new businesses to meet those needs.
(11) The marketing of the services provided by the Military Business Center.

PART IX. UNIVERSITIES

USE OF ESCHEAT FUNDS FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of one hundred twenty-three million six hundred forty-one thousand forty dollars ($123,641,040) for fiscal years 2009-2010 and 2010-2011, to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for 2009-2010 and 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for years 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

SECTION 9.1.(b) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.1.(c) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of one million one hundred fifty-seven thousand dollars ($1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium

Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection. The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.1.(d) The State Education Assistance Authority shall transfer to the Escheat Fund the balance of any monies appropriated by this section that are not disbursed for need-based student financial aid; however, the State Education Assistance Authority may retain the interest on those monies that is paid to the State Education Assistance Authority at the beginning of the 2009-2010 fiscal year and at the beginning of the 2010-2011 fiscal year.

THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND (EARN)

SECTION 9.2.(a) Of the funds appropriated by this act from the General Fund to the State Education Assistance Authority the sum of sixty million dollars ($60,000,000) for the 2009-2010 fiscal year and the sum of sixty million dollars ($60,000,000) for the 2010-2011 fiscal year shall be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(b) There is appropriated from the Escheat Fund to the State Education Assistance Authority the sum of forty million dollars ($40,000,000) for the 2009-2010 fiscal year and the sum of forty million dollars ($40,000,000) for the 2010-2011 fiscal year to be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(c) The funds appropriated in subsections (a) and (b) of this section shall be used only to fund Education Access Rewards North Carolina Scholars Fund (EARN) grants for academic years beginning on or after July 1, 2009.

TRANSFERS OF CASH BALANCES TO THE GENERAL FUND

SECTION 9.3.(a) Notwithstanding any other provision of law, the unencumbered cash balance remaining in the Future Teachers Financial Aid fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

SECTION 9.3.(b) Notwithstanding any other provision of law, the unencumbered cash balance of the General Fund appropriation remaining in the Education Access Rewards North Carolina (EARN) Scholars fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

TRANSFER FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.4. The General Assembly finds that in order to expand opportunities for students involved in the performing arts, existing funding for the Summer Institute on Roanoke Island should not be allocated to one specific University of North Carolina institution, but instead be allocated directly to the Roanoke Island Commission, so that any interested University of North Carolina institution may have the opportunity to participate in summer arts enrichment and education programs. Therefore, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Summer Institute of the North Carolina School of the Arts on Roanoke Island program for the 2009-2011 fiscal biennium, the sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646)

shall be transferred for the 2009-2010 fiscal year to the Roanoke Island Commission and the sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646) shall be transferred for the 2010-2011 fiscal year to the Roanoke Island Commission. The Roanoke Island Commission may use these funds to contract with any of the constituent institutions of The University of North Carolina System to provide music and drama students an education in a professional performing environment while providing a public service to the State.

UNC CENTER FOR ALCOHOL STUDIES

SECTION 9.5.(a) G.S. 20-7(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than ~~G.S. 20-17(2),~~ G.S. 20-17(a)(2) shall pay a restoration fee of fifty dollars ($50.00). A person whose drivers license has been revoked under ~~G.S. 20-17(2)~~ G.S. 20-17(a)(2) shall pay a restoration fee of ~~seventy-five dollars ($75.00) until the end of the fiscal year in which the cumulative total amount of fees deposited under this subsection in the General Fund exceeds ten million dollars ($10,000,000), and shall pay a restoration fee of fifty dollars ($50.00) thereafter.~~ seventy-five dollars ($75.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The fifty-dollar ($50.00) fee, and the first fifty dollars ($50.00) of the seventy-five-dollar ($75.00) fee, shall be deposited in the Highway Fund. The remaining twenty-five dollars ($25.00) of the seventy-five-dollar ($75.00) fee shall be deposited in the General Fund of the State. The Office of State Budget and Management ~~shall certify to the Department of Transportation and the General Assembly when the cumulative total amount of fees deposited in the General Fund under this subsection exceeds ten million dollars ($10,000,000), and~~ shall annually report to the General Assembly the amount of fees deposited in the General Fund under this subsection.

It is the intent of the General Assembly to annually appropriate from the funds deposited in the General Fund under this subsection the sum of five hundred thousand dollars ($500,000) to the Board of Governors of The University of North Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies ~~Endowment~~ at ~~The~~ the University of North Carolina at Chapel ~~Hill, but not to exceed this cumulative total of ten million dollars ($10,000,000).~~ Hill."

SECTION 9.5.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina the sum of five hundred thousand dollars ($500,000) for the 2009-2010 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2010-2011 fiscal year shall be used for the operating expenses of the Bowles Center for Alcohol Studies at the University of North Carolina at Chapel Hill.

REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE UNIVERSITY

SECTION 9.6.(a) G.S. 116-238.1(a) reads as rewritten:

"(a) There is granted to each State resident who graduates from the North Carolina School of Science and Mathematics and who enrolls as a full-time student in a constituent institution of The University of North Carolina a sum to be determined by the General Assembly as a tuition grant. The tuition grant shall be for four consecutive academic years and shall cover the tuition cost at the constituent institution in which the student is enrolled. The tuition grant shall be distributed to the student as provided by this section. The grant provided

by this section is only available to a student enrolled at the North Carolina School of Science and Mathematics for the 2007-2008 academic year or earlier."

SECTION 9.6.(b) Effective July 1, 2013, G.S. 116-238.1, as amended by this section, is repealed.

CLOSING THE ACHIEVEMENT GAP/GRANTS

SECTION 9.7.(a) Funds appropriated by this act for the 2009-2010 fiscal year and for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the North Carolina Historically Minority Colleges and Universities Consortium (HMCUC) for "Closing the Achievement Gap," shall be used for the sole purpose of supporting the operations and program activities of the HMCUC. These funds shall be used by the HMCUC members for the public purposes of developing and implementing after-school programs designed to close the academic achievement gap and improving the academic performance of youth at risk of academic failure and school dropout. The HMCUC may also allocate funds to a community-based and faith-based organization that is located in close proximity to the HMCUC member institution for the public purposes stated in this section.

SECTION 9.7.(b) The North Carolina Historically Minority Colleges and Universities Consortium shall report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division by May 1 of each year, regarding the number of programs funded by the Consortium to Close the Achievement Gap, the location and program structure of the programs, the amount allocated to the program, and purposes for which the funds were awarded, the cost of administering and managing the funds, and any other information requested by the Committee or Fiscal Research Division. The grants awarded pursuant to this section shall also include as a term of the grant that the recipient of the grant report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division regarding the amount of the grant received, the program and purposes for which the grant was requested, the methodology used to implement the grant program and purposes, the results of the program funded by the grant, and any other information requested by the Joint Legislative Education Oversight Committee and the Fiscal Research Division.

AMEND LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS

SECTION 9.8.(a) 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) Grants for Students. – 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 persons attending these institutions, there is granted to each 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 undergraduate student as provided by this subsection. A full-time North Carolina undergraduate student shall be awarded the full amount of the tuition grant provided by this section. A part-time North Carolina undergraduate student who is enrolled to take at least ~~six~~ nine hours of academic credit per semester shall be awarded a tuition grant in an amount that is calculated on a pro rata basis.

(a1) Grants for Licensure Students. – 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 part-time licensure student who is enrolled to take at least ~~six~~ nine hours of undergraduate academic credit per semester 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. If a course is required for licensure, but is designated as both an undergraduate and graduate course, for purposes of this subsection, the course shall be considered an undergraduate course.

(b) Administration of Grants. – 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 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 or licensure student.

(c) Student or Licensure Student Change of Status; Audits. – In the event a full-time student on whose behalf a grant has been paid in accordance with subsection (a) of this section or a full-time licensure student on whose behalf a grant has been paid in accordance with subsection (a1) of this section 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 part-time student on whose behalf a prorated grant has been paid in accordance with subsection (a) of this section or a part-time licensure student on whose behalf a prorated grant has been paid in accordance with subsection (a1) of this section is not enrolled and carrying a minimum academic load of ~~six~~ nine credit hours per semester 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. If the matriculated status of a full-time student or a full-time licensure student changes to a matriculated status of part-time student or part-time licensure student by the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund only the difference between the amount of the full-time grant awarded and the amount of the part-time grant that is awarded pursuant to this section. 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 them.

(d) Shortfall. – In the event there are not sufficient funds to provide each eligible student or licensure student with a full or prorated 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), (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) Reversions. – Any remaining funds shall revert to the General Fund."

SECTION 9.8.(b) This section applies to academic semesters beginning on or after July 1, 2009.

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION/REVERT PART OF FUND BALANCE

SECTION 9.9. Effective July 1, 2009, the sum of one million dollars ($1,000,000) shall transfer from the fund balance of the Graduate Nurse Scholarship Program for Faculty Production (also known as Nurse Educators of Tomorrow Scholarship Loan) to the General Fund.

INCREASE UNC UNDERGRADUATE TUITION SURCHARGE

SECTION 9.10.(a) Subsection (b) of Section 89 of Chapter 321 of the 1993 Session Laws as amended by Section 17.10 of Chapter 769 of the 1993 Session Laws reads as rewritten:

"(b) The Board of Governors of The University of North Carolina shall ensure that procedures are established that are necessary to impose a ~~twenty-five percent (25%)~~ fifty percent (50%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. The calculation of these credit hours taken at a constituent institution or accepted for transfer shall exclude hours earned through the College Board's Advanced Placement or CLEP examinations, through institutional advanced placement or course validation, or through summer term or extension programs. No surcharge shall be imposed on any student who exceeds the degree credit hour limits within the equivalent of four academic years of regular term enrollment, or within five academic years of regular term enrollment in a degree program officially designated by the Board of Governors as a five-year program. ~~The Board shall report to the Joint Legislative Education Oversight Committee by April 1, 1994, on its recommendations for implementing this surcharge.~~"

SECTION 9.10.(b) The Board of Governors shall report to the Joint Legislative Education Oversight Committee by September 1, 2009, regarding the implementation of the increased surcharge.

SECTION 9.10.(c) This section applies to all students who will be sophomores or freshman in the 2009-2010 fall academic semester and to all students who are new undergraduates on or after the effective date of this act.

ENROLLMENT GROWTH REPORTING

SECTION 9.11. G.S. 116-30.7 reads as rewritten:

"**§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.**

By ~~September 1~~October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), ~~first-year~~ first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b)."

UNC BOARD OF GOVERNORS STUDY AND DEVELOP PLAN TO TRANSFER UNC CENTER FOR PUBLIC TELEVISION TO UNC SCHOOL OF THE ARTS

SECTION 9.12. The Board of Governors of The University of North Carolina shall study the feasibility of transferring the University of North Carolina Center for Public Television to the University of North Carolina School of the Arts and shall develop a plan to implement such a transfer. The Board of Governors shall report its findings and recommendations along with the plan by March 1, 2010, to the Joint Education Legislative

Oversight Committee and to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Education.

NORTH CAROLINA CENTER FOR ADVANCEMENT OF TEACHING (NCCAT)/PROPERTY SETTLEMENT IF NCCAT TRANSFERRED FROM UNC SYSTEM OR CEASES TO EXIST

SECTION 9.13.(a) If the North Carolina Center for the Advancement of Teaching (NCCAT) is transferred from The University of North Carolina to another State government agency or department, then all of the following shall occur:

(1) The University of North Carolina and Western Carolina University shall both be released and relieved: (i) of any and all responsibilities, duties, and powers related to the administration or management functions of NCCAT, and (ii) of any and all responsibilities and duties arising from any fiduciary relationship existing between Western Carolina University and NCCAT.

(2) Neither The University of North Carolina nor Western Carolina University shall be the fiscal agent for NCCAT.

(3) Western Carolina University shall be granted a permanent easement 40 feet in width over and upon the NCCAT campus for the purpose of providing Western Carolina University and its assignees, agents, joint venturers, lessees, partners, and invitees access to that portion of Western Carolina University's campus currently undeveloped and adjacent to NCCAT. Western Carolina University shall use existing roads across the NCCAT campus, to the extent possible. If any road is required, it shall be built at Western Carolina University's expense.

SECTION 9.13.(b) If the North Carolina Center for Advancement of Teaching ceases to exist as a State agency or entity, or if NCCAT closes its offices and operation in Jackson County, North Carolina, then the following real property in Jackson County shall be transferred to Western Carolina University and become part of Western Carolina University's campus to be used for any purpose, at Western Carolina University's discretion, appropriate to its mission: all land in Jackson County that (i) was used or under the control of NCCAT at the time it ceased to exist or closed its operations and (ii) was transferred to NCCAT from The University of North Carolina, including all improvements located thereon.

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.14.(a) The University of North Carolina shall continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107 and, pursuant to Section 9.12, shall apply for federal grants to continue the study. Funds appropriated by United States Public Law 111-005, the American Recovery and Reinvestment Act of 2009 (the Federal Act), for renewable energy and allocated to the State of North Carolina shall be used for the development, design, and construction of at least three demonstration wind turbines and necessary support facilities in the sounds or off the coast of North Carolina, and the Director of the Budget shall ensure any available federal funds are secured. The actual placement of the wind turbines and necessary support facilities shall be determined by the coastal sounds wind energy study. The Director of the Budget shall ensure that any available federal funding is secured by the State to construct the wind turbines. The University, in collaboration with the Director of the Budget, shall enter into a contract with a third party by October 1, 2009, to construct, establish, and operate the demonstration turbines and necessary support facilities on or before April 1, 2010.

SECTION 9.14.(b) With respect to the demonstration wind turbines and necessary support facilities authorized by subsection (a) of this section, the facilities authorized under this act shall be constructed in accordance with the provisions of general law applicable to the

construction of State facilities. The Department of Environment and Natural Resources is directed to expedite permitting of the project to the extent allowed by law.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CHILD CARE SUBSIDY RATES

SECTION 10.1.(a) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

SECTION 10.1.(b) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 10.1.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower.

(2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower.

(3) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.

(4) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency, and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

SECTION 10.1.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 10.1.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 10.1.(f) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the House Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Thursday, April 16 , 2009**

TIME: **8:30 AM**

LOCATION: **421 LOB**

The following bills will be considered: **CONTINUATION OF SENATE BUDGET DISCUSSION**

Respectfully,
Representative Rapp
Representative Glazier
Representative McLawhorn
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **11:45 AM** on **April 14, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Carin Savel (Committee Assistant)

House Appropriations Subcommittee on Education

Agenda

Thursday, April 16, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Rick Glazier, Presiding

I. Welcome

Rep. Rick Glazier

II. Presentation of UNC Section of Senate Bill 202

Richard Bostic, Fiscal Research

III. Committee Questions & Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Tuesday, April 16, 2009, 8:30a.m.

The House Appropriations Subcommittee on Education/Higher Education met jointly with the Senate Appropriations Subcommittee on Education in Room 421 of the Legislative Building at 8:30a.m. Representative Rick Glazier, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted the meeting. The Chair welcomed everyone and introduced all members of the committee, staff, and Fiscal Research Division who attended and assisted the meeting.

The Chair recognized **Richard Bostic**, Staff Member with the Legislative Fiscal Research Division, to resume overview and discussion of the University Budget Education Budget (see **ATTACHMENT #1**).

The Chair opened discussion on meeting plans, budget concerns, guest speakers, budget guidelines from Appropriations, and outstanding bills that will be presented in the committee.

A copy of the budget guidelines was presented to committee members **(SEE ATTACHMENT #2).**

The Chair gave an overview of the budget guidelines:

- 17-20% less money available than in 2008
- Committee will be examining past budgets and base allotments
- Will examine some new funding streams/allocations
- Will have periodic briefings with Appropriation Chairs

Rep. Rapp requested, given budget realities and in the interest of time, if all bills were going to be considered, and that bill sponsors be asked if they wanted their bills heard.

Throughout the presentation, there were questions and discussion. With there being no further business, the meeting adjourned at 9:30 a.m.

Respectfully submitted,

Representative Rick Glazier

Carin Savel, Committee Assistant

Attachment #1

House Appropriations Subcommittee on Education

SB 202 – Education Money Report & Provisions

April 15, 2009

Senate Subcommittee on Education

Public Education

GENERAL FUND

	FY 09-10		FY 10-11	
Adjusted Continuation Budget	**$8,245,341,827**		**$8,358,798,223**	
Legislative Changes				
A. Technical Adjustments				
1 Civil Penalties Receipts Makes recurring adjustment to budgeted civil penalty revenues to account for actual FY 2007-08 receipts. Collected civil penalties revenues are required to be deposited in the State Public School Fund (SPSF) for allotment to LEAs on a per-ADM basis. Total realized FY 2007-08 receipts were $120.3 million. The nonrecurring adjustment reflects the transfer of $18 million in civil penalties held in escrow at University of North Carolina campuses to the Civil Penalty and Forfeiture Fund for appropriation.	($6,324,790) ($18,183,251)	R NR	($6,324,790)	R
2 Financing School Bus Replacement Adjusts the schedule for school bus financing from three to four years on a recurring basis. This adjustment does not cut or delay the number of buses scheduled to be replaced in FYs 2009-11.	($7,500,000)	R	($7,500,000)	
3 Textbook Freight Eliminates funding for textbook freight. These costs will be covered through receipts from books purchased by the local education agencies (LEAs).	($217,837)	R	($217,837)	R
4 Eliminate Certain Continuation Budget Adjustments Eliminates funding increases provided in the FYs 2009-11 continuation budget for the following items: Miscellaneous Contractual Services ($395,109), Unemployment Compensation ($45,072), Short Term Disability ($3,617,512), Annual Leave ($259,162), Nat'l Board for Professional Teaching Standards Fees ($2,284,043), and Workers Compensation ($3,513,237).	($10,114,135)	R	($10,114,135)	R
B. State Public School Fund				
5 Information Highway Eliminates funding for a program that previously paid for LEAs to access distance learning. Funds are no longer needed as the School Connectivity Initiative (SCI) has replaced this program and provides increased service to the LEAs.	($1,200,000)	R	($1,200,000)	R

G^M

G: (6,324,790) R (6,324,790) R

G

G

T

G

(1)

	FY 09-10		FY 10-11	
6 Adjust School Resource Officer (SRO) Allotment G Revises the At-Risk Student Services allotment to reflect the FY 2008-09 actual salary and benefits expenditures for School Resource Officers (SROs). A portion of the current allotment provides each high school with $37,838 to support the salary and benefits for SROs.	($1,202,256)	R	($1,202,256)	R
7 School Technology Fund G Reduces by 40% on a nonrecurring basis the General Fund support for the School Technology Fund, which provides support to LEAs on a per-ADM basis for the development and implementation of LEA technology plans. An additional $18 million for this Fund is annually provided from the Civil Penalty and Forfeiture Fund.	($4,000,000)	NR	($4,000,000)	NR
8 Textbooks G Adjusts allotment to reflect one-year delay in the adoption of grades 6-12 mathematics textbooks. Sufficient funding is provided in the continuation budget to support the adoption of the mathematics textbooks in FY 2010-11.	($37,977,278)	NR		
9 NC Wise Owl G Reduces funding by 38% for this online reference resource for teachers and students. This portion of the reference service is being provided at no cost by SAS Institute.	($500,000)	R	($500,000)	R
10 Central Office Administration G Reduces dollar allotment to Local Education Agencies (LEAs) for salaries and benefits for central office staff which includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. The reduction reflects a 5.3% decrease from the FY 2009-10 continuation budget total of $120,855,235.	($6,470,262)	R	($6,470,262)	R
11 More at Four G^M Transfers funding for the More at Four program to the Department of Health and Human Services.	($86,000,000) G: (1,010,000) No transfer	R	($86,000,000) (1,010,000)	R
12 Local Education Agency Discretionary Reduction G^M The State Board of Education shall distribute this local education agency discretionary reduction on the basis of ADM. A related provision, Section 7.8, will provide additional flexibility to the LEAs to manage this reduction.	($9,432,140) (144,000,000) R	R	($8,782,140) (144,000,000)	R
13 Testing G^M Eliminates funding for all State-administered tests not currently required by Federal law or as a condition of Federal grants. These tests include: Geometry End of Course (EOC), Algebra II EOC, Physical Science EOC, Chemistry EOC, Physics EOC, Reading Competency, Mathematics Competency, and Computer Skills. A related provision, section 7.20, will prohibit the North Carolina State Board of Education from requiring the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.	($3,636,594) (2,000,000)	R	($3,636,594) (2,000,000)	R

	FY 09-10		FY 10-11	
14 Focused Education Reform Provides a 10% reduction to funds appropriated to DPI in support of the pilot program known as The Collaborative Project. DPI funding for this program is currently $4,833,728. The Public School Forum receives an additional $2,342,705 to support and administer the pilot. This item would not reduce the Public School Forum component of overall funding for the Collaborative Project.	($483,373)	R	($483,373)	R
15 Staff Development Reduces funding by 50%, on a nonrecurring basis, for the staff development allotment.	($6,278,960)	NR	($6,278,960)	NR
16 Improving Student Accountability Eliminates funding for this allotment that supports activities designed to improve the performance of those students scoring at Level I or II on certain State tests. The Disadvantaged Student Supplemental Funding and At-Risk Student Services allotments support similar types of activities.	($38,339,798)	R	($38,339,798)	R
17 Critical Foreign Language Pilot Eliminates funding for this two-year old pilot program. Section 7.16 of this bill will enable the carryover of FY 2008-09 funding to complete the development of online Russian and Japanese language courses that is currently ongoing.	($500,000)	R	($500,000)	R
18 Increase Class Size by 2 Students in Every Grade Decreases funding for the Classroom Teachers allotment consistent with increasing the student to teacher funding allotment ratio currently set by the State Board of Education for each grade by 2. The related provision, section 7.23, increases the allowable maximum district-wide class size average and maximum individual class size by 2, and clarifies that the General Assembly's intent is to restore this cut as soon as State revenues make it fiscally responsible to do so.	($322,705,848)	R	($322,705,848)	
C. Department of Public Instruction				
19 DPI Position Reduction Requires the State Board of Education (SBE) to identify and eliminate the following number and types of positions over the biennium:	($5,420,925) -100.00	R	($12,648,825) -300.00	R
FY 2009-10 Eliminate a combination of 100 vacant, transferred and filled State-supported positions. 25 of these positions shall be transferred to the Department of Health and Human Services (DHHS) along with the Office of School Readiness and the More at Four program. The 25 positions are comprised of 23 receipt-supported positions and 2 Federally-supported Head Start positions.	G: (1,998,705)		(1,998,705)	
FY 2010-11 Eliminate 200 additional positions. At least 100 of these positions shall be State-supported.				

	FY 09-10		FY 10-11	
20 Plan for Statewide Motor Coach Permit Directs the State Board of Education, in conjunction with the Division of Motor Vehicles, to develop a plan by January 1, 2010 for a statewide permit for motor coach companies seeking to contract with local school systems to transport students and other authorized personnel on school-sponsored trips.	$5,000	NR		
G **21 Membership Dues** Eliminates the allowable inflation provided for membership dues in the FYs 2009-11 continuation budget.	($209,238)	R	($209,238)	R
G **22 Legacy Funds** Adjusts fund balance remaining from nonrecurring appropriations made for agency IT infrastructure. This reduction would eliminate the fund balance of $2,000,000.				
G **23 DPI Operating Funds** Reduces DPI operating and purchased services budgeted expenditures consistent with actions taken to manage these expenditures in FY 2008-09.	($1,591,552)	R	($1,591,552)	R
G **24 Personal Financial Literacy** Eliminates the recurring appropriation for this activity. Personal Financial Literacy has already been integrated into the curriculum and is available to students through the North Carolina Virtual Public Schools. DPI personnel shall continue to provide curricular materials, professional development, and technical assistance to teachers on this subject.	($500,000)	R	($500,000)	R
G^M **25 Governor's Schools** Eliminates the inflation built into both years of the FY 2009-11 continuation budget and decreases the appropriation to support 600 student participants in FY 2010-11. Funding supports the Governor's Schools, which are held each summer for six weeks at two college campuses. Student selection is competitive. The current appropriation supports a total of 800 student participants.	($59,752)	NR	($439,409)	NR
D. Pass-Through Funds				
G^M **26 Tarheel ChalleNGe Academy** Provides funding to the North Carolina's Tarheel ChalleNGe Academy, a quasi-military program for high school dropouts, or expellees. It is located in Sampson County and sponsored by the North Carolina National Guard. This program receives matching funds from the federal government equal to $60 for every $40 of State funds. Previously, the Tarheel ChalleNGe had been funded within the Department of Crime Control and Public Safety budget. The appropriation for this program was eliminated for FY 2008-09 pending the findings of a Continuation Review.	$1,293,000	NR	$1,293,000	NR

G: (59,752) NR (789,409) NR
– support 400 students in 10-11

G: Recurring, in JPS Budget

	FY 09-10		FY 10-11	
27 Appropriations to Non-Public School Organizations Reduces recurring funding to the following organizations by 10% of their budgeted amount: Communities in Schools ($160,750), Schools Attuned ($82,091), ExplorNet ($30,000), Teacher Cadet ($40,000), NC Network ($31,263), Science Olympiad ($15,000), Teach for America ($95,000), and NC Math & Science ($10,000). Additionally, recurring funding for Literacy Coach training provided by the Teacher Academy shall be reduced by 10%, or $150,000. $1,350,000 would remain available to train 200 coaches.	($614,104)	R	($614,104)	R
E. Expansion-State Public School Fund				
28 Learn and Earn Early College High Schools Provides funding for 12 additional Learn and Earn high schools that will be operational in FY 2009-10, bringing the total number of Learn and Earn "traditional" high schools to 68. the nonrecurring appropriation provides $10,000 per site to support start-up costs associated with the first year of implementation.	$3,601,265 $120,000	R NR	$3,601,265	R
29 Dropout Prevention Grants Provides two years of nonrecurring funding for additional dropout prevention grants. This program provides funding on a competitive basis to local school administrative units, schools, local agencies, or nonprofit organizations to support programs that address dropout prevention. The additional funding for this program can be used to provide continued funding to past grant recipients or to fund new recipients. The maximum grant size is $150,000.	$1,000,000	NR	$1,000,000	NR
30 North Carolina Virtual Public School (NCVPS) Provides additional funds to expand the NCVPS. These funds would provide additional resources to support the cost of teachers and instructional materials for students enrolled in NCVPS courses. These funds would be in addition to $2.7 million in other recurring NCVPS funding.	$2,000,000	R	$2,000,000	R
F. Expansion-Department of Public Instruction				
31 Leadership Academy Supports the creation of a Leadership Academy which will provide professional development to superintendents, enabling them to train principals to address critical areas such as student achievement and teacher working conditions.	$200,000	R	$200,000	R

	FY 09-10		FY 10-11	
32 District and School Transformation Initiative	$3,023,546	R	$3,023,546	R
Expands the State Board of Education's District and School Transformation initiative. The District and School Transformation initiative is part of the State's redesigned framework for delivering technical assistance and other support to low performing districts and schools. The recommended appropriation supports the addition of 23 full-time positions to expand services to additional districts and schools. The recommended expansion includes nonrecurring costs for start-up costs and professional development to DPI staff to build local capacity.	$342,000 23.00	NR	 23.00	
33 Diagnostic Assessment and Accountability				
Provides nonrecurring funds to support the development and implementation of a new Standard Course of Study for all content areas and grade levels. This appropriation will also support the State Board of Education's efforts to research, design, and implement a new comprehensive State testing system that will include formative, benchmark/interim, and summative tests. The ultimate goal of this initiative is to develop a new K-8 and K-12 accountability model.	$3,000,000	NR		
G. Other Reserves and Transfers				
34 Teaching Fellows Trust Fund				
Reduces the cash balance of the Teaching Fellows Trust Fund on a nonrecurring basis by $4,500,000. The current cash balance of the Fund is $6.76 million. This reduction will not negatively impact program participants or operations.				
35 Children's Trust Fund	($247,500)	R	($247,500)	R
Eliminates the State appropriation for this program. Other annual receipts of approximately $365,000 generated from marriage license fees will continue to support this program that awards grants to entities that support child neglect and abuse prevention initiatives. Section 10.43 of this bill will move administration of this program to the Department of Health and Human Services.				
36 Redirect Capital Funds to Support Public Schools through the General Fund				
Suspends the transfer of Corporate Income Tax funds in FY 2009-10 and FY 2010-11 to the Public School Building Capital Fund. Instead, funds will be transferred as a receipt to the State Public School Fund to temporarily offset the costs for public school operations. For FYs 2009-10 and 2010-11, General Fund appropriations will be reduced by the amount that was scheduled to be transferred to the capital accounts.	($60,500,000)	NR	($64,500,000)	NR

Senate Subcommittee on Education	FY 09-10		FY 10-11	
Total Legislative Changes	**($494,385,541)**	**R**	**($500,963,441)**	**R**
	($121,239,241)	**NR**	**($72,925,369)**	**NR**
Total Position Changes	-77.00		-277.00	
Revised Budget	**$7,629,717,045**		**$7,784,909,413**	

SECTION 6.16.(e) Executive branch State agencies shall provide all information requested by Office of State Budget and Management in conducting the inventory and in all other issues related to the development of this plan.

SECTION 6.16.(f) The Office of State Budget and Management shall submit the plan to the Joint Legislative Oversight Committee on Information Technology on or before March 1, 2010.

POSITION TRANSFER REPORTS/OFFICE OF INFORMATION TECHNOLOGY SERVICES/OSC

SECTION 6.17.(a) By November 1, 2009, the Office of Information Technology Services shall submit a written report to the Appropriation Committees of the Senate and the House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division regarding the transfer of information technology (IT) positions associated with IT consolidation. The report shall include the following:

(1) The numbers and types of positions transferred to the Office of Information Technology Services from other State agencies, an explanation as to why each position was moved to Office of Information Technology Services, the cost associated with each position, and how that cost is allocated.

(2) The number and types of information technology positions remaining with each State agency, an explanation as to why the positions were retained by the agency, and the total cost for each position.

(3) The number and location of positions eliminated as a result of IT consolidation and the associated cost savings.

(4) Any new positions created within Office of Information Technology Services to support IT consolidation, the reason each position was created, and the associated cost.

SECTION 6.17.(b) By November 1, 2009, the Office of the State Controller shall submit a written report to the Appropriations Committees of the Senate and House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division on the transfer of positions associated with the implementation of the BEACON (HR)/Payroll project. The report shall include the following:

(1) The numbers and types of positions transferred to the Office of the State Controller from other State agencies, an explanation as to why each position was moved to the Office of the State Controller, the cost associated with each position, and how that cost is allocated.

(2) The number and types of positions remaining with each State agency, an explanation as to why the positions were retained by the agency, and the total cost for each position.

(3) The number and location of positions eliminated as a result of the implementation of the BEACON HR/Payroll system and the associated cost savings.

(4) Any new positions created within the Office of the State Controller to support BEACON HR/Payroll, the reason each position was created, and the associated cost.

PART VII. PUBLIC SCHOOLS

CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate funds for children with disabilities on the basis of three thousand five hundred dollars and seventy-seven cents

($3,500.77) per child for a maximum of 173,249 children for the 2009-2010 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 2009-2010 allocated average daily membership in the local school administrative unit.

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

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FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of one thousand one hundred sixty-three dollars and seven cents ($1,163.07) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2009-2010 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 58,597 children for the 2009-2010 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.

GM

USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks; (ii) for salary supplements for instructional personnel and instructional support personnel; and (iii) to pay an amount not to exceed ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II in grades 4 and 7.

SECTION 7.3.(b) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
   a. Anticipated county property tax revenue availability,
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
   c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and
   d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:

a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,

b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,

c. Add to the resulting amount the:

1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,

2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and

3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of

Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.3.(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.3.(f) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of

Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only. This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws. If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.3.(h) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.3.(i) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

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SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four,

and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least seven hundred eighty-eight thousand seven hundred eighty-nine dollars ($788,789), excluding textbooks, for the 2009-2010 fiscal year and a base of seven hundred eighty-eight thousand seven hundred eighty-nine dollars ($788,789) for the 2010-2011 fiscal year.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12. If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.4.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.4.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula because of (i) an increase in the population of the county in which the local school administrative unit is located or (ii) an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be continued for nine years after the unit becomes ineligible.

SECTION 7.4.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(3) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(4) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(5) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(6) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(7) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.4.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7.

G,S

REPLACEMENT SCHOOL BUSES/FUNDS

SECTION 7.5.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

(1) The local board of education shall use the funds only to make the first, second, third, or fourth year's payment on a financing contract entered into pursuant to G.S. 115C-528.

(2) The term of a financing contract entered into under this section shall not exceed four years.

(3) The local board of education shall purchase the buses only from vendors selected by the State Board of Education and on terms approved by the State Board of Education.

(4) The Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for the direct purchase of school buses and activity buses and shall establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.

(5) A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.5.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

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DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.6.(a) If the State Board of Education does not have sufficient resources in the ADM Contingency Reserve line item to make allotment adjustments in accordance with the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual, the State Board of Education may use funds appropriated to State Aid for Public Schools for this purpose.

SECTION 7.6.(b) If the higher of the first or second month average daily membership in a local school administrative unit is at least two percent (2%) or 100 students lower than the anticipated average daily membership used for allotments for the unit, the State Board of Education shall reduce allotments for the unit. The reduced allotments shall be based on the higher of the first or second month average daily membership plus one-half of the number of students overestimated in the anticipated average daily membership.

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

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LITIGATION RESERVE FUNDS

SECTION 7.7. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2009-2010 and 2010-2011 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to litigation.

G^M

LEA FLEXIBILITY

SECTION 7.8.(a) The State Board of Education shall implement temporary modifications to the limitations on budget flexibility set out in G.S. 115C-105.25. For the 2009-2010 and 2010-2011 fiscal years, local school administrators shall make every effort to reduce spending whenever and wherever such budget reductions are appropriate as long as the targeted reductions do not directly impact classroom services or any services for students at risk or children with special needs.

SECTION 7.8.(b) Within 14 days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit and charter school of the amount the unit shall reduce from the State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit on the basis of average daily membership.

SECTION 7.8.(c) Each unit shall report to the Department of Public Instruction on the flexibility budget reductions it has identified for the unit within 30 days of the date this act becomes law.

G^M

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS

SECTION 7.9.(a) Beginning with the 2010-2011 fiscal year, the State Board of Education shall implement an allotment formula for e-learning developed pursuant to Section 7.16(d) of S.L. 2006-66.

The North Carolina Virtual Public School (NCVPS) shall be available at no cost to all high school students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

The Department of Public Instruction shall communicate to local school administrative units all applicable guidelines regarding the enrollment of nonpublic school students in these courses.

SECTION 7.9.(b) In order to ensure funds are available to operate NCVPS for the 2009-2010 fiscal year, the State Board of Education shall use funding sources in the following order:

(1) The General Fund appropriation for NCVPS;
(2) Available funds received under the American Recovery and Reinvestment Act;
(3) Up to six million dollars ($6,000,000) of funds appropriated for school technology;
(4) Funds from the State Public School Fund.

SECTION 7.9.(c) NCVPS courses shall be available only to high school students.

SECTION 7.9.(d) The State Board of Education shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, on its implementation of this section.

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LEARN AND EARN ONLINE

SECTION 7.10.(a) Funds are appropriated in this act for the Learn and Earn Online program. This program will allow high school students to enroll in college courses to qualify for college credit. Online courses shall be made available to students through The University of North Carolina and the North Carolina Community College System.

SECTION 7.10.(b) Funds shall be used for:

(1) Course tuition and only those technology and course fees and textbooks required for course participation; and
(2) A liaison position in the Department of Public Instruction to coordinate with The University of North Carolina and the North Carolina Community College System and to communicate course availability and related information to high school administrators, teachers, and counselors.

SECTION 7.10.(c) The State Board of Education shall determine the allocation of Learn and Earn Online course offerings across the State.

SECTION 7.10.(d) The State Board of Education shall allot funds for tuition, fees, and textbooks on the basis of and after verification of the credit hour enrollment of high school students in Learn and Earn Online courses. The Office of State Budget and Management shall transfer sufficient funds from the State Public School Fund to the Community Colleges System Office for courses offered by community colleges.

SECTION 7.10.(e) The University of North Carolina program shall report to The University of North Carolina Board of Governors, and the North Carolina Community College program shall report to the State Board of Community Colleges. The Department of Public Instruction shall report to the State Board of Education.

SECTION 7.10.(f) Both The University of North Carolina and the North Carolina Community College System shall provide oversight and coordination, including coordination with the Department of Public Instruction and with the North Carolina Virtual Public School (NCVPS), to avoid course duplication.

SECTION 7.10.(g) The programs shall establish course quality and rigor standards and shall conduct course evaluations to ensure that the online courses meet the established standards.

SECTION 7.10.(h) Local school administrative units may purchase textbooks for Learn and Earn Online courses through the Department of Public Instruction's textbook warehouse in the same manner as textbooks that have been adopted for public school students by the State Board of Education.

SECTION 7.10.(i) Funds appropriated for Learn and Earn Online that are unexpended or unencumbered at the end of each fiscal year shall not revert but shall remain available for expenditure.

SECTION 7.10.(j) Subsection (i) of this section becomes effective June 30, 2009.

ABCS OF PUBLIC EDUCATION

SECTION 7.11. Notwithstanding G.S. 115C-105.36, the State Board of Education shall place a one-year moratorium on financial awards paid to school personnel in the 2009-2010 fiscal year based on 2008-2009 student academic performance.

The State Board of Education shall develop a plan to restructure the ABCs Accountability System and report the restructuring plan to the Governor and General Assembly by January 31, 2010.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.12.(a) Up to three hundred thousand dollars ($300,000) may be transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet. These funds may be used for services to coordinate e-learning activities across all State educational agencies.

SECTION 7.12.(b) Of the funds allocated for the School Connectivity Initiative, the sum of two hundred fifty thousand dollars ($250,000) may be used annually to sustain the Education E-Learning Portal.

SECTION 7.12.(c) Section 7.6(a) of S.L. 2008-107 reads as rewritten:

"**SECTION 7.6.(a)** Up to ~~six~~ three hundred thousand dollars ~~($600,000)~~($300,000) may be transferred annually through June 30, 2013, to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century Teaching and Learning outcomes approved by the State Board of Education. The Friday Institute shall report annually to the State Board of Education on the evaluation ~~results, including recommendations for continued implementation of the school connectivity initiative that improves teaching and learning.~~ results."

SECTION 7.12.(d) Funds allocated to the School Connectivity Initiative shall carry forward to the next fiscal year until the project is fully implemented by June 30, 2010.

SECTION 7.12.(e) Subsection (d) of this section becomes effective on June 30, 2009.

DROPOUT PREVENTION GRANTS

SECTION 7.13.(a) Dropout Prevention Grants. – The Committee on Dropout Prevention, as reestablished in Section 7.14 of S.L. 2008-107, may use funds appropriated in this act to provide grants to new recipients or to extend additional funding to organizations that received funding previously.

SECTION 7.13.(b) Criteria for Dropout Prevention Grants. – The following criteria apply to all types of dropout prevention grants approved by the Committee:

(1) Grants shall be issued in varying amounts up to a maximum of one hundred fifty thousand dollars ($150,000).

(2) These grants shall be provided to innovative programs and initiatives that target students at risk of dropping out of school and that demonstrate the potential to (i) be developed into effective, sustainable, and coordinated dropout prevention and reentry programs in middle schools and high schools and (ii) serve as effective models for other programs.

(3) Grants shall be distributed geographically throughout the State and throughout the eight educational districts as defined in G.S. 115C-65. No more than three grants shall be awarded in any one county under this section in a single fiscal year.

(4) Grants may be made to local school administrative units, schools, local agencies, or nonprofit organizations.

(5) Grants shall be to programs and initiatives that hold all students to high academic and personal standards.

(6) Grant applications shall state (i) how grant funds will be used, (ii) what, if any, other resources will be used in conjunction with the grant funds, (iii) how the program or initiative will be coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community, and (iv) a process for evaluating the success of the program or initiative.

(7) Programs and initiatives that receive grants under this section shall be based on best practices for helping at-risk students achieve successful academic progress, preventing students from dropping out of school, or for increasing the high school completion rate for those students who already have dropped out of school.

(8) Priority for grants shall be given to proposals that demonstrate input from the local community and coordination with other available programs or resources.

(9) Grantees shall assure their compliance with applicable laws and rules regulating conflicts of interest.

(10) Priority for grants shall be given to programs that would serve students in local schools that have a four-year cohort graduation rate of less than sixty-five percent (65%). The Committee shall establish a grant rating cutoff score at such a level as to allow for consideration of all viable grants in this priority category. The Committee may require grantees to provide supplemental information in response to any prior reviewer comments.

(11) The demonstrated need for a grant, level of collaboration, ability to increase attendance, persistence, academic success, ability to increase parental involvement, and graduation shall be given more weight than the quality of the written grant.

(12) Grants shall be made no later than November 1, 2009.

The Committee shall report to the Joint Legislative Commission on Dropout Prevention and High School Graduation and the Joint Legislative Education Oversight Committee on the grants awarded under this section by March 1, 2010.

SECTION 7.13.(c) Evaluation. – The Committee shall evaluate the impact of the dropout prevention grants awarded under this section. In evaluating the impact of the grants, the Committee shall consider:

(1) How grant funds were used, including the services provided for teen pregnancy prevention and for pregnant and parenting teens;

(2) The success of the program or initiative, as indicated by the evaluation process stated in its grant application;

(3) The extent to which the program or initiative has improved students' attendance, test scores, persistence, and graduation rates;

(4) How the program or initiative was coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community;

(5) What, if any, other resources were used in conjunction with the grant funds;

(6) The sustainability of the program;

(7) The number, gender, ethnicity, and grade level of students being served as well as whether the students left school due to pregnancy or parenting responsibilities;

(8) The potential for the program to serve as a model for achieving successful academic progress for at-risk students; and

(9) Other indicators of the impact of the grant on dropout prevention.

The recipients of the dropout prevention grants awarded under this section shall report to the Committee on Dropout Prevention by January 31, 2011, and by September 30, 2011. The reports shall provide information to assist the Committee in conducting its evaluation. The reports shall include a statement that the recipients used grant funds for the purposes appropriated by the General Assembly and complied with applicable laws, regulations, and terms and conditions of the grant documents. The Committee shall make an interim report of the results of its evaluation of the grants awarded under this section by March 31, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee. The Committee shall make a final report of the results of its evaluation of the grants awarded under subsection (c) of this section by November 15, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee.

SECTION 7.13.(d) Of the funds appropriated in this act for the Committee on Dropout Prevention, the sum of one million dollars ($1,000,000) for the 2009-2010 and 2010-2011 fiscal years shall be used to award new grants, as well as additional grants to previous grant recipients, in accordance with subsection (b) of this section.

SECTION 7.13.(e) Funds appropriated for the dropout prevention grants for the 2009-2010 fiscal year and the 2010-2011 fiscal year shall not revert but shall remain available for expenditure until August 31, 2011.

SECTION 7.13.(f) Of the funds appropriated for the dropout prevention grants, the sum of one hundred thousand dollars ($100,000) for the 2009-2010 and 2010-2011 fiscal years may be used to issue a request for proposals from qualified vendors on a competitive basis to contract as a consultant to assist with the evaluation. The factors to be considered in awarding the contract shall be identified in the request for proposals.

SECTION 7.13.(g) Of the funds appropriated for the dropout prevention grants, the Department of Public Instruction may use up to fifty thousand dollars ($50,000) in fiscal years 2009-2010 and 2010-2011 for its administrative assistance to the Committee and provide technical assistance under this section.

G M

DEPARTMENT OF PUBLIC INSTRUCTION/BUDGET FLEXIBILITY

SECTION 7.14. Notwithstanding G.S. 143C-6-4, the Department of Public Instruction may reorganize, if necessary, to implement the budget reductions set out in this act. The Department shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

G M

BUSINESS EDUCATION TECHNOLOGY ALLIANCE

SECTION 7.15. G.S. 115C-102.15 is repealed.

G

CRITICAL FOREIGN LANGUAGE PILOT FUNDS DO NOT REVERT

SECTION 7.16.(a) Funds appropriated for the Critical Foreign Language Pilot that are unexpended or unencumbered shall not revert but shall remain available for expenditure through June 30, 2010.

SECTION 7.16.(b) This section becomes effective June 30, 2009.

G M

NORTH CAROLINA 1:1 LEARNING PROJECT

SECTION 7.17.(a) Funds appropriated for the North Carolina 1:1 Learning Project that are unexpended or unencumbered at the end of the 2008-2009 fiscal year shall not revert but shall remain available for expenditure through June 30, 2010.

SECTION 7.17.(b) This section becomes effective June 30, 2009.

G M $

ASSESSMENT AND ACCOUNTABILITY

SECTION 7.18.(a) Funds appropriated in this act for assessment and accountability shall be used to develop new end-of-course and end-of-grade tests, identify national assessments, or both, as determined by the State Board of Education. The development of any new tests replacing end-of-course and end-of-grade tests shall be aligned with the new essential standards and included in the State Board of Education's new accountability restructuring plan.

SECTION 7.18.(b) Notwithstanding G.S. 115C-174.11, the State Board of Education shall investigate and pilot a developmentally appropriate diagnostic assessment for students in elementary grades during the 2009-2010 school year. This assessment will (i) enable teachers to determine student learning needs and individualize instruction and (ii) ensure that students are adequately prepared for the next level of coursework as set out by the standard course of study.

The State Board of Education shall report the results of the pilot to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management, by December 1, 2010.

SECTION 7.18.(c) Funds appropriated for assessment and accountability that remain unexpended and unencumbered at the end of the 2009-2010 fiscal year shall not revert but shall remain available for expenditure through June 30, 2011.

G M

DEVELOPMENT OF A PREK-20 DATA SYSTEM

SECTION 7.19.(a) The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall collaboratively develop and systematically determine the technical specifications and data standards for a PreK-20 data system to centralize student data collected about students enrolled in prekindergarten programs through doctoral programs. The PreK-20 data system shall build upon the current capacity, programs, and initiatives of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina.

The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall also collaboratively develop a strategy for tracking students for five years after they complete their education at a North Carolina public educational institution.

SECTION 7.19.(b) The PreK-20 data standards and specifications shall include:

(1) The types and forms of data to be included in a PreK-20 data system, including longitudinal data and the use of a unique student identifier;

(2) The capacity of a shared PreK-20 data system;

(3) The degree and extent of cooperation between a shared PreK-20 data system and the current data collection systems of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina;

(4) The minimum capacity and technical specifications needed for each data system to feed into a shared PreK-20 data system; and

(5) The ability for data in a shared PreK-20 data system to be understood and used by interested stakeholders, including federal and other State agencies.

SECTION 7.19.(c) Standards and specifications shall conform to the guidelines and instructions governing any funds received through the American Recovery and Reinvestment Act of 2009 for this purpose.

SECTION 7.19.(d) Standards and specifications shall be submitted to the Education Cabinet no later than January 1, 2010. The Education Cabinet shall review these standards and submit its recommendations regarding them to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2010.

GM 3

ELIMINATE CERTAIN TESTS

SECTION 7.20.(a) The State Board of Education shall identify and eliminate certain unnecessary or duplicative tests not required by the federal government for No Child Left Behind (NCLB) to determine Adequate Yearly Progress (AYP).

SECTION 7.20.(b) G.S. 115C-174.10 reads as rewritten:

"**§ 115C-174.10. Purposes of the Statewide Testing Program.**

The ~~three~~ testing programs in this Article have three purposes: (i) to assure that all high school graduates possess those minimum skills and that knowledge thought necessary to function as a member of society; (ii) to provide a means of identifying strengths and weaknesses in the education process in order to improve instructional delivery; and (iii) to establish additional means for making the education system at the State, local, and school levels accountable to the public for results."

SECTION 7.20.(c) G.S. 115C-174.11 reads as rewritten:

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

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

~~(b) Competency Testing Program.~~

~~(1) The State Board of Education shall adopt tests or other measurement devices which may be used to assure that graduates of the public high schools and graduates of nonpublic schools supervised by the State Board of Education pursuant to the provisions of Part 1 of Article 39 of this Chapter possess the skills and knowledge necessary to function independently and successfully in assuming the responsibilities of citizenship.~~

~~(2) The tests shall be administered annually to all ninth grade students in the public schools. Students who fail to attain the required minimum standard for graduation in the ninth grade shall be given remedial instruction and additional opportunities to take the test up to and including the last month of the twelfth grade. Students who fail to pass parts of the test shall be retested on only those parts they fail. Students in the ninth grade who are enrolled in special education programs or who have been officially designated as eligible for participation in such programs may be excluded from the testing programs.~~

~~(3) The State Board of Education shall:~~

~~a. Adopt one or more nationally standardized tests or other nationally standardized equivalent measures that measure competencies in the verbal and quantitative areas; or~~

~~b. Develop and validate alternate means and standards for demonstrating minimum competence. These standards must be as difficult as the tests adopted pursuant to subdivision (1) of this subsection.~~

~~The State Board of Education shall adopt a policy to identify which students and under what circumstances students may pass one of these tests in lieu of the testing requirement of subdivision (2) of this subsection.~~

~~(3a) Students with disabilities who fail to pass the competency test adopted pursuant to subdivision (2) of this subsection after two attempts shall be~~

~~given the opportunity to take and pass one of the alternate tests adopted pursuant to subdivision (3) of this subsection.~~

(4) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 18.14.

(c) Annual Testing Program.

(1) The State Board of Education shall adopt ~~a system of annual testing~~ the tests for grades three through ~~12.~~ 12 that are required by federal law or as a condition of a federal grant. These tests shall be designed to measure progress toward reading, communication skills, and mathematics for grades three through eight, and toward competencies ~~designated by the State Board~~ for grades nine through 12. ~~The State Board may develop and implement a plan for high school end-of-course tests that must be aligned with the content standards developed under G.S. 115C-12(9c).~~ Students who do not pass the tests adopted for eighth grade shall be provided remedial instruction in the ninth grade. ~~This assistance shall be calculated to prepare the students to pass the competency test administered under subsection (b) of this section.~~

(2) If the State Board of Education finds that additional testing in grades three through 12 is desirable to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states.

(d) The State Board of Education shall not require the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.

The State Board of Education shall adopt and provide to local school administrative units all tests required by federal law or as a condition of a federal grant."

SECTION 7.20.(d) G.S. 115C-174.12 reads as rewritten:

"**§ 115C-174.12. Responsibilities of agencies.**

(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. These policies and guidelines shall include the following:

(1) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning;

(2) Students in a school shall not be subject to field tests or ~~national tests~~ other standardized tests during the two-week period preceding the administration of end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams; and

(3) No school shall participate in more than two field tests at any one grade level during a school year unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests.

These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and section 504 (29 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption.

The State Board of Education may appoint an Advisory Council on Testing to assist in carrying out its responsibilities under this Article.

(b) The ~~Superintendent of Public Instruction~~Chief Executive Officer shall be responsible, under policies adopted by the State Board of Education, for the statewide administration of the testing program provided by this Article.

(b1) The ~~Superintendent~~ Chief Executive Officer shall notify local boards of education by October 1 of each year of any field tests that will be administered in their schools during the school year, the schools at which the field tests will be administered, and the specific field tests that will be administered at each school.

(c) Local boards of education shall cooperate with the State Board of Education in implementing the provisions of this Article, including the regulations and policies established by the State Board of Education. Local school administrative units shall use the annual ~~and competency testing programs~~ tests to fulfill the purposes set out in this Article. Local school administrative units are encouraged to continue to develop local testing programs designed to diagnose student ~~needs further.~~needs."

REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING

SECTION 7.21.(a) The State Board of Education shall:

(1) Review the lateral entry program and identify and remove from it barriers to the lateral entry of skilled individuals from the private sector into the teaching profession;

(2) Reduce the coursework requirements for lateral entry by consolidating the required competencies into fewer courses and fewer semester hours of coursework; and

(3) Provide additional opportunities for individuals to complete coursework online and at community colleges.

SECTION 7.21.(b) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by January 15, 2010, on its implementation of this section.

NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS

SECTION 7.22.(a) G.S. 115C-285(a) is amended by adding a new subdivision to read:

"**§ 115C-285. Salary.**

(a) Principals and supervisors shall be paid promptly when their salaries are due provided the legal requirements for their employment and service have been met. All principals and supervisors employed by any local school administrative unit who are to be paid from local funds shall be paid promptly as provided by law and as State-allotted principals and supervisors are paid.

Principals and supervisors paid from State funds shall be paid as follows:

...

(8) A teacher who becomes an assistant principal without a break in service shall be paid, on a monthly basis, at least as much as he or she would earn as a teacher employed by that local school administrative unit."

SECTION 7.22.(b) This section becomes effective July 1, 2009, and applies to all persons initially employed as assistant principals on or after that date.

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INCREASE CLASS SIZE

SECTION 7.23. Notwithstanding any other provision of law, the allotment ratios, the maximum class size, and the maximum average class size limits for each grade level in the

public schools shall be two students higher beginning with the 2009-2010 school year than they were for the 2008-2009 school year.

It is the intent of the General Assembly that this increase remain in effect for a maximum of two years and that lower class sizes be restored as soon as State revenues make it fiscally responsible to do so.

DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC SCHOOL FUND

SECTION 7.25. Notwithstanding the provisions of G.S. 115C-546.1(b), the Secretary of Revenue shall not remit any funds for credit to the Public School Building Capital Fund during the 2009-2011 fiscal biennium but shall deposit in the State Public School Fund the funds that would have otherwise been deposited in the Public School Building Capital Fund pursuant to G.S. 115C-546.1(b). The Department of Public Instruction may continue to use these funds to support six positions in the School Planning Division.

TEACHERS FOR GEOGRAPHICALLY ISOLATED K-12 SCHOOLS

SECTION 7.26. The State Board of Education shall modify its policy on the allotment of additional classroom teachers to schools containing grades K-12 when consolidation is not feasible due to the geographic isolation of the school. In administering this policy with regard to a school located in a local school administrative unit in which the average daily membership is less than 1.5 per square mile, the State Board of Education shall, at a minimum:

(1) Allot teachers to the geographically isolated school on the basis of one classroom teacher per grade level; and

(2) Allot teachers to the remainder of the local school administrative unit under the regular teacher allotment formula.

The State Board of Education may allot additional teachers to the local school administrative unit if demographic conditions warrant.

ENSURE ACCESS TO THE EVAAS SYSTEM

SECTION 7.27. The State Board of Education shall use funds appropriated to the State Public School Fund for the 2009-2011 fiscal biennium to ensure that all local school administrative units and charter schools have access to SAS EVAAS (Education Value Added Assessment System).

LOCAL BOARDS MUST INFORM PUBLIC ABOUT SCHOOL REPORT CARDS

SECTION 7.28. G.S. 115C-47 is amended by adding a new subdivision to read:

"**§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(53) To Inform the Public About the North Carolina School Report Cards Issued by the State Board of Education. – Each local board of education shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or otherwise."

PLAN FOR STATEWIDE MOTOR COACH PERMIT

SECTION 7.29.(a) The State Board of Education, in conjunction with the Division of Motor Vehicles, shall develop a plan for a Statewide permit for commercial motor coach companies that seek to contract with local school systems to transport students, school personnel, and other persons authorized by the school system on school-sponsored trips. The

purpose of the permit shall be (i) to ensure student safety, (ii) to ensure safe operations by motor coach companies, (iii) to minimize paperwork, (iv) to minimize visits to the motor coach companies by local school systems, and (v) to minimize the need for motor coach companies to respond to multiple requests for information from multiple local school systems.

SECTION 7.29.(b) In developing the plan for a permit, the State Board of Education and the Division of Motor Vehicles shall consult with the North Carolina School Boards Association, the State Highway Patrol, the North Carolina Pupil Transportation Association, the North Carolina Motor Coach Association, the Federal Motor Carrier Safety Administration, and other interested parties.

SECTION 7.29.(c) The components of the plan shall include, but not be limited to, all of the following:

(1) Scope of the permit.
(2) Standards for issuing the permit.
(3) Duration of the permit.
(4) Process for required inspections.
(5) Entity to conduct required inspections.
(6) Conditions for revoking the permit.
(7) Renewal process.
(8) Schedule of fees to cover the cost of implementation and administration.
(9) Application form and other required documentation.
(10) Dissemination of current permit holders to school systems.
(11) Estimate of costs to implement and number of new positions required.
(12) Impact on motor coach companies that have interstate operations.
(13) Other related issues.

SECTION 7.29.(d) The State Board of Education and the Division of Motor Vehicles shall consult on the proposed plan to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by January 1, 2010. Before the plan is implemented, the Commission shall make any recommendations, including proposed legislation, to the 2010 General Assembly.

PART VIII. COMMUNITY COLLEGES

BPM

COMMUNITY COLLEGE FACULTY SALARY PLAN

SECTION 8.1.(a)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average community collage faculty salary, therefore:

a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.

b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.

c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

Community Colleges

	GENERAL FUND	
	FY 09-10	FY 10-11
Adjusted Continuation Budget	$1,072,571,152	$1,114,034,594

Legislative Changes

A. Enrollment

37 Fully Fund Enrollment Growth Provides funds to fully fund enrollment growth. Community college enrollment has increased by 15,259 full-time equivalents (or FTE), from 201,625 to 216,884, an increase of 7.6%. This enrollment growth requires a total appropriation of $58.1 million. The continuation budget included $47.7 million for this purpose. However, the data needed to accurately calculate enrollment growth requirements were not available at the time the continuation budget was developed. This appropriation provides the remaining $10.4 million needed.	$10,380,387 G= 500,000	R	$10,380,387 500,000	R
38 Enrollment Growth Reserve Provides funds for an Enrollment Growth Reserve to assist colleges that experience enrollments that exceed 5% above budgeted levels.	$3,000,000	R	$3,000,000	R

B. Reductions - Community College System Office

39 Eliminate Vacant Positions and Salary Reserves Eliminates 7 vacant positions in the Community College System Office, as well as $46,192 of unused salary reserves.	($523,128) -7.00	R	($523,128) -7.00	R
40 Eliminate Filled Positions Eliminates two filled positions in the Community College System Office. The duties of these positions shall be eliminated or absorbed by other System Office employees. The positions are: 1. Special Events Coordinator and 2. BioNetwork Grants Associate.	($124,040) -2.00	R	($124,040) -2.00	R
41 Move Positions to Receipt Support Reduces appropriations by shifting one Grants Administrator position to indirect cost receipts and one Education Consultant partially to proprietary school receipts. These positions oversee the activities that generate these receipts.	($85,454)	R	($85,454)	R

	FY 09-10		FY 10-11	
42 Reduce System Office Operating Budget Reduces the System Office operating budget in the following areas: - IT Contracts ($200,000), - Number of IT Training Days ($88,000), - ITS Project Management Services ($76,000), - Travel and Operating Funds for the Technology and Workforce Development Division ($71,245), - Funding for Professional Development Course ($7,500), and - Travel and Operating Funds for the Academic and Student Services Division ($19,680).	($462,425)	R	($462,425)	R
43 Reduce 2+2 E-Learning Initiative Reduces the budget of the 2+2 E-Learning Initiative by $140,000. This reduction leaves the 2+2 E-Learning Initiative with $860,000 in recurring funds to support innovative distance learning programs.	($140,000) (250,000)	R R	($140,000) (250,000)	R R
44 Eliminate Increase to Unemployment Compensation Eliminates OSBM increase to unemployment compensation in the continuation budget.	($6,500)	R	($6,500)	R
45 Management Flexibility Reduction Reduces the NC Community College System Office budget and provides flexibility for the System Office in implementing this reduction.	($489,823)	R	($489,823)	R
C. Reductions - Colleges - State Aid				
46 Eliminate Increases to State Aid Eliminates OSBM increase to State aid in the continuation budget.	($18,543,704)	R	($18,543,704)	R
47 Management Flexibility Reduction - State Aid Reduces funds in the State Aid budget. The State Board of Community Colleges shall distribute the flexibility reduction, accounting for the unique needs of each college. Each college reduced shall have the flexibility to adjust its budget to implement this reduction, but shall not impact those activities directly involved in retraining displaced workers.	($1,023,133)	R	($1,023,133)	R
D. Reductions - Categorical Programs				
48 Maintenance of Plant Supplement Eliminates supplemental funding currently allocated to colleges with an out-of-county student population over 50% of the total student population. Section 8.10 of this bill permits colleges currently receiving these funds to use noninstructional State funds allocated to them through the institutional support allotment for maintenance of plant for the biennium.	($787,877)	R	($787,877)	R

	FY 09-10		FY 10-11	
49 Botanical Laboratory at Fayetteville Technical Community College Eliminates funding for the botanical laboratory at Fayetteville Technical Community College.	($300,000)	R	($300,000)	R
50 Community Service Block Grant Eliminates funding for the community service block grant, requiring all community service programs to be offered on a self-supporting basis.	($1,066,603)	R	($1,066,603)	R
51 Baccalaureate Education Attainment Funds Eliminates baccalaureate education attainment funds available to community college faculty and staff to pursue and attain bachelor's degrees.	($112,751)	R	($112,751)	R
52 Faculty and Staff Development Funds Eliminates funds allocated by the State for professional development of community college faculty and staff.	($507,068)	R	($507,068)	R
53 Compensatory Education Administration Eliminates additional funds allotted to colleges for the administration of compensatory education programs. These programs provide assistance to developmentally-disabled, adult students by teaching them life-skills. Community colleges will continue to receive FTE funding for enrollment of these students.	($1,229,760)	R	($1,229,760)	R
54 Supplemental Multi-Campus Center Funds Reduces supplemental multi-campus center funds by 7%. With this reduction, a total of $13,776,921 will be available for multi-campus centers. Community colleges will continue to receive FTE funding for enrollment at multi-campus sites.	($1,036,973)	R	($1,036,973)	R
55 Off-Campus Center Funds Eliminates supplemental funding for off-campus centers. Community colleges will continue to receive FTE funding for the enrollment at off-campus centers.	($1,000,000)	R	($1,000,000)	R
56 Eliminate One Virtual Learning Community Development Center Eliminates one of the five State-supported Virtual Learning Community development centers. The State Board of Community Colleges will determine which center to eliminate.	($200,000)	R	($200,000)	R
57 Reduce Funding for Library Books and Materials to FY 2008-09 Level Eliminates increases in the continuation budget for library books and materials.	($476,250)	R	($793,067)	R
58 Reduce BioNetwork Grants and Marketing Funds Reduces funds for grants and marketing of the NCCCS BioNetwork. Of the total reduction, $1,056,808 will be reduced from grants to colleges and $383,866 will be reduced from System Office marketing funds.	($1,440,675)	R	($1,440,675)	R

	FY 09-10		FY 10-11	
59 Eliminate Supplemental Hearing Impaired Funding Eliminates funds allotted to Wilson, Central Piedmont, and Western Piedmont Community Colleges to support the additional costs of serving hearing impaired students. These colleges will continue to receive FTE funding for the enrollment of these students.	($190,000)	R	($190,000)	R
60 Eliminate Funds for Disadvantaged Nursing Students Eliminates funds for disadvantaged nursing students. These funds currently support tutoring, NCLEX review, and instructional software.	($80,000)	R	($80,000)	R
61 Regional Criminal Justice Coordinators Eliminates funds used for three regional coordinators to provide comprehensive education and training to law enforcement personnel.	($430,119)	R	($430,119)	R
62 Regional Fire Training Coordinators Eliminates funds used for eight regional coordinators to provide training to fire instructors, as well as curriculum development, guidance, and support to colleges' fire training programs.	($772,293)	R	($772,293)	R
63 Public Radio Station Pass-Through Funds Eliminates pass-through funds for three public radio stations located on community college campuses: - Gaston ($191,333), - Craven ($66,333), and - Isothermal ($201,255).	($458,921)	R	($458,921)	R
64 Reduce Child Care Grants to FY 2007-08 Actual Expenditures Reduces funding for child care grants to student parents who rely on child care to pursue their studies to actual FY 2007-08 expenditures ($1,838,215).	($84,801)	R	($84,801)	R
E. Tuition and Fees				
65 Restructure Continuing Education Fee Rates Restructures continuing education fee rates. The new fee structure will consolidate the current structure from four tiers into three, based on the number of hours of class time, as follows: Classes 1-20 hours - $65, Classes 21-50 hours - $120, and Classes 50+ hours - $175. Continuing education fees have not been increased since the current sliding scale was adopted in 1999. Continuing education courses are non-credit courses and are taken by students not seeking a degree.	($9,426,885)	R	($9,426,885)	R
66 Eliminate Certain Tuition Waivers Eliminates tuition waivers for senior citizens ($1,316,192) and prisoners ($4,832,895).	($6,149,087)	R	($6,149,087)	R

G

	FY 09-10		FY 10-11	
F. Expansion				
67 Expansion of High-Demand/High Cost Health Care Programs Provides funds for FY 2009-10 for faculty recruitment in order to reduce the length of waiting lists of student applicants in nursing, dental, and radiography technology programs. In FY 2010-11, the State Board may increase the weighted funding in these specific program areas to sustain efforts made the previous year, and to reduce waiting lists and expand program offerings in other high-demand health care program areas.	$4,835,000	R	$6,242,300	R
68 Vocational and Technical Education Programs Provides funds to re-establish and place renewed emphasis on vocational and technical education programs. Funds may be used for faculty, equipment, or supplies in the following curriculum areas: Transportation, Engineering, Industrial, Military, Construction, and Green Technology Sectors. Funds shall be distributed to colleges based on the number of FTE students enrolled in these areas.	$4,500,000	R	$4,500,000	R
69 Equipment and Technology Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the $31.3 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment formula.	$10,000,000	R	$12,000,000	R
70 Restore Funding for the NC Military Business Center Restores funding to the NC Military Business Center at Fayetteville Technical Community College. The Center received non-recurring funds in FY 2008-09 while undergoing a continuation review. The Center works with communities and companies to develop and obtain federal business opportunities, including with the US military at NC military installations.	$1,250,000	R	$1,250,000	R
71 Customized Training Provides additional funding the for the Customized Training Program to improve programming and develop stronger infrastructure for college-based instruction. The Customized Training Program offers programs and training services to assist new and existing business and industry to remain productive, profitable, and within the State. Of the funds appropriated for Customized Training, the sum of 250,000 for each year shall be used for a training program in entrepreneurial skills provided by NC REAL (NC Rural Entrepreneurship through Active Learning).	$500,000	R	$500,000	R

Gm G= 4,835,000 R 5,242,300 R for 65 additional nursing faculty

Gm G= 3,000,000 R 3,000,000 R

Gm G= 5,000,000 R 5,000,000 R

G

Senate Subcommittee on Education	FY 09-10		FY 10-11	
Total Legislative Changes	**($12,682,883)**	**R**	**($9,592,400)**	**R**
Total Position Changes	-9.00		-9.00	
Revised Budget	**$1,059,888,269**		**$1,104,442,194**	

purpose of the permit shall be (i) to ensure student safety, (ii) to ensure safe operations by motor coach companies, (iii) to minimize paperwork, (iv) to minimize visits to the motor coach companies by local school systems, and (v) to minimize the need for motor coach companies to respond to multiple requests for information from multiple local school systems.

SECTION 7.29.(b) In developing the plan for a permit, the State Board of Education and the Division of Motor Vehicles shall consult with the North Carolina School Boards Association, the State Highway Patrol, the North Carolina Pupil Transportation Association, the North Carolina Motor Coach Association, the Federal Motor Carrier Safety Administration, and other interested parties.

SECTION 7.29.(c) The components of the plan shall include, but not be limited to, all of the following:

(1) Scope of the permit.
(2) Standards for issuing the permit.
(3) Duration of the permit.
(4) Process for required inspections.
(5) Entity to conduct required inspections.
(6) Conditions for revoking the permit.
(7) Renewal process.
(8) Schedule of fees to cover the cost of implementation and administration.
(9) Application form and other required documentation.
(10) Dissemination of current permit holders to school systems.
(11) Estimate of costs to implement and number of new positions required.
(12) Impact on motor coach companies that have interstate operations.
(13) Other related issues.

SECTION 7.29.(d) The State Board of Education and the Division of Motor Vehicles shall consult on the proposed plan to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by January 1, 2010. Before the plan is implemented, the Commission shall make any recommendations, including proposed legislation, to the 2010 General Assembly.

PART VIII. COMMUNITY COLLEGES

BPM

COMMUNITY COLLEGE FACULTY SALARY PLAN

SECTION 8.1.(a)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average community collage faculty salary, therefore:
   a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.
   b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.
   c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

The State Board of Community Colleges shall adopt guidelines to implement the provisions of this subdivision.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for Customized Training to increase faculty salaries.

SECTION 8.1.(b) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.1.(c) The State Board of Community Colleges shall adopt guidelines to implement the provisions of this section.

USE OF BASIC SKILLS FUNDS

SECTION 8.2. Notwithstanding any other provision of law, a local community college may use up to five percent (5%) of the Literacy Funds allocated to it by the State Board of Community Colleges to procure instructional technology for literacy labs. This technology may include computers, instructional software and software licenses, scanners for testing, and classroom projection equipment.

FUNDS FOR CAMPUS SECURITY

SECTION 8.3. Notwithstanding G.S. 115D-32 or any other provision of law, a community college may use up to two percent (2%) of the noninstructional State funds allocated to it through the institutional support allotment for the 2009-2010 and 2010-2011 fiscal years for campus security. This may include the hiring of personnel, contracted professional services, surveillance cameras, call boxes, alert systems, and other equipment-related expenditures.

These funds shall be used to supplement and shall not be used to supplant existing local funding for campus security.

FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

SECTION 8.4. G.S. 115D-40.1(c) reads as rewritten:

"(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance.

The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds. The interest earned on the funds provided in this section may be used to support the costs of administering the Community College Grant Program."

CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS BIOTECHNOLOGY TRAINING FUNDS

SECTION 8.5.(a) Funds appropriated in S.L. 2006-66, S.L. 2007-323, and S.L. 2008-103 for the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis shall not revert, but shall remain available until expended.

SECTION 8.5.(b) This section becomes effective June 30, 2009.

LEARN AND EARN ONLINE FUNDS

SECTION 8.6.(a) Funds reimbursed to the Community College System for full-time equivalent students participating in Learn and Earn Online courses during the 2008-2009 and 2009-2010 fiscal years shall not revert at the end of the fiscal year, but shall remain available for expenditure up to 12 months after the close of a fiscal year.

SECTION 8.6.(b) Community college student enrollments in Learn and Earn Online shall be considered regular budget full-time equivalent in the curriculum enrollment formula regardless of the term during which the instruction is provided. The North Carolina Community College System may only seek reimbursement from the Department of Public Instruction for technology, course fees, and textbooks required for course participation.

SECTION 8.6.(c) The Office of State Budget and Management shall transfer sufficient funds from the State Public School Fund to the Community Colleges System Office to implement subsection (b) of this section.

SECTION 8.6.(d) Subsection (a) of this section becomes effective June 30, 2009.

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.7.(a) Funds appropriated in this act to the Community Colleges System Office for the College Information System shall not revert at the end of the 2008-2009 fiscal year but shall remain available until expended. These funds may be used to purchase periodic system upgrades.

SECTION 8.7.(b) Notwithstanding G.S. 143C-6-4, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management and in consultation with the Office of Information Technology Services, use funds appropriated in this act for the College Information System to create a maximum of three positions if doing so is cost-effective. Personnel positions created pursuant to this subsection shall be dedicated to

maintaining and administering information technology and software upgrades to the College Information System.

SECTION 8.7.(c) Subsection (a) of this section becomes effective July 1, 2009.

MODIFY MULTICAMPUS AND OFF CAMPUS CENTER REPORT DATE

SECTION 8.8. G.S. 115D-5(o) reads as rewritten:

"(o) The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by ~~October 1~~ December 1 of each year."

REPEAL REPORT ON THE USE OF COMM COLL FACILITIES BY PRIVATE BUSINESSES

SECTION 8.9. G.S. 115D-5(q) is repealed.

MAINTENANCE OF PLANT FLEXIBILITY

SECTION 8.10. Notwithstanding any other provision of law, a community college that received State funds for maintenance of plant pursuant to G.S. 115D-31.2 for the 2008-2009 fiscal year may use noninstructional State funds allocated to it through the institutional support allotment for maintenance of plant for the 2009-2010 and 2010-2011 fiscal years.

The amount of these funds used for the 2009-2010 fiscal year for maintenance of plant shall not exceed the total amount of maintenance of plant funds received for the 2008-2009 fiscal year. The amount of these funds used for the 2010-2011 fiscal year for maintenance of plant shall not exceed fifty percent (50%) of the amount of maintenance of plant funds received for the 2008-2009 fiscal year.

ELIMINATE SOME TUITION WAIVERS

SECTION 8.11.(a) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds; provided, however, that the State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate, for training courses for volunteer firemen, local fire department personnel, volunteer rescue and lifesaving department personnel, local rescue and lifesaving department personnel, Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, local law-enforcement officers, patients in State alcoholic rehabilitation centers, all full-time custodial employees of the Department of Correction, employees of the Department's Division of Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and

the rules of the Criminal Justice and Training Standards Commission, trainees enrolled in courses conducted under the ~~New and Expanding Industry Program,~~ Customized Training Program, clients of sheltered workshops, clients of adult developmental activity programs, students in Health and Human Services Development Programs, juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction~~, prison inmates~~, members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General Statutes, and elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation (CPR). ~~Provided further, tuition shall be waived for senior citizens attending institutions operating under this Chapter as set forth in Chapter 115B of the General Statutes, Tuition Waiver for Senior Citizens. Provided further, tuition shall also be waived for all~~

(b1) The State Board shall waive tuition and fees for courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this section.

The State Board also shall waive tuition and fees for persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate.

SECTION 8.11.(b) G.S. 115B-2 reads as rewritten:

"**§ 115B-2. Tuition waiver authorized.**

(a) The constituent institutions of The University of North Carolina and ~~the community colleges as defined in G.S. 115D-2(2)~~ shall permit the following persons to attend classes for credit or noncredit purposes without the required payment of tuition:

(1) Legal residents of North Carolina who have attained the age of 65.

(2) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.

(3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.

(4) Any child, if the child is at least 17 years old but not yet 23 years old, whose parent is a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 48 months, if the child is seeking a baccalaureate degree, or (ii) if the child is not seeking a baccalaureate degree, the number of months required to complete the educational program to which the child is applying.

(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student.

The community colleges as defined in G.S. 115D-2(2) shall permit the persons listed in subdivisions (2) through (5) of this subsection to attend classes for credit or noncredit purposes without the required payment of tuition.

(b) Persons eligible for the tuition waiver under subsection (a) of this section must meet admission and other standards considered appropriate by the educational institution. In addition, the constituent institutions of The University of North Carolina shall accept these persons only on a space available basis."

SECTION 8.11.(c) G.S. 115B-5(a) is repealed.

CONTINUING EDUCATION FEES

SECTION 8.12. The fees charged for community college continuing education courses shall be based on the number of hours of class time. The fees shall be:

Class Hours	Cost
1-20	$65.00;
21-50	$120.00;
51-100+	$175.00.

CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS

SECTION 8.13. The State Board of Community Colleges shall consolidate the Nursing categorical allotment into the Allied Health categorical allotment before distributing funds appropriated in this act. These funds shall be awarded to community colleges based on the full-time equivalent (FTE) enrollment in allied health programs.

CUSTOMIZED TRAINING PROGRAM

SECTION 8.14.(a) Funds appropriated in this act for the Customized Training Program that unexpended and unencumbered on June 30, 2010, may, subject to cash availability and the approval of the Office of State Budget and Management, be carried forward into the 2010-2011 fiscal year for equipment purchases. These funds shall be distributed through the Educational Equipment Reserve.

SECTION 8.14.(b) Projects that create or retain jobs in North Carolina shall receive first priority for funds appropriated for the Customized Training Program.

SECTION 8.14.(c) G.S. 115D-5.1(f) is amended by adding a new subsection to read:

"(f) The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

...

(1a) The types of services sought by the company, whether for new, expanding, or existing industry."

COMMUNITY COLLEGE FINANCIAL ASSISTANCE FUND BALANCE SHALL BE USED TO OFFER NEED-BASED AID

SECTION 8.15. The balance remaining in Budget Code 66801, Fund 6102 (CCS Financial Assistance) shall be used in the 2009-2010 fiscal year to offer need-based assistance to displaced workers and qualified students. This balance has accumulated due to financial aid refunds received from students in fiscal year 2008-2009 and prior fiscal years.

NORTH CAROLINA MILITARY BUSINESS CENTER

SECTION 8.16. The funds appropriated in this act to the Community Colleges System Office for the NC Military Business Center shall be used for the continued operations of the NC Military Business Center. The Military Business Center shall provide services to residents and businesses throughout the State. The purpose of the business center is to serve as a coordinator and facilitator for small- and medium-sized businesses throughout the State seeking to win and complete federal contracts, with a focus on military-related contracts. Activities of the business center shall include:

(1) Training and mentoring eligible businesses on effectively marketing their products and services to military and other federal clients and contracting offices.

(2) Assisting eligible businesses with any required accreditations and qualifications for government contracting.

(3) Teaching eligible businesses about federal set-aside programs and how to take advantage of these programs directly or through partnering with other eligible businesses.

(4) Training and assisting clients with the registration, proposal development, and bidding processes related to military and other federal contracts.

(5) Training eligible businesses on legal and regulatory compliance.

(6) Designing and implementing mentoring programs to facilitate the development of interrelationships between eligible businesses.

(7) Forecasting the need for and assisting eligible businesses in obtaining advanced certifications and accreditations and advanced manufacturing skills and technologies.

(8) Working with Small Business Centers throughout the State to carry out these activities on a statewide basis.

(9) The maintenance of an Internet-based system to match the knowledge, skills, and abilities of active-duty military personnel, veterans, and their families throughout the State with the needs of North Carolina businesses.

(10) The study of community resources and existing business capacity to meet the current and future needs of the military and the development of proposals for further developing community resources and developing or recruiting new businesses to meet those needs.

(11) The marketing of the services provided by the Military Business Center.

PART IX. UNIVERSITIES

USE OF ESCHEAT FUNDS FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of one hundred twenty-three million six hundred forty-one thousand forty dollars ($123,641,040) for fiscal years 2009-2010 and 2010-2011, to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for 2009-2010 and 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for years 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

SECTION 9.1.(b) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.1.(c) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of one million one hundred fifty-seven thousand dollars ($1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium

UNC System

	GENERAL FUND	
	FY 09-10	FY 10-11
Adjusted Continuation Budget	$3,026,185,255	$3,100,871,575

Legislative Changes

A. Base Budget Adjustments

G m	72 **Management Flexibility Reduction** Mandates a management flexibility reduction for the UNC operating budget. The UNC President and UNC Board of Governors shall follow the "Guidelines for Implementing 2009-11 Budget Reductions" issued to UNC Chancellors in 2009 when making reductions.	($70,066,227) ($5,370,571) G = (99,077,334)	R NR R	($70,066,227) (87,742,959)	R R
T	73 **Salary Related Reductions** Removes OSBM increases for Overtime Pay, Premium Pay, Unemployment Compensation, Disability Benefits, and Workers Compensation.	($7,757,661)	R	($7,741,169)	R
G	74 **Building Reserve Adjustments** Adjusts the building reserves for operating new and renovated buildings due to changes in building completion dates.	($2,692,333)	NR	($2,256,597)	I
G	75 **Library Inflation Removal** Removes an inflationary adjustment for library books and periodicals.	($14,129,584)	R	($18,411,905)	R
G m	76 **Fuel Oil Inflation Adjustment** Reduces the inflationary increases for utility budgets at UNC-W, NCA&T, WCU, ECSU, and NCCU due to a decline in the price of residual fuel oil. Also restores a utility cut to UNC-GA made in error.	($1,302,965) G = (1,603,910)	R R	($1,061,665) (1,362,610)	R R
G	77 **University Cancer Research Fund - Increased Tax Projections** Lowers the General Fund appropriation to the University Cancer Research Fund due to an increase in the projected tax collections from the tax on tobacco products other than cigarettes. With this adjustment, the $50 million commitment to the Fund in FY 2009-10 will consist of $8 million Tobacco Trust Fund, $25 million General Fund, and $17 million tobacco tax proceeds.	($561,179)	R	($592,890)	R
G	78 **Reserve for Distance Education Reduction** Reduces the Reserve for Distance Education Capacity Enhancement by 10%. Created in 1996, the reserve is currently being used for UNC online efforts.	($112,936)	R	($112,936)	R

	FY 09-10		FY 10-11	
79 Reserve for Information Technology Reduction Reduces the Reserve for Information Technology Productivity and Efficiency by 10%. This reserve has been used to help 14 UNC campuses implement the Banner computer program for Finance, Human Resources, and Financial Aid.	($90,592)	R	($90,592)	R
80 Strategic Initiative Reserve Reduction Reduces the UNC President's $3.3 million Strategic Initiative Reserve for two years. The Reserve is used to encourage multi-campus initiatives, take advantage of promising opportunities, and address system-wide issues and concerns.	($1,000,000)	NR	($1,000,000)	NR
81 Legislators' Schools For Leadership Development Abolished Abolishes the Legislators' Schools for Leadership Development at ECU and WCU. These programs provide summer residential programs to enhance the leadership abilities of rising eighth through eleventh graders.	($500,000) G= (500,000) -4.00	R NR	($500,000) (500,000) -4.00	R NR
82 Bowles Center for Alcohol Studies - DWI Fee Change Reduces the General Fund appropriation for the Bowles Center for Alcohol Studies by directing that the $25 DWI driver's license restoration fee be used for the Center's operating support instead of the Center's endowment fund.	($500,000)	R	($500,000)	R
83 Focused Growth Reserve Eliminated Eliminates a UNC General Administration reserve for new degree programs on Focused Growth campuses. Enrollment growth funding can be used to initiate new academic programs. This reduction does not reduce the $29.2 million in Focused Growth funds allocated to the 7 designated campuses.	($1,343,002)	R	($1,343,002)	R
84 Tuition Waiver for NC Science and Math Graduates Phased Out Phases out the waiver of tuition at UNC institutions for graduates of the North Carolina School of Science and Math beginning in FY 2010-11. All UNC students currently receiving the tuition waiver and Science and Math students graduating in 2009 will receive the tuition waiver until college graduation.	G= (990,619) R		($1,000,000) (2,034,190)	R R
85 Nurse Educators of Tomorrow - Fund Balance Reduced Reverts $1 million from the fund balance in the Nurse Educators of Tomorrow scholarship-loan program. A slow start-up in this program to increase the number of nursing faculty allowed a fund balance to accrue in this nonreverting account. The increased General Fund availability will be used to fund expansion budget items.				
86 Future Teachers Scholarship-Loan Program Reduced Reduces the appropriation for the Future Teachers of North Carolina Scholarship-Loan program due to low enrollment.	($1,000,000)	R	($1,000,000)	R
87 NCCU Salary Correction Deletes OSBM error in SPA salary line item for NC Central University.			($36,000)	R

	FY 09-10		FY 10-11	
B. Expansion				
88 UNC Need-Based Aid Increases the UNC Need-Based Student Financial Aid Program to accommodate growth in eligible students and to hold current recipients harmless from increases in cost of attendance. There is $116.4 million appropriated from the Escheats Fund for the program.	$23,397,311	R	$23,397,311	R
89 Distinguished Professors Endowment Fund Increases the Distinguished Professors Endowment Fund to match a grant from the C.D. Spangler Foundation to award professorships at each of the 16 UNC campuses and to address the backlog of 86 professorships awaiting State matching funds.	$6,800,000	R	$6,800,000	R
90 Campus Safety Continues the implementation of the UNC Campus Safety Task Force recommendations by increasing the number of university personnel in mental health services and campus police.	$5,000,000	R	$5,000,000	R
91 Veterinary Medicine Clinical Teaching and Research Fund Provides continued funding to the NC State University College of Veterinary Medicine for the Veterinary Medicine Clinical Teaching and Research Fund. This fund allows advanced diagnostic and treatment options for animals where a) owner financing of such options are limited, b) significant instructional value exists, or c) the diagnostic and treatment options have the potential of adding significantly to the core knowledge in the relevant clinical area.	$250,000	NR		
92 ECU Dental School Operations Provides funds to the School of Dentistry at East Carolina University to hire new faculty, to develop the curriculum in preparation of program accreditation, and to establish the location of dental service learning centers throughout the state where faculty and students will see patients.	$3,000,000	R	$3,000,000	R
93 ECU Indigent Care Reimburses a portion of the annual uncompensated patient care provided by the clinics of the East Carolina University Brody School of Medicine.	$2,000,000 G= 4,000,000	R NR	$2,000,000	R
94 UNC Hospitals Indigent Care Increases UNC Hospitals' reimbursement for indigent patient care.	$2,000,000	R	$2,000,000	R
95 Medical Care Expansion Provides $1,310,000 to continue planning for the expansion of the UNC-Chapel Hill and East Carolina University medical schools and medical residency programs. Also provides $1,310,000 to the UNC Board of Governors and Mountain Area Health Education Center (MAHEC) for planning and programming for the Center for Health and Aging.	$2,620,000	NR		

	FY 09-10		FY 10-11	
96 Nursing Program Expansion Funds the establishment of an accelerated baccalaureate nursing program at North Carolina Central University ($500,000) that will produce highly skilled nursing personnel in a shorter time period and will have a specific focus on recruiting students from medically underserved populations within North Carolina. Also funds an increase of 80 students at the UNC-Chapel Hill School of Nursing ($335,000) with an emphasis on increasing the number of pre-licensure graduates and providing increased access to baccalaureate nursing education to college graduates.	$835,000 5.00	R	$835,000 5.00	R
97 ASU College of Health Sciences and Allied Professions Provides operating funds for Appalachian State University's newly consolidated College of Health Sciences and Allied Professions.	$250,000	R	$250,000	R
98 UNC-W College of Health and Human Services Funds supplemental instruction and additional operating support for UNC Wilmington's new College of Health and Human Services.	$400,000	R	$400,000	R
99 NC Research Campus at Kannapolis Provides funding to hire researchers and to provide equipment and supplies for University personnel working at the NC Research Campus in Kannapolis. Six UNC-system campuses are involved in collaborative research at the campus to break new ground in health and science discoveries and help attract new employers and jobs to the State. The UNC System's annual operating budget at the Research Campus will increase to $22.5 million with this appropriation.	$3,000,000	R	$3,000,000	R
100 Energy Production Infrastructure Center at UNCC Provides funds to hire 14 senior faculty and 24 research support staff to develop programs in the following targeted hiring areas: electrical power including alternative energy, power plant engineering, and power system infrastructure. This center will help meet the increasing demand for engineers in the energy field created by an aging workforce and industry growth.	$2,000,000 15.00	R	$5,000,000 38.00	R
101 NC A&T College of Engineering Provides the NC A&T State University College of Engineering with funding for post-doctoral and faculty positions, SPA staff support, laboratory supplies, and equipment upgrades and maintenance. A portion of these funds may be used to match NC A&T's portion of a $18.5 million five-year National Science Foundation Engineering Research Center grant, the first ERC grant awarded to a HBCU (Historically Black College and University).	$2,000,000	R	$2,000,000	R

	FY 09-10		FY 10-11	
102 NCSU College of Engineering Provides funds to the NC State University College of Engineering to add faculty in interdisciplinary areas that respond to State and national needs. A portion of the funds may be used to match external grants for Electric Vehicle Research in the NCSU Advanced Transportation Energy Center.	$5,000,000	R	$5,000,000	R
103 NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering Continues the phase-in of faculty and staff for the NC A&T/UNC-G Joint School of Nanoscience and Nanotechnology located the Gateway University Research Park in Greensboro. When the new building housing the school is completed in 2012, scientists will be trained in areas such as drug design and delivery, nanobioengineering, and genetic screening.	$1,000,000	R	$1,000,000	R
104 WCU Rapid Product Realization Funds additional faculty and staff to enable Western Carolina's Center for Rapid Product Realization to link the academic programs of the School of Construction Management and Technology to regional businesses.	$200,000	R	$200,000	R
105 ECSU School of Aviation Provides additional operating funds for the newly established flight school at the Elizabeth City State University School of aviation. The flight school was established with an appropriation of $300,000 R and $300,000 NR in FY 2008-09.	$300,000	R	$300,000	R
106 Research Competitiveness Fund Continues the Research Competitiveness Fund that began in 2007. The Fund supports strategic research investments in areas that have high probabilities of economic success and are important to keeping the North Carolina economy competitive. This appropriation builds on last biennium's investment of $4 million which funded 24 research projects and led to grant proposals for non-state funds exceeding $35 million.	$3,000,000	R	$3,000,000	R
107 Graduate Student Recruitment and Retention Funds 162 new tuition remissions for graduate students in science, technology, and mathematics degree programs.	$2,000,000	R	$2,000,000	R
108 UNC-SA School of Filmmaking Funds additional faculty, staff, and equipment at the UNC School of the Arts School of Filmmaking. Nonrecurring funds will be used to upgrade the theatre at the School of Filmmaking's Sound Stage in High Point and the film archives building on the main campus.	$500,000 $500,000	R NR	$500,000 $500,000	R NR
109 Faculty Recruiting and Retention Fund Continues the Faculty Recruiting and Retention Fund that was initiated in FY 2006-07. The UNC President may use the fund to offer salary increases to recruit and retain faculty members in the 16 constituent universities.	$2,000,000	R	$2,000,000	R

Senate Subcommittee on Education	FY 09-10		FY 10-11	
110 NC School of Science and Math Online Initiative Extends a North Carolina School of Science and Math pilot program that offers online science and math courses to students across the state. In FY 2008-09, 70 juniors in 49 high schools enrolled in up to 2 of the 6 courses offered, such as AP Chemistry, AP Calculus, or Honors Genetics and Biotechnology.	$200,000	R	$200,000	R
111 Special Focus Universities Provides UNC-Asheville and UNC School of the Arts with $1 million each year for their operating budgets because the mission and limited size of these institutions makes it difficult for them to generate sufficient funds from the student credit hour enrollment model and other sources to provide needed student services.	$2,000,000	R	$2,000,000	R
112 FSU Military One-stop Center & BRAC Outreach Funds a one-stop academic counseling center for military and Department of Defense personnel and their dependents at Fayetteville State University. Also funds the development of two 18-month online master's degree programs in Business Administration and Criminal Justice.	$251,500	R	$251,500	R
113 UNC-P Academic Support Funds additional academic counselors, advisors, and other student support positions to help UNC Pembroke improve its retention and graduation rates.	$300,000	R	$300,000	R
114 WSSU Adult & Transfer Student Recruitment Funds a joint program between Winston-Salem State University and Forsyth Technical Community College that will add advising center staff focused on community college students and create a Gateway Program to assist working adults with the transition to college.	$475,700	R	$475,700	R
Total Legislative Changes	**($29,454,635)**	R	**($31,546,875)**	R
	($5,692,904)	NR	**($2,756,597)**	NR
Total Position Changes	16.00		39.00	
Revised Budget	**$2,991,037,716**		**$3,066,568,103**	

(3) Teaching eligible businesses about federal set-aside programs and how to take advantage of these programs directly or through partnering with other eligible businesses.
(4) Training and assisting clients with the registration, proposal development, and bidding processes related to military and other federal contracts.
(5) Training eligible businesses on legal and regulatory compliance.
(6) Designing and implementing mentoring programs to facilitate the development of interrelationships between eligible businesses.
(7) Forecasting the need for and assisting eligible businesses in obtaining advanced certifications and accreditations and advanced manufacturing skills and technologies.
(8) Working with Small Business Centers throughout the State to carry out these activities on a statewide basis.
(9) The maintenance of an Internet-based system to match the knowledge, skills, and abilities of active-duty military personnel, veterans, and their families throughout the State with the needs of North Carolina businesses.
(10) The study of community resources and existing business capacity to meet the current and future needs of the military and the development of proposals for further developing community resources and developing or recruiting new businesses to meet those needs.
(11) The marketing of the services provided by the Military Business Center.

PART IX. UNIVERSITIES

USE OF ESCHEAT FUNDS FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of one hundred twenty-three million six hundred forty-one thousand forty dollars ($123,641,040) for fiscal years 2009-2010 and 2010-2011, to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for 2009-2010 and 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for years 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

SECTION 9.1.(b) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.1.(c) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of one million one hundred fifty-seven thousand dollars ($1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium

Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection. The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.1.(d) The State Education Assistance Authority shall transfer to the Escheat Fund the balance of any monies appropriated by this section that are not disbursed for need-based student financial aid; however, the State Education Assistance Authority may retain the interest on those monies that is paid to the State Education Assistance Authority at the beginning of the 2009-2010 fiscal year and at the beginning of the 2010-2011 fiscal year.

THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND (EARN)

SECTION 9.2.(a) Of the funds appropriated by this act from the General Fund to the State Education Assistance Authority the sum of sixty million dollars ($60,000,000) for the 2009-2010 fiscal year and the sum of sixty million dollars ($60,000,000) for the 2010-2011 fiscal year shall be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(b) There is appropriated from the Escheat Fund to the State Education Assistance Authority the sum of forty million dollars ($40,000,000) for the 2009-2010 fiscal year and the sum of forty million dollars ($40,000,000) for the 2010-2011 fiscal year to be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(c) The funds appropriated in subsections (a) and (b) of this section shall be used only to fund Education Access Rewards North Carolina Scholars Fund (EARN) grants for academic years beginning on or after July 1, 2009.

TRANSFERS OF CASH BALANCES TO THE GENERAL FUND

SECTION 9.3.(a) Notwithstanding any other provision of law, the unencumbered cash balance remaining in the Future Teachers Financial Aid fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

SECTION 9.3.(b) Notwithstanding any other provision of law, the unencumbered cash balance of the General Fund appropriation remaining in the Education Access Rewards North Carolina (EARN) Scholars fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

TRANSFER FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.4. The General Assembly finds that in order to expand opportunities for students involved in the performing arts, existing funding for the Summer Institute on Roanoke Island should not be allocated to one specific University of North Carolina institution, but instead be allocated directly to the Roanoke Island Commission, so that any interested University of North Carolina institution may have the opportunity to participate in summer arts enrichment and education programs. Therefore, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Summer Institute of the North Carolina School of the Arts on Roanoke Island program for the 2009-2011 fiscal biennium, the sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646)

shall be transferred for the 2009-2010 fiscal year to the Roanoke Island Commission and the sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646) shall be transferred for the 2010-2011 fiscal year to the Roanoke Island Commission. The Roanoke Island Commission may use these funds to contract with any of the constituent institutions of The University of North Carolina System to provide music and drama students an education in a professional performing environment while providing a public service to the State.

UNC CENTER FOR ALCOHOL STUDIES

SECTION 9.5.(a) G.S. 20-7(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than ~~G.S. 20-17(2),~~ G.S. 20-17(a)(2) shall pay a restoration fee of fifty dollars ($50.00). A person whose drivers license has been revoked under ~~G.S. 20-17(2)~~ G.S. 20-17(a)(2) shall pay a restoration fee of ~~seventy-five dollars ($75.00) until the end of the fiscal year in which the cumulative total amount of fees deposited under this subsection in the General Fund exceeds ten million dollars ($10,000,000), and shall pay a restoration fee of fifty dollars ($50.00) thereafter.~~ seventy-five dollars ($75.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The fifty-dollar ($50.00) fee, and the first fifty dollars ($50.00) of the seventy-five-dollar ($75.00) fee, shall be deposited in the Highway Fund. The remaining twenty-five dollars ($25.00) of the seventy-five-dollar ($75.00) fee shall be deposited in the General Fund of the State. The Office of State Budget and Management ~~shall certify to the Department of Transportation and the General Assembly when the cumulative total amount of fees deposited in the General Fund under this subsection exceeds ten million dollars ($10,000,000), and~~ shall annually report to the General Assembly the amount of fees deposited in the General Fund under this subsection.

It is the intent of the General Assembly to annually appropriate from the funds deposited in the General Fund under this subsection the sum of five hundred thousand dollars ($500,000) to the Board of Governors of The University of North Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies ~~Endowment~~ at ~~The~~ the University of North Carolina at Chapel ~~Hill, but not to exceed this cumulative total of ten million dollars ($10,000,000).~~ Hill."

SECTION 9.5.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina the sum of five hundred thousand dollars ($500,000) for the 2009-2010 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2010-2011 fiscal year shall be used for the operating expenses of the Bowles Center for Alcohol Studies at the University of North Carolina at Chapel Hill.

REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE UNIVERSITY

SECTION 9.6.(a) G.S. 116-238.1(a) reads as rewritten:

"(a) There is granted to each State resident who graduates from the North Carolina School of Science and Mathematics and who enrolls as a full-time student in a constituent institution of The University of North Carolina a sum to be determined by the General Assembly as a tuition grant. The tuition grant shall be for four consecutive academic years and shall cover the tuition cost at the constituent institution in which the student is enrolled. The tuition grant shall be distributed to the student as provided by this section. The grant provided

by this section is only available to a student enrolled at the North Carolina School of Science and Mathematics for the 2007-2008 academic year or earlier."

SECTION 9.6.(b) Effective July 1, 2013, G.S. 116-238.1, as amended by this section, is repealed.

CLOSING THE ACHIEVEMENT GAP/GRANTS

SECTION 9.7.(a) Funds appropriated by this act for the 2009-2010 fiscal year and for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the North Carolina Historically Minority Colleges and Universities Consortium (HMCUC) for "Closing the Achievement Gap," shall be used for the sole purpose of supporting the operations and program activities of the HMCUC. These funds shall be used by the HMCUC members for the public purposes of developing and implementing after-school programs designed to close the academic achievement gap and improving the academic performance of youth at risk of academic failure and school dropout. The HMCUC may also allocate funds to a community-based and faith-based organization that is located in close proximity to the HMCUC member institution for the public purposes stated in this section.

SECTION 9.7.(b) The North Carolina Historically Minority Colleges and Universities Consortium shall report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division by May 1 of each year, regarding the number of programs funded by the Consortium to Close the Achievement Gap, the location and program structure of the programs, the amount allocated to the program, and purposes for which the funds were awarded, the cost of administering and managing the funds, and any other information requested by the Committee or Fiscal Research Division. The grants awarded pursuant to this section shall also include as a term of the grant that the recipient of the grant report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division regarding the amount of the grant received, the program and purposes for which the grant was requested, the methodology used to implement the grant program and purposes, the results of the program funded by the grant, and any other information requested by the Joint Legislative Education Oversight Committee and the Fiscal Research Division.

AMEND LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS

SECTION 9.8.(a) 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) Grants for Students. – 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 persons attending these institutions, there is granted to each 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 undergraduate student as provided by this subsection. A full-time North Carolina undergraduate student shall be awarded the full amount of the tuition grant provided by this section. A part-time North Carolina undergraduate student who is enrolled to take at least ~~six~~ nine hours of academic credit per semester shall be awarded a tuition grant in an amount that is calculated on a pro rata basis.

(a1) Grants for Licensure Students. – 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 part-time licensure student who is enrolled to take at least ~~six~~ nine hours of undergraduate academic credit per semester 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. If a course is required for licensure, but is designated as both an undergraduate and graduate course, for purposes of this subsection, the course shall be considered an undergraduate course.

(b) Administration of Grants. – 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 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 or licensure student.

(c) Student or Licensure Student Change of Status; Audits. – In the event a full-time student on whose behalf a grant has been paid in accordance with subsection (a) of this section or a full-time licensure student on whose behalf a grant has been paid in accordance with subsection (a1) of this section 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 part-time student on whose behalf a prorated grant has been paid in accordance with subsection (a) of this section or a part-time licensure student on whose behalf a prorated grant has been paid in accordance with subsection (a1) of this section is not enrolled and carrying a minimum academic load of ~~six~~ nine credit hours per semester 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. If the matriculated status of a full-time student or a full-time licensure student changes to a matriculated status of part-time student or part-time licensure student by the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund only the difference between the amount of the full-time grant awarded and the amount of the part-time grant that is awarded pursuant to this section. 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 them.

(d) Shortfall. – In the event there are not sufficient funds to provide each eligible student or licensure student with a full or prorated 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), (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) Reversions. – Any remaining funds shall revert to the General Fund."

SECTION 9.8.(b) This section applies to academic semesters beginning on or after July 1, 2009.

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION/REVERT PART OF FUND BALANCE

SECTION 9.9. Effective July 1, 2009, the sum of one million dollars ($1,000,000) shall transfer from the fund balance of the Graduate Nurse Scholarship Program for Faculty Production (also known as Nurse Educators of Tomorrow Scholarship Loan) to the General Fund.

INCREASE UNC UNDERGRADUATE TUITION SURCHARGE

SECTION 9.10.(a) Subsection (b) of Section 89 of Chapter 321 of the 1993 Session Laws as amended by Section 17.10 of Chapter 769 of the 1993 Session Laws reads as rewritten:

"(b) The Board of Governors of The University of North Carolina shall ensure that procedures are established that are necessary to impose a ~~twenty-five percent (25%)~~ fifty percent (50%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. The calculation of these credit hours taken at a constituent institution or accepted for transfer shall exclude hours earned through the College Board's Advanced Placement or CLEP examinations, through institutional advanced placement or course validation, or through summer term or extension programs. No surcharge shall be imposed on any student who exceeds the degree credit hour limits within the equivalent of four academic years of regular term enrollment, or within five academic years of regular term enrollment in a degree program officially designated by the Board of Governors as a five-year program. ~~The Board shall report to the Joint Legislative Education Oversight Committee by April 1, 1994, on its recommendations for implementing this surcharge.~~"

SECTION 9.10.(b) The Board of Governors shall report to the Joint Legislative Education Oversight Committee by September 1, 2009, regarding the implementation of the increased surcharge.

SECTION 9.10.(c) This section applies to all students who will be sophomores or freshman in the 2009-2010 fall academic semester and to all students who are new undergraduates on or after the effective date of this act.

ENROLLMENT GROWTH REPORTING

SECTION 9.11. G.S. 116-30.7 reads as rewritten:

"**§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.**

By ~~September 1~~October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), ~~first-year~~ first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b)."

UNC BOARD OF GOVERNORS STUDY AND DEVELOP PLAN TO TRANSFER UNC CENTER FOR PUBLIC TELEVISION TO UNC SCHOOL OF THE ARTS

SECTION 9.12. The Board of Governors of The University of North Carolina shall study the feasibility of transferring the University of North Carolina Center for Public Television to the University of North Carolina School of the Arts and shall develop a plan to implement such a transfer. The Board of Governors shall report its findings and recommendations along with the plan by March 1, 2010, to the Joint Education Legislative

Oversight Committee and to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Education.

NORTH CAROLINA CENTER FOR ADVANCEMENT OF TEACHING (NCCAT)/PROPERTY SETTLEMENT IF NCCAT TRANSFERRED FROM UNC SYSTEM OR CEASES TO EXIST

SECTION 9.13.(a) If the North Carolina Center for the Advancement of Teaching (NCCAT) is transferred from The University of North Carolina to another State government agency or department, then all of the following shall occur:

(1) The University of North Carolina and Western Carolina University shall both be released and relieved: (i) of any and all responsibilities, duties, and powers related to the administration or management functions of NCCAT, and (ii) of any and all responsibilities and duties arising from any fiduciary relationship existing between Western Carolina University and NCCAT.

(2) Neither The University of North Carolina nor Western Carolina University shall be the fiscal agent for NCCAT.

(3) Western Carolina University shall be granted a permanent easement 40 feet in width over and upon the NCCAT campus for the purpose of providing Western Carolina University and its assignees, agents, joint venturers, lessees, partners, and invitees access to that portion of Western Carolina University's campus currently undeveloped and adjacent to NCCAT. Western Carolina University shall use existing roads across the NCCAT campus, to the extent possible. If any road is required, it shall be built at Western Carolina University's expense.

SECTION 9.13.(b) If the North Carolina Center for Advancement of Teaching ceases to exist as a State agency or entity, or if NCCAT closes its offices and operation in Jackson County, North Carolina, then the following real property in Jackson County shall be transferred to Western Carolina University and become part of Western Carolina University's campus to be used for any purpose, at Western Carolina University's discretion, appropriate to its mission: all land in Jackson County that (i) was used or under the control of NCCAT at the time it ceased to exist or closed its operations and (ii) was transferred to NCCAT from The University of North Carolina, including all improvements located thereon.

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.14.(a) The University of North Carolina shall continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107 and, pursuant to Section 9.12, shall apply for federal grants to continue the study. Funds appropriated by United States Public Law 111-005, the American Recovery and Reinvestment Act of 2009 (the Federal Act), for renewable energy and allocated to the State of North Carolina shall be used for the development, design, and construction of at least three demonstration wind turbines and necessary support facilities in the sounds or off the coast of North Carolina, and the Director of the Budget shall ensure any available federal funds are secured. The actual placement of the wind turbines and necessary support facilities shall be determined by the coastal sounds wind energy study. The Director of the Budget shall ensure that any available federal funding is secured by the State to construct the wind turbines. The University, in collaboration with the Director of the Budget, shall enter into a contract with a third party by October 1, 2009, to construct, establish, and operate the demonstration turbines and necessary support facilities on or before April 1, 2010.

SECTION 9.14.(b) With respect to the demonstration wind turbines and necessary support facilities authorized by subsection (a) of this section, the facilities authorized under this act shall be constructed in accordance with the provisions of general law applicable to the

construction of State facilities. The Department of Environment and Natural Resources is directed to expedite permitting of the project to the extent allowed by law.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CHILD CARE SUBSIDY RATES

SECTION 10.1.(a) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

SECTION 10.1.(b) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 10.1.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower.

(2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower.

(3) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.

(4) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency, and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

SECTION 10.1.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 10.1.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 10.1.(f) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the

Attachment # 2

HOUSE APPROPRIATIONS SUBCOMMITTEES
APPROACH TO DEVELOPING THE 2009-11 BIENNIAL BUDGET
SPECIFIC AREAS TO REVIEW

Due to the magnitude of the current fiscal crisis and the significant budget gaps projected for the next two to four fiscal years, subcommittees are being asked to implement a targeted approach to developing the budget.

As you meet with your subcommittees over the next three to four weeks, examine the following.

1. **Require Agencies and Nonprofits to Justify The Budget**
   Build on the General Assembly's past and current justification and continuation review initiatives: require state agencies and nonprofits to justify continuing some expenditures. You should use this approach for:
   - Individual programs, including non-essential, ineffective, obsolete, redundant or new (created in the past four years) programs and services.
   - Specific line items within programs. (See list on back of page.)

2. **Use Governmental and Proprietary Fund Cash Balances**
   Cash balances can be transferred to the General Fund, or expenditures can be transferred to the other funds.

3. **Eliminate Vacant Positions**
   Consider cutting vacant positions, especially those vacant for 6 months or more as of January 1, 2009 (excluding public school teachers). Note: The Governor budgeted some salaries at less than 100%; this will affect budget reductions that are based on eliminating positions.

4. **Increase or Implement Fees**
   Examine fees to determine if any increases are appropriate and could be used to offset operating appropriations.

5. **Examine Rate Changes**
   If the base budget contains rate increases, such as built-in contract increases, these increases should be eliminated if possible.

6. **Change Funding Formulas**
   Funding allocation formulas to determine if changes can be implemented to improve the method and achieve cost savings.

7. **Use Federal American Recovery and Reinvestment Act (ARRA) funds**
   Budget any relevant federal Recovery funds. To the extent possible and allowed by federal regulations, use the funds for supplanting and for non-recurring needs. The Governor's budget uses some Recovery funds for expansions; some of these dollars can be used to supplant. Other dollars have not yet been budgeted at all.

8. **Finally, Consider Applicable Recommendations Found In Any of the Following:**
   - Reports issued by the General Assembly's Program Evaluation Division
   - Audits or studies, including reports mandated in S.L. 2007-323 and S.L. 2008-107;
   - Past Justification Reviews; prior- and current-year Continuation Reviews.

Specific Line Items within Programs That Should be Justified by Agencies

1. Direct appropriations and grants to nonprofit organizations
2. Contracted personal services
3. Miscellaneous contractual services
4. Rental/lease of equipment
5. Travel and other employee expense
6. Cellular phone services
7. Furniture and equipment replacement schedules
8. Discretionary grants
9. Directed grants
10. Loans
11. Other aids and grants
12. Any other programs and expenditures identified by the subcommittees as appropriate for review using a justification review approach.

HOUSE BILL 582
Committee Substitute Favorable 4/7/09

Short Title: Special Education Changes. (Public)

Sponsors:

Referred to:

March 16, 2009

A BILL TO BE ENTITLED

AN ACT PROVIDING FOR COMPLIANCE WITH FEDERAL LAW REQUIRING THE PROVISION OF EDUCATIONAL SERVICES TO STUDENTS TRANSFERRING INTO A NORTH CAROLINA SCHOOL DISTRICT WHILE UNDER A TERM OF SUSPENSION OR EXPULSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-366(a3)(2) reads as rewritten:

"(a3) A student who is not a domiciliary of a local school administrative unit may attend, without the payment of tuition, the public schools of that unit if all of the following apply:

...

(2) The student ~~is~~ is:

a. ~~not~~ Not currently under a term of suspension or expulsion from a school for conduct that could have led to a suspension or an expulsion from the local school administrative ~~unit.~~unit, or

b. Currently under a term of suspension or expulsion from a school for conduct that could have led to a suspension or an expulsion from the local school administrative unit and is identified as eligible for special education and related services under the Individuals with Disabilities Education Improvement Act, 20 U.S.C. § 1400, et seq., (2004). Assignment under this sub-subdivision is available only if evidence of current eligibility is tendered with the affidavit required under subdivision (3) of this subsection.

...."

SECTION 2. G.S. 115C-366(a5) reads as rewritten:

"(a5) Notwithstanding any other law, a local board may deny admission to or place reasonable conditions on the admission of a student who has been suspended from a school under G.S. 115C-391 or who has been suspended from a school for conduct that could have led to a suspension from a school within the local school administrative unit where the student is seeking admission until the period of suspension has expired. Also, a local board may deny admission to or place reasonable conditions on the admission of a student who has been expelled from a school under G.S. 115C-391 or who has been expelled from a school for behavior that indicated the student's continued presence in school constituted a clear threat to the safety of other students or employees or who has been convicted of a felony in this or any other state. If the local board denies admission to a student who has been expelled or convicted of a felony, the student may request the local board to reconsider that decision in accordance with G.S. 115C-391(d). When a student who has been identified as eligible to receive special education and related services under the Individuals with Disabilities Education Improvement

Act, 20 U.S.C. § 1400, et seq., (2004), is denied admission under this subsection, the local board shall provide educational services to the student to the same extent it would if the student were enrolled in the local school administrative unit at the time of the suspension or expulsion, as required by G.S. 115C-107.1(a)(3)."

SECTION 2. This act is effective when it becomes law.

2009 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:

By Representative(s) Glazier, McLawhorn, Rapp (Chairs) for the Appropriations Subcommittee on Education.

☐Committee Substitute for
HB 582 A BILL TO BE ENTITLED AN ACT PROVIDING FOR COMPLIANCE WITH FEDERAL LAW REQUIRING THE PROVISION OF EDUCATIONAL SERVICES TO STUDENTS TRANSFERRING INTO A NORTH CAROLINA SCHOOL DISTRICT WHILE UNDER A TERM OF SUSPENSION OR EXPULSION.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Representative Michaux, Adams, Alexander, Crawford, Haire, Jeffus, Tolson, Yongue (Chairs) for the Standing Committee on Appropriations.

s/ Rep. Maggie Jeffus

☒With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.

House Pages

Name of Committee: Approp Ed Date: 4-16-09

1. Name: Joshua Chappell
   County: Wayne
   Sponsor: Efton Sager
2. Name: Will Hayman
   County: Wake
   Sponsor: Hackney
3. Name: Ashley S Williams
   County: Cumberland
   Sponsor: Marvin W. Lucas
4. Name: John Manigo
   County: Cumberland
   Sponsor: Floyd
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: Charles Williams
2. Name: Earl Coker
3. Name:
4. Name:

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee - Education
Name of Committee

April 16, 2009
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Michael Hutson	MWC
Emily Doyle	NCPAPA
Conor Brockett	NCSBA
Chris Minard	State Bd of Ed
Alice Garland	NCEL
C Watkins	NCCAT
Elizabeth Brownstein	OSBM
Ann Maddock	Governor's Office
Don McCorquodale	SAS
Katherine W Joyce	NCASA
Leanne Winner	NCSBA

VISITOR REGISTRATION SHEET

House Appropriations subcommittee — 16 April 2009

Name of Committee: Education — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mary Beard	1000 Neuse Ridge, 27527
Rebecca Trenton	NCAE
Evelyn Lawrence	PSNC, CSNC
[illegible]	NCCU
Brian Lewis	NCAE

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee - Education
Name of Committee

April 16, 2009
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dr Greg Barker	
Emerson Barker	North Carolina School of Science and Math
TOM BOWLIN	NC NATIONAL GUARD
Katherine Porter	Teach For America
Patrick Yang	North Carolina School of Science and Math
Brick Winslow	n
[signature]	OSBM
Jaye Wallace	OSBM
Bryan O'Conrad	OSBM
[signature]	UNC GA
Robert D. Nelson	UNC - GA

VISITOR REGISTRATION SHEET

USC Appropriations Subcommittee on Education — 4/16/09

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Anita Watkins	UNC GA
Jennifer Haygood	NCCCS
Paige Johnson	Planned Parenthood
Jennifer Willis	NCCCS
[illegible]	Public School Forum of NC
[illegible]	[illegible]

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Tuesday, April 21, 2009**

TIME: **8:30 AM**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

Economic Stimulus Information

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **3:30 PM** on **April 16, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Susan Burleson (Committee Assistant)

House Appropriations Subcommittee on Education

Agenda

Tuesday April 21, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Marian McLawhorn, Presiding

I. Welcome

Rep. Marian McLawhorn

II. Presentation on American Recovery and Reinvestment Act and the Education Budget

Kristopher Nordstrom, Fiscal Research

III. Committee Questions & Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, April 21, 2009, 8:30 a.m.

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building on Tuesday, April 21, 2009 at 8:30 a.m. Representative Marian McLawhorn, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Tarleton, Vice-Chairs, Representatives Blackwell, Hilton and Wiley. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages, Sergeant at Arms, and staff who attended and assisted the meeting.

Staff member, Kristopher Nordstrom, gave a presentation on the American Reinvestment and Recovery Act and the Education Budget (See Attachment 1). A question and answer session followed.

With there being no further business, the meeting adjourned at 9:40 a.m.

Respectfully submitted,

Representative Marian McLawhorn

Susan Burleson, Committee Assistant

American Reinvestment and Recovery Act and the Education Budget

Kristopher Nordstrom
Fiscal Research Division



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Attachment 1

Overview

Overview

Agenda

I. Overview
II. Summary of ARRA Funds
III. Competitive Funds
IV. Additional Categorical Funds
V. ESF Technical Issues
VI. Education Stabilization Fund (ESF) and the Senate Budget
    - Maintenance of Effort
    - Applying Funds within Guidelines
    - Remaining Questions

Overview

Key Takeaways

- Understanding of available ARRA education funds
- Competitive Funds – no guidelines yet, but NC could try to position itself favorably
- Categorical Funds – understanding of MOE requirements
- Education Stabilization Fund (ESF)
  - Maintenance of Effort (MOE) requirements
  - Funding restoration requirements
  - Implications of "total dollar" vs. "per student"
- Important questions remain unanswered!

Overview

Disclaimer

- Represents staff understanding as of April 20, 2009
- Numbers are for illustrative purposes only
- Staff presentation for educational purposes and is not a reflection of General Assembly intent

Overview of ARRA Funds

Overview of ARRA Funds

Competitive Funds

- Amounts below available to **all** states
- Guidance expected Summer 2009

	Competitive Funds
State Incentive Fund	$4,350,000,000
Innovation Fund	$650,000,000
Teacher Incentive Fund	$200,000,000
Statewide Data Systems	$250,000,000
Total	**$5,450,000,000**

Source: US Department of Education

Overview of ARRA Funds

Categorical Funds

	FY 2009-10	FY 2010-11
Title I - LEA Grants	$128,722,478	$128,722,478
Title I - School Improvement	$38,649,258	$38,649,258
IDEA - Part B	$157,205,020	$157,205,020
IDEA - Part B (Preschool)	$6,035,571	$6,035,571
Education Technology	$8,188,391	$8,188,391
Homeless Assistance	$813,505	$813,505
Total	**$339,614,221**	**$339,614,221**

Source: US Department of Education

Overview of ARRA Funds

State Fiscal Stabilization Fund - Estimated North Carolina Distributions	
Education Stabilization Fund (81.8%)	$1,161,931,564
Government Services Fund (18.2%)	$258,522,671
Total	**$1,420,454,235**

Source: US Department of Education

- Two installments:
  - 67% within two weeks of USED receipt of an approvable SFSF application
  - 33% after approval of the State's plan detailing its strategies for addressing the education reform objectives described in the assurances (sometime after 7/1/09)

Competitive Funds

Competitive Funds

Overview

- Amounts below available to **all** states
- Guidance expected Summer 2009

	Competitive Funds
State Incentive Fund	$4,350,000,000
Innovation Fund	$650,000,000
Teacher Incentive Fund	$200,000,000
Statewide Data Systems	$250,000,000
Total	**$5,450,000,000**

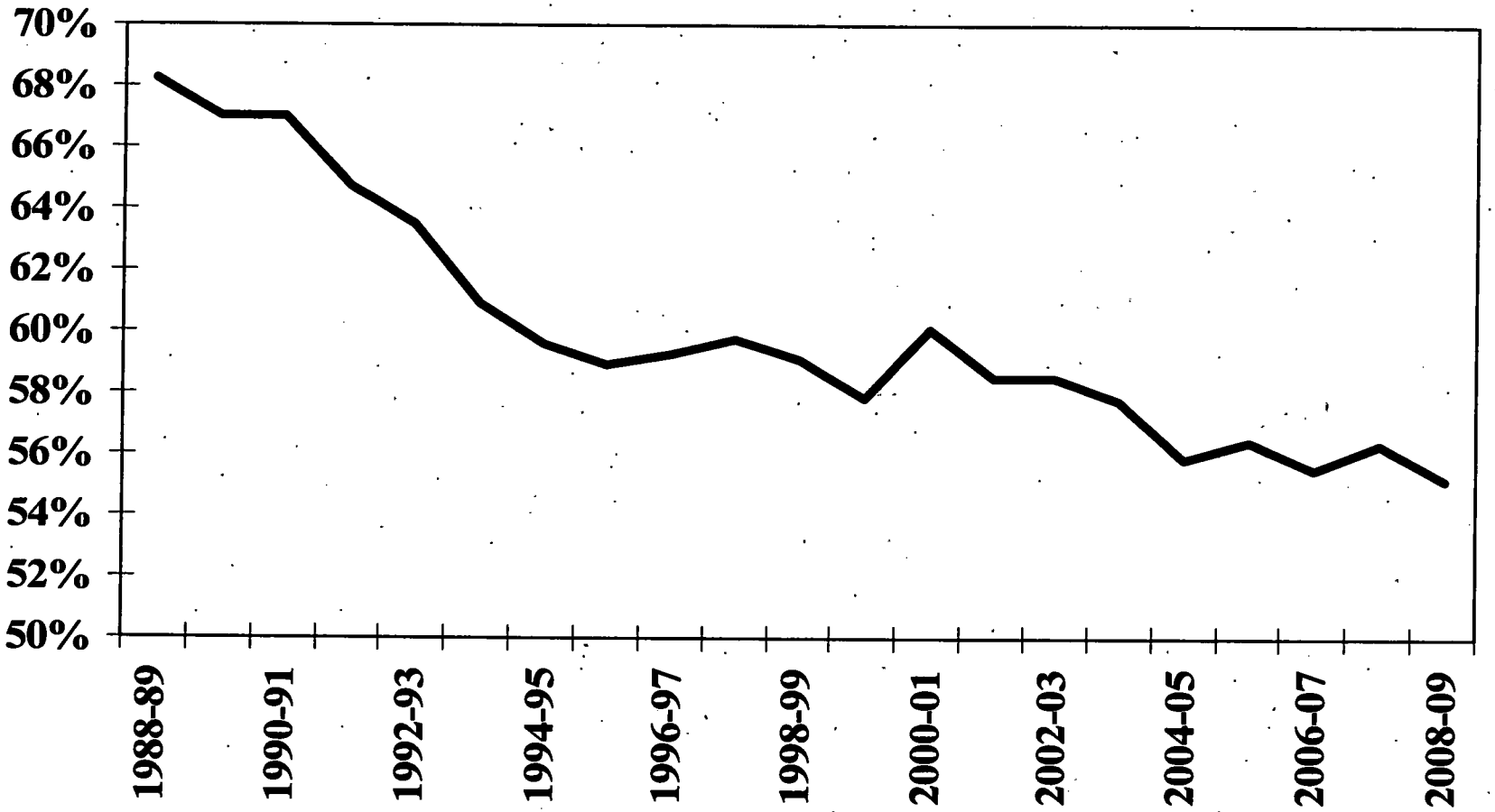
Source: US Department of Education

Competitive Funds

- States should advance the following 4 policy goals
  - Achieving equity in teacher distribution
  - Improving collection and use of data
  - Enhancing the quality of standards and assessments
  - Supporting struggling schools
- Secretary will also consider whether the State
  - Is effectively using other ARRA funds
  - Has reduced the proportion of total State revenues spent on education (see next slide)
- Administration also desires to expand Pre-K within education

Competitive Funds

Education Budget as % of Total General Fund (1998-99 to 2008-09)



Competitive Funds

- **State Incentive Fund (aka "Race to the Top") ($4.35 bn)** – available to **states** with strategies to help struggling students close the achievement gap
- **Innovation Fund ($650 m)** – recognize **LEAs** or schools closing the achievement gap
- **Teacher Incentive Fund ($200 m)** – **states and LEAs** with innovative principal and teacher compensation models
- **Statewide Data Systems ($250 m)** – grants to help **states** develop statewide longitudinal data systems

Additional Categorical Funds

Additional Categorical Funds

Overview

	FY 2009-10	FY 2010-11
Title I - LEA Grants	$128,722,478	$128,722,478
Title I - School Improvement	$38,649,258	$38,649,258
IDEA - Part B	$157,205,020	$157,205,020
IDEA - Part B (Preschool)	$6,035,571	$6,035,571
Education Technology	$8,188,391	$8,188,391
Homeless Assistance	$813,505	$813,505
Total	**$339,614,221**	**$339,614,221**

Source: US Department of Education

- Federal intent (per USED guidance)
  - Implement innovative strategies
  - Serve more students

Additional Categorical Funds

Title I

- Expands existing Title I funding by 44%

	2008-09	2009-10 (est.)	2010-11 (est.)
Title I - LEA Grants	$365,638,869	$494,361,347	$494,361,347
Title I - School Improvement	$12,282,079	$50,931,337	$50,931,337

- **Purpose**
  - LEA Grants: supplement State and local funding for low-achieving & high-poverty children
  - School Improvement: provides additional resources to those schools identified for school improvement

Additional Categorical Funds

Title I

- **Maintenance of Effort**
  - Applies to LEAs, **not** States
  - Requires an LEA to have combined local and State funding not less than 90% of prior year level
- **Supplement not Supplant**
  - State shall use Title I funds only to supplement, and not supplant, the funds that would, in the absence of the Title I funds, be made available from non-federal sources for the education of Title I pupils
  - Often difficult to apply, little guidance from USED

Additional Categorical Funds

Title I

- State allotments with similar purposes
  - At-Risk Student Services $226.6 m
  - DSSF $76.4 m
  - Improving Student Accountability $38.3 m

Additional Categorical Funds

IDEA

- Expands existing IDEA funding by 59%

	2008-09	2009-10 (est.)	2010-11 (est.)
IDEA	$269,006,197	$426,211,217	$426,211,217
IDEA - Preschool	$8,315,122	$14,350,693	$14,350,693

- **Purpose** – support the educational needs and other related services for children with disabilities

Additional Categorical Funds

IDEA

- **LEA Maintenance of Effort**
  - If an LEA has an increase in IDEA funds, the LEA may reduce state and local expenditures on special ed. by up to 50% of the IDEA increase
  - Must use freed-up money to provide services to other at-risk students
  - LEA MOE requirements cannot be waived

Additional Categorical Funds

IDEA

- **State Maintenance of Effort**
  - Cannot reduce State support below prior year expenditures
  - Can be waived if there is "a precipitous and unforeseen decline in the financial resources of the state"
- **Supplement not Supplant**
  - More restrictive than Title I language
- **State allotments with similar purposes**
  - Children With Disabilities $693.5 m

Additional Categorical Funds

Education Technology

- Expands existing Education Technology funding by 127%

2008-09	2009-10 (est.)	2010-11 (est.)
$6,420,996	$14,609,387	$14,609,387

- **Purpose** – support the integration of educational technology into classrooms

Additional Categorical Funds

Education Technology

- **Maintenance of Effort**
  - Same as Title I
- **Supplement not Supplant**
  - Same as Title I
- **State allotments with similar purposes**
  - School Technology (GF appropriation) $10 m
  - School Technology (Fines & Forfeitures) $18 m

Additional Categorical Funds

Homeless Assistance

- Expands existing McKinney-Vento Homeless Assistance funding by 64%

2008-09	2009-10 (est.)	2010-11 (est.)
$1,264,090	$2,077,595	$2,077,595

- **Purpose** – meet the educational and related needs of homeless students

Additional Categorical Funds

Homeless Assistance

- **Maintenance of Effort**
  - Same as Title I
- **Supplement not Supplant**
  - Same as Title I
- **State allotments with similar purposes**
  - At-Risk Student Services $226.6 m

ESF Technical Issues

ESF Technical Issues

LEA Authority

- LEA determines
  - When to expend allotted ESF funds (must be obligated by 9/30/11)
  - What to spend it on (anything permitted under Federal Impact Aid program)

- LEA prohibited expenditures
  - Stadiums
  - Maintenance costs
  - Rainy day fund
  - Private school vouchers
  - Vehicles
  - Administration buildings

ESF Technical Issues

IHE Authority

- Institutions of Higher Education (IHEs)
  - State can limit expenditures to those "that would help mitigate the need for increases in tuition and fees paid by in-State students"
- IHE prohibited expenditures
  - New construction
  - Endowment
  - Maintenance costs
  - Religious facilities
  - Stadiums
  - Rainy day fund

ESF Technical Issues

General Assembly Authority

- Authority to appropriate all Stabilization funds
- Required to maintain State education funding above 05-06 levels
- Must use ESF to restore funding to higher of 07-08 or 08-09
- LEAs
  - GA determines allocation of ESF between LEAs using primary State funding formulas
  - GA can *recommend* uses, but cannot *mandate* uses (see next slide)

Sending ESF to LEAs and IHEs

- Example money report language showing ESF usage

Public Education

	FY 09-10	FY 10-11
Adjusted Continuation Budget	**$8,245,341,827**	**$8,358,798,223**
Legislative Changes		
Application of State Fiscal Stabilization Fund		
1 General Fund Reduction to Classroom Teacher Allotment Temporarily reduces the General Fund appropriation for classroom teachers by increasing the student-teacher ratio by 2 students across all grade levels on a nonrecurring basis for both years of the biennium, eliminating 6,004.5 positions. It is the General Assembly's intent that LEAs utilize SFSF monies to restore this budget cut.	($322,705,848) **NR**	($322,705,848) **NR**

- Separate section for "ESF cuts"
  - Show series of "ESF cuts" that show how ESF is being appropriated
  - Explicitly state General Assembly intent on usage (non-binding for LEAs)

ESF Technical Issues

General Assembly Authority

- IHEs
  - GA appropriates funds, and
  - GA mandates how funds can be used

Education Stabilization Fund and the Senate Budget

ESF and the Senate Budget

- Governor's Budget and Senate Budget use ESF in same way:
  - Included ESF as Adjustment to Overall GF Availability
  - Did not show where ESF money is applied within the Education Budget
  - Improper restoration of funding between Public Schools and Higher Education (note: USED Guidance was not released until 4/1)
- House Budget might consider
  - Providing State funding within ESF guidelines
  - Showing where ESF money is applied within Education Budget
  - Positioning NC for receipt of competitive funds

ESF and the Senate Budget

- Maintenance of Effort
  - Must provide State support greater than 05-06 levels
- Funding restoration requirements
  - Must *completely* restore funding to each of public schools and higher ed. to the greater of the 07-08 or 08-09 levels

- **<u>GA has two important decisions</u>**
  - May define "level of support" on a per student or a total dollar basis
  - UNC and CCs can be looked at individually or in aggregate

ESF and the Senate Budget

Total Dollar Basis

	2005-06 Expended Appropriation	2007-08 Expended Appropriation	Revised 2008-09 Budget
Public Schools	6,954,242,208	8,197,121,797	8,330,448,993
NCCCS	824,876,346	980,870,382	964,660,271
UNC System	2,146,047,180	2,713,732,194	2,622,178,453
	9,925,165,734	11,891,724,373	11,917,287,717

Per Pupil Basis

	2005-06 Expended Appropriation	2007-08 Expended Appropriation	Revised 2008-09 Budget
Public Schools	4,977	5,608	5,642
NCCCS	4,324	5,020	4,784
UNC System	12,459	14,647	13,694

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Maintenance of Effort: Total Dollar Basis

- MOE Requirement: Cannot fund either of public schools or higher ed. below the 05-06 levels

	2005-06 Expended Appropriation	Senate 2009-10 Budget*	Senate 2009-10 Application of ESF**	Senate 2009-10 State Support	Senate 2009-10 vs. 2005-06 Expenditures
Public Schools	6,954,242,208	7,695,157,991	406,108,147	7,289,049,844	334,807,636
NCCCS	824,876,346	1,059,888,269	47,027,044	1,012,861,225	187,984,878
UNC System	2,146,047,180	2,991,037,716	127,830,809	2,863,206,907	717,159,727
	9,925,165,734	11,746,083,976	580,966,000	11,165,117,976	1,239,952,242

*** Adds in $65.4 million to Public Schools for teacher step increase.**

**** Assumes ESF was applied proportionally based on relative proportions in Revised 08-09 Budget.**

- Senate Budget meets minimum MOE requirements for all three sectors on total dollar basis

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Use of Funds 09-10: Total Dollar Basis

- Did Senate appropriation of GF meet guidelines?
- USED guidelines prohibit expanding one sector above fully funded level while cutting the other

	2007-08 Expended Appropriation	Revised 2008-09 Budget	Senate 2009-10 Budget*	Senate 2009-10 Application of ESF**	Senate 2009-10 State Support	Senate 2009-10 vs. "Full Funding"
Public Schools	8,197,121,797	8,330,448,993	7,695,157,991	406,108,147	7,289,049,844	(1,041,399,149)
NCCCS	980,870,382	964,660,271	1,059,888,269	47,027,044	1,012,861,225	31,990,843
UNC System	2,713,732,194	2,622,178,453	2,991,037,716	127,830,809	2,863,206,907	149,474,713
	11,891,724,373	11,917,287,717	11,746,083,976	580,966,000	11,165,117,976	

*** Adds in $65.4 million to Public Schools for teacher step increase.**

**** Assumes ESF was applied proportionally based on relative proportions in Revised 08-09 Budget.**

- Senate GF budget expands CCs and UNC while leaving public schools $1 billion below "fully funded" level

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Use of Funds 09-10: Total Dollar Basis

- Using Senate Budget as a basis and adhering to ESF guidelines, 09-10 Budget might appear as follows

	2007-08 Expended Appropriation	Revised 2008-09 Budget	Senate 2009-10 Budget*	Senate 2009-10 Application of ESF**	Senate 2009-10 State Support	Revised Senate 2009-10 State Support***	Required 09-10 ESF
Public Schools	8,197,121,797	8,330,448,993	7,695,157,991	406,108,147	7,289,049,844	7,470,515,400	859,933,593
NCCCS	980,870,382	964,660,271	1,059,888,269	47,027,044	1,012,861,225	980,870,382	-
UNC System	2,713,732,194	2,622,178,453	2,991,037,716	127,830,809	2,863,206,907	2,713,732,194	-
	11,891,724,373	11,917,287,717	11,746,083,976	580,966,000	11,165,117,976	11,165,117,976	859,933,593

*** Adds in $65.4 million to Public Schools for teacher step increase.**
**** Assumes ESF was applied proportionally based on relative proportions in Revised 08-09 Budget.**
***** Because State support for higher ed can't be above "fully-funded" level, assumes excess GF appropriations go to Public Schools.**

- $860 million of ESF required to restore full funding for public schools
- Per Senate decisions, GF appropriations have fully funded higher ed. To 07-08 levels
- Would leave $302 million ESF for FY 10-11

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Use of Funds 10-11: Total Dollar Basis

- If shortfall, State must use ESF to support public schools and higher ed. "in proportion to their relative shortfall" (note: interpretation is unclear)

	2007-08 Expended Appropriation	Revised 2008-09 Budget	Revised Senate 2010-11 State Support*	Total 10-11 Shortfall	Available 10-11 ESF	Net 10-11 Shortfall	Share of Budget based on "Fully Funded"?	Total 10-11 Appropriation
Public Schools	8,197,121,797	8,330,448,993	7,737,116,900	593,332,093			69.28%	8,128,625,292
NCCCS	980,870,382	964,660,271	980,870,382	-			8.16%	957,106,610
UNC System	2,713,732,194	2,622,178,453	2,713,732,194	-			22.57%	2,647,985,981
	11,891,724,373	11,917,287,717	11,431,719,476	593,332,093	301,998,407	291,333,687	100.00%	11,733,717,883

*** Backs out Senate use of ESF. Includes $56.8 million in Public Schools for step increase. Adjusts GF allocations so that nobody is above "fully funded" levels.**

- GF shortfall in public schools: $593 million
- Available ESF: $302 million
- $291 million cut distributed proportionately
- Net result: all are 2.4% below "fully funded" levels

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Maintenance of Effort: Per Student Basis

- Cannot fund either of public schools or higher ed. below the 05-06 levels

	2005-06 Expended Appropriation	Senate 2009-10 Budget*	Senate 2009-10 Application of ESF**	Senate 2009-10 State Support	Senate 2009-10 vs. 2005-06 Expenditures (1)
Public Schools	4,977	5,253	277	4,976	346
NCCCS	4,324	4,887	217	4,670	1,940
UNC System	12,493	15,077	644	14,433	

*** Adds in $65.4 million to Public Schools for teacher step increase.**
**** Assumes ESF was applied proportionally based on relative proportions in Revised 08-09 Budget.**

- Senate Budget might not have met MOE requirement for public schools on per student basis

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Use of Funds 09-10: Per Student Basis

- Did Senate appropriation of GF meet guidelines?
- USED guidelines prohibit expanding one sector above fully funded level while cutting the other

	2007-08 Expended Appropriation	Revised 2008-09 Budget	Senate 2009-10 Budget*	Senate 2009-10 Application of ESF**	Senate 2009-10 State Support	Senate 2009-10 vs. "Full Funding"
Public Schools	5,608	5,642	5,253	277	4,976	(666)
NCCCS	5,020	4,784	4,887	217	4,670	(350)
UNC System	14,647	13,694	15,077	644	14,433	(214)

*** Adds in $65.4 million to Public Schools for teacher step increase.**
**** Assumes ESF was applied proportionally based on relative proportions in Revised 08-09 Budget.**

- On per student basis, GF appropriations are below "fully funded" level for all education sectors

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Use of Funds 09-10: Per Student Basis

- Using Senate Budget as a basis and adhering to ESF guidelines, 09-10 Budget might appear as follows

	2007-08 Expended Appropriation	Revised 2008-09 Budget	Senate 2009-10 Budget*	Senate 2009-10 Application of ESF**	Senate 2009-10 State Support	Senate 2009-10 State Support vs "Fully Funded"	Required 09-10 ESF
Public Schools	5,608	5,642	5,253	277	4,976	(666)	975,661,219
NCCCS	5,020	4,784	4,887	217	4,670	(350)	75,994,012
UNC System	14,647	13,694	15,077	644	14,433	(214)	42,550,186
							1,094,205,418

*** Adds in $65.4 million to Public Schools for teacher step increase.**
**** Assumes ESF was applied proportionally based on relative proportions in Revised 08-09 Budget.**

- $1.1 billion of ESF required in 09-10 to restore full funding for all sectors
- Would leave $67.7 million ESF for FY 10-11

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Use of Funds 10-11: Per Student Basis

- If shortfall, State must use ESF to support public schools and higher ed. "in proportion to their relative shortfall" (note: interpretation is unclear)

	2007-08 Expended Appropriation	Revised 2008-09 Budget	Senate 2010-11 Per Student State Support	2010-11 Attendance	2010-11 Shortfall	2010-11 ESF Availability	Net 2010-11 Shortfall	Full Funding, 2010-11 Attendance	Net Funding 2010-11
Public Schools	5,608	5,642	5,028	1,478,795	(907,457,471)			8,343,024,503	7,726,034,184
NCCCS	5,020	4,784	4,687	225,614	(75,268,614)			1,132,683,764	1,048,918,588
UNC System	14,647	13,694	14,631	200,862	(3,330,228)			2,942,067,522	2,724,493,287
					(986,056,313)	67,726,582	(918,329,731)	12,417,775,789	11,499,446,058

- GF shortfall: $986 million
- Available ESF: $68 million
- $918 million cut distributed proportionately
- Net result: all are 7.4% below 10-11 "fully funded" levels

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Summary: Comparing Approaches

	Total Dollar Basis			Per Student Basis		
	2009-10	2010-11	% Change	2009-10	2010-11	% Change
Public Schools - GF	7,470,515,400	7,826,626,885		7,289,049,844	7,658,307,602	
Public Schools - ESF	859,933,593	301,998,407		975,661,219	67,726,582	
Public Schools - Total	**8,330,448,993**	**8,128,625,292**	**-2.42%**	**8,264,711,063**	**7,726,034,184**	**-6.52%**
CCs - GF	980,870,382	957,106,610		1,012,861,225	1,048,918,588	
CCs - ESF	-	-		75,994,012	-	
CCs - Total	**980,870,382**	**957,106,610**	**-2.42%**	**1,088,855,237**	**1,048,918,588**	**-3.67%**
UNC - GF	2,713,732,194	2,647,985,981		2,863,206,907	2,724,493,287	
UNC - ESF	-	-		42,550,186	-	
UNC - Total	**2,713,732,194**	**2,647,985,981**	**-2.42%**	**2,905,757,093**	**2,724,493,287**	**-6.24%**
GRAND TOTAL	**12,025,051,569**	**11,733,717,883**	**-2.42%**	**12,259,323,394**	**11,499,446,058**	**-6.20%**

- Using total dollar
  - Creates a "cliff" of $291 million (2.4%)
  - Provides relatively more funding to public schools
- Using per student
  - Creates "cliff" of $760 million (6.2%)
  - Provides relatively more funding to higher ed.

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

Summary: Comparing Approaches

Combining Community Colleges and UNC

	Total Dollar Basis			Per Student Basis		
	2009-10	2010-11	% Change	2009-10	2010-11	% Change
Public Schools - GF	7,470,515,400	7,826,626,885		7,289,049,844	7,630,225,033	
Public Schools - ESF	859,933,593	301,998,407		975,661,219	31,721,313	
Public Schools - Total	**8,330,448,993**	**8,128,625,292**	**-2.42%**	**8,264,711,063**	**7,661,946,346**	**-7.29%**
Higher Ed - GF	3,694,602,576	3,605,092,591		3,876,068,132	3,801,494,443	
Higher Ed - ESF	-	-		154,549,468	-	
Higher Ed - Total	**3,694,602,576**	**3,605,092,591**	**-2.42%**	**4,030,617,600**	**3,801,494,443**	**-5.68%**
GRAND TOTAL	**12,025,051,569**	**11,733,717,883**	**-2.42%**	**12,295,328,663**	**11,463,440,789**	**-6.77%**

- Total dollar - no change
  - Creates a "cliff" of $291 million (2.4%)
  - Provides relatively more funding to public schools
- Per student & combining – bigger cliff
  - Creates "cliff" of $832 million (6.8%)
  - Provides relatively more funding to higher ed.

NOTE: Numbers for illustrative purposes only. The Office of Economic Recovery & Investment is expected to provide actual numbers shortly.

ESF – Remaining Questions

- The Governor may release the ESF in phases over the biennium to avoid a "funding cliff"
  - Seems to contradict requirements to fully restore funding in first year of biennium
  - Can the GA appropriate the money in phases?
- Shortfall situations
  - Guidance is unclear
  - Do the net cuts to each have to be the same percent?
- Staff is working with NCSL and USED to get answers as soon as possible

Additional Resources

US Department of Education –
Guidance, Fact Sheets and Announcements

http://www.ed.gov/policy/gen/leg/recovery/index.html

Questions

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bob Luebke	Civitas Institute
Emily Doyle	NCPAPA
Karen Gam	NBPTS
Katherine W Joyce	NCASA
Jim Hamm	WCBS
Chris Minard	State Bd of Ed
Todd McGee	NCACC
David Rice	Manning Fulton
Matt Farrell	TPG
Tim Morrill	NCICU
Michael Hutson	MWC

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Evelyn Newsome	ETHOR
Pamela Schore	NCASA
Conor Brockett	NCSBA
Mary McDuffie	NCCAT
Meredith Henderson	CIU
Gene Causby	NC SCA
JOEL MAYNARD	GPM ASSOC
Jay Schalin	Pope Center
	NCDCS & NCPTA

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Carol Burk	NCAE
Ben Bryan	NCTA
Brian Lewis	NCAE
Linda Dunston	NCAE
Chris Volpani	The Volpani Group, LLC
Tonya Mathis	The Mecklenburg Times
Jennifer Willis	NCCLS
Ken Wells	NCCAT
Grace Edwards	NCCAT
Dwayne Pinkney	UNC - Chapel Hill

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Paul Mahaney	CAPSTRAT
Julia Kron	NCTA
Erin Schmeltzer	UNC
Ann Maddock	Governor's Office
Elizabeth Greenstein	OSBM
Joyce Wallace	OSBM
[illegible]	OSBM
Philip Price	DPI
Jennifer Haygood	NCCCS
Brittany Farrell	NCFPC
Barb Winebarger	NCSSM

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sonia Schmidt	Action for Children NC
RB Nelson	UNC

House Pages

House APPR

Name of Committee: Ed Date: 4-21-09

1. Name: Justin Harvey
   County: Wake
   Sponsor: Tarheel Challenge Academy
2. Name: Kassy Green
   County: Wake
   Sponsor: Tarheel Challenge Academy
   Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Charles Williams
2. Name: EARL COKER
3. Name: _____
4. Name: _____

CORRECTED NOTICE

REMOVE HB 520
ADD HB 793

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, April 22, 2009**

TIME: **15 minutes after Session**

LOCATION: **1228 LB**

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 793	Salary Supplement/Some Automotive Teachers	Representative Wilkins Representative Yongue Representative Glazier Representative Langdon
HB 24	Funds for Cochlear Implants/CASTLE	Representative Insko
HB 354	Funds for School Health Centers	Representative Insko Representative Howard Representative Burris-Floyd
HB 603	Funds for UNC Kidney Center	Representative Insko
HB 83	Modify Out-of-State Tuition Exemption	Representative Harrison Representative Cleveland Representative Neumann Representative Weiss
HB 167	ECU Heart Institute Funds	Representative E. Warren

		Representative McLawhorn Representative Williams
HB 240	ECU Dentistry School/Operating Funds	Representative E. Warren Representative McLawhorn Representative Williams
HB 256	UNC/Calculation of In-State Students	Representative Cleveland Representative Wiley
HB 258	Multicampus Center Funds/Stanly Comm. Coll.	Representative Burr
HB 263	Funds/NCSU Vet. Teaching & Research Fund	Representative Wray
HB 272	Funds for Specialty Crops Program	Representative Braxton Representative McLawhorn
HB 317	UNCG & NCA&T Nanoscience Funds	Representative Jeffus
HB 655	Funds for Teachers' Institute Program	Representative Jeffus Representative Glazier Representative McLawhorn Representative Rapp
HB 318	FSU Campus Expansion Funds	Representative E. Floyd
HB 359	ECU Indigent Care Medical School Funds	Representative Williams Representative E. Warren Representative McLawhorn Representative Tolson
HB 367	Multicampus Funds / Southwestern Comm. Coll.	Representative Haire Representative West
HB 387	School Nutrition Program Funds	Representative Yongue Representative Johnson Representative Lucas Representative McLawhorn
HB 451	Multicampus Center Funds/Rowan-Cabarrus CC	Representative Barnhart Representative Johnson Representative Coates Representative Steen
HB 493	Connect Communities in Schools to NCREN/Funds	Representative Tolson Representative Wray

		Representative Harrell Representative Dockham
HB 654	Comm. Coll. Enrollment Growth Reserve Funds	Representative Tolson Representative McLawhorn Representative Rapp Representative Glazier
HB 505	Funds for Special Focus Universities	Representative Fisher Representative Goforth Representative Whilden
HB 540	Comm. Coll. Child Care Grant Program Funds	Representative Ross Representative Dickson
HB 651	Restore Continuation Funding for PEP Program	Representative Cotham Representative Yongue Representative Lucas
HB 792	Teacher Assistant Salary Schedule	Representative Adams
HB 995	Career Counselors for Wilson Co. Schools	Representative Farmer-Butterfield Representative Tolson
HB 1148	Eliminate Transfer of Funds for Driver's Ed	Representative Killian Representative Dollar Representative Wiley
HB 446	Funds/Forsyth CC/Stokes County Campus	Representative Holloway
~~HB 520~~	~~Boone Fire Truck Funds~~	~~Representative Tarleton~~
HB 871	Funds/Est. NC Military Business Ctr. In Boone	Representative Tarleton
HB 797	Funds for Testing Coordinators	Representative Bell
HB 988	Help FSU Assist Military Personnel	Representative Lucas Representative E. Floyd Representative Dickson Representative Glazier
HB 56	Funds for Center of Advancement of Teaching	Representative Glazier Representative Rapp Representative Haire Representative Carney

HB 58	North Carolina Military Business Center	Representative Glazier Representative Dickson Representative Lucas Representative Tolson
HB 217	Comm. Coll. Technical Education Funds	Representative Glazier Representative Rapp Representative McLawhorn Representative Tolson
HB 308	PTA Parental Involvement/Dropout Prev. Funds	Representative Glazier Representative Yongue Representative Lucas Representative Tarleton
HB 509	Funds for academically Gifted Children	Representative Glazier Representative Weiss Representative Faison Representative Tarleton
HB 585	Approp. to Erollment Reserve for BRAC LEAs	Representative Glazier Representative Dickson Representative Grady Representative Lucas
HB 156	Comm. College Minority Male Mentoring Funds	Representative McLawhorn Representative Wainwright Representative E. Warren Representative Braxton
HB 195	ECU Life Science & Biotechnology Bldg. Funds	Representative McLawhorn Representative E. Warren Representative Williams Representative Braxton
HB 196	ECU & UNC Med School Expansion Funds	Representative McLawhorn Representative E. Warren Representative Williams Representative Insko
HB 198	Differentiated Funding/Allied Health Program	Representative McLawhorn Representative Glazier Representative Tolson Representative Rapp
HB 199	Salary funds/Comm. College Faculty and Staff	Representative McLawhorn

		Representative Tolson Representative Rapp Representative Glazier
HB 341	Cochlear Implants/ECU Ed. & Training Funds	Representative McLawhorn Representative E. Warren Representative Farmer-Butterfield Representative Tolson
HB 419	Customized Training Prog. Funds/Comm. Coll.	Representative Rapp Representative McLawhorn Representative Glazier Representative Tolson
HB 420	Community College Equipment Funds	Representative Rapp Representative McLawhorn Representative Glazier Representative Tolson
HB 815	Funds for CareerStart Program	Representative Rapp Representative Fisher Representative Glazier Representative Parmon

Respectfully,
Representative Rapp
Representative Glazier
Representative McLawhorn
Co-chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **9:00 AM** on **April 21, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Wednesday, April 22, 2009, 4:00 PM

The House Appropriations Subcommittee on Education met immediately after session in Room 1228 of the Legislative Building on Wednesday, April 22, 2009. Representative Ray Rapp, Co-Chair, presided. The following Committee members were in attendance: Representative Glazier, Co-Chair, Representative McLawhorn, Co-Chair, Representatives Johnson, Parmon, Tarleton, Blackwell, Holloway, and Wiley. Members of the Fiscal Research Education Team were also present. A visitor registration sheet is attached and made part of these minutes.

Representative Rapp called the meeting to order at 4:05 PM and recognized the Sergeant at Arms staff who attended and assisted the meeting.

The following bills were presented:

Teacher Assistant Salary Schedule (H792) – Representative Adams
Establishes a new salary schedule for noncertified personnel of the North Carolina Public Schools.

UNCG & NCA&T Nanoscience Funds (H317) – Representative Jeffus
Appropriates funds for the Joint School of Nanoscience and Nanoengineering at the Gateway University Research Park campus.

Funds for Teachers' Institute Program (H655) – Representative Jeffus
Appropriates funds for the Teachers' Institute Program, operated by the North Carolina Humanities Council.

Funds for Cochlear Implants/CASTLE (H24) – Representative Insko
Appropriates funds to the University of North Carolina Board of Governors to assist deaf children with cochlear implants to develop spoken language.

Funds for UNC Kidney Center (H603) – Representative Insko
Appropriates funds for the University of North Carolina Kidney Center for screening and prevention activities for persons who are at increased risk for developing chronic kidney disease.

UNC/Calculation of In-State Students (H256) – Representative Cleveland
Provides that the University of North Carolina and its constituent institutions shall count certain full scholarship undergraduate students as residents for tuition purposes and as out-of-state students for any policy limiting out-of-state undergraduate enrollment.

- **Modify Out-of-State Tuition Exemption (H83) – Representatives Cleveland and Neumann**
  Limits to academic scholarships a budget provision granting in-state tuition to certain full scholarship students.

Multicampus Center Funds/Stanly Comm. Coll. (H258) – Representative Burr
Appropriates funds to support the Western Stanly multicampus location of Stanly Community College.

Funds/NCSU Vet. Teaching & Research Fund (H263) – Representative Wray
Appropriates funds for the North Carolina State University College of Veterinary Medicine Central Teaching and Research Fund.

Funds for Specialty Crops Program (H272) – Representative Braxton
Appropriates funds for the North Carolina Specialty Crops Program

ECU Indigent Care Medical School Funds (H359) – Representative Williams
Appropriates funds to reimburse the Brody School of Medicine at East Carolina University for medical care provided to indigent patients.

Multicampus Center Funds/Rowan-Cabarrus CC (H451) – Representative Johnson
Appropriates Multicampus Center funds for Rowan-Cabarrus Community College.

Funds for Special Focus Universities (H505) – Representative Fisher
Appropriates funds for the North Carolina School of the Arts and for the University of North Carolina at Asheville, deemed special focus institutions.

Comm. Coll. Child Care Grant Program Funds (H540) Representatives Dickson and Ross
Provides additional funds for the Community College Child Care Program.

Restore Continuation Funding for PEP Program (H651) – Representative Cotham
Restores funding to the University of North Carolina Board of Governors for the Principals' Executive Program.

Help FSU Assist Military Personnel (H988) – Representative Dickson
Appropriates funds to enhance Fayetteville State University's ability to assist BRAC personnel, redeploying soldiers and military personnel in general.

Approp. to Enrollment Reserve for BRAC LEAs (H585) – Representative Dickson
Appropriates funding to the ADM Contingency Reserve for school systems experiencing an increase in student population resulting from BRAC activity.

North Carolina Military Business Center Funds (H58) – Representative Dickson
Appropriates funds for the North Carolina Military Business Center.

Funds/Est. NC Military Business Ctr. in Boone (H871) – Representative Tarleton
Appropriates funds to a North Carolina Military Business Center office in the Town of Boone.

Eliminate Transfer of Funds for Driver's Ed (H1148) – Representative Wiley
Eliminates transfer of funds from the Highway Fund to the Department of Public Instruction for driver education programs.

Funds/Forsyth CC/Stokes County Campus (H446) – Representative Holloway
Appropriates funds for planning a satellite campus of Forsyth Community College in Stokes County.

ECU Heart Institute Funds (H167) – Representative McLawhorn
Appropriates funds to the University of North Carolina Board of Governors to assist with operating costs of the Heart Institute at East Carolina University.

ECU Dentistry School/Operating Funds (H240) – Representative McLawhorn
Appropriates funds to the University of North Carolina Board of Governors to assist with the costs of opening the new dental school at East Carolina University.

School Nutrition Program Funds (H387) – Representative McLawhorn
Appropriates funds to public school child nutrition programs to ensure they have adequate funds to implement nutrition standards for elementary schools adopted by the State Board of Education.

Comm. Coll. Enrollment Growth Reserve Funds (H654) – Representative McLawhorn
Appropriates funds to an Enrollment Growth Reserve for the Community College System.

Funds for Center of Advancement of Teaching (H56) – Representative Rapp
Increases funding for the North Carolina Center for the Advancement of Teaching

Comm Coll. Technical Education Funds (H217) – Representative Glazier
Appropriates funds to reestablish and place a renewed emphasis on technical education in the North Carolina Community College System.

PTA Parental Involvement/Dropout Prev. Funds (H308) – Representative Glazier
Appropriates funds to the North Carolina PTA Parent Involvement/Dropout Prevention Initiative.

Funds for Academically Gifted Children (H509) – Representative Glazier
Increases funding for academically or intellectually gifted children.

Comm. College Minority Male Mentoring Funds (H156) – Representative McLawhorn

Appropriates funds to the Community College System Office for the Minority Male Mentoring Program.

ECU Life Science & Biotechnology Bldg. Funds (H195) – Representative McLawhorn
Appropriates funds to design a new Life Science and Biotechnology Building at East Carolina University.

ECU & UNC Med School Expansion Funds (H196) – Representative McLawhorn
Appropriates funds to expand the medical schools at East Carolina University and the University of North Carolina at Chapel Hill.

Differentiated Funding/Allied Health Programs (H198) – Representative McLawhorn
Appropriates funds to provide for differentiated funding of Community College Allied Health Programs.

Salary Funds/Comm. College Faculty and Staff (H199) Representative McLawhorn
Appropriates funds to increase the salaries of full-time community college faculty and professional staff.

Cochlear Implants/ECU Ed. & Training Funds (H341) – Representative McLawhorn
Appropriates funds for East Carolina University to train professionals who work with pre-school and school-age children who have cochlear implants and to provide oral classes for those children.

Customized Training Prog. Funds/Comm. Coll. (H419) – Representative Rapp
Appropriates funds for customized training programs in the North Carolina Community College System.

Community College Equipment Funds (H420) – Representative Rapp
Appropriates funds for community college equipment.

Funds for CareerStart Program (H815) – Representative Rapp
Appropriates funds to continue the CareerStart high school program.

After each introduction, the Chair recognized Committee members for questions on the bills that were heard. The committee did not take action on any of the bills. There being no other business before the committee, the meeting was adjourned at 6:07p.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

VISITOR REGISTRATION SHEET

Ed. Appro. — 4-22-09 - 4 PM

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kimera Mona	UNC-Castle
Mandy Ablidinger	Action for Children NC
Chris Minard	State Rd of Ed
Lynn Hoggard	NCDPI
Emily Doyle	NCAPA
Mary Foreman	NCAE
Conar Brockett	NCSBA
Ann Maddock	Governor's Off
Butch Gummels	NCBoA
Susan Harris	WCPSS
[illegible]	Ed Consultant

VISITOR REGISTRATION SHEET

Ed. Approp. — 4-22-09 — 4pm

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Erin Schuldpelz	UNC-GA
Anita Watkins	UNC-GA
Katherine Joyce	NCASA
[illegible]	TPG
Steve Metcalf	Town of Boone
Meredith Herdia	CU
Mary McDuffie	NCCAT
Hannah Eskridge	UNC- CASTLE
Shell Keim	UNC-CASTLE
Micah Keim	UNC-CASTLE
Carolyn Iwasiw	UNC-CASTLE

House Pages

House APPR. Ed

Name of Committee : _____ **Date**: 4-22-09

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

   Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

Sgt-At-Arms

1. Name: Charles Williams

2. Name: Ken Breedlove

3. Name: Earl Coker

4. Name: _____

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Committee on **Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: Thursday, April 23, 2009
TIME: 8:30 am
LOCATION: 421 LOB
COMMENTS:

The following bills will be considered:
Public Schools Base Budget

Respectfully,
Representative Glazier, Chair
Representative McLawhorn, Chair
Representative Rapp, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **16** o'clock on **April 21, 2009**.

☐ Principal Clerk
☐ Reading Clerk – House Chamber

Carin Savel (Committee Assistant)

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Thursday, April 23, 2009, 8:30 a.m.

The House Appropriations Subcommittee on Education/Higher Education met in Room 544 of the Legislative Building at 8:35 a.m. Representative Rick Glazier, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn and Rapp, Co-Chairs, Representatives, Johnson, Parmon, Tarleton, Blackwell, Hilton and Wiley. Members of the Education Fiscal Research Division were also in attendance. The following are attached and made part of these minutes: (i) Joint Appropriations Subcommittee on Education Attendance Sheet; (ii) House Page Roster; and (iii) Visitor Registration Sheet.

The Chair called the meeting to order and welcomed everyone. The Chair briefly introduced the subject matters to be covered during the committee meeting and recognized the Pages and the Sergeant of Arms staff in attendance.

The Chair recognized **Brian Matteson, Fiscal Research Division**, who presented an overview of **Public School Base Budget** (SEE ATTACHMENT #1). Discussion and questions followed.

The Chair recognized, Kristopher Nordstrom, **Fiscal Research Division**, who presented an overview of **Supplemental Allotments** (SEE ATTACHMENT #1). Discussion and questions followed.

The Chair recognized **Brian Matteson, Fiscal Research Division**, who presented an overview of **Passthroughs** (SEE ATTACHMENT #1). Discussion and questions followed.

With there being no further business, the meeting adjourned at 9:46 a.m.

Respectfully submitted,

Representative Rick Glazier

Carin Savel, Committee Assistant

House Appropriations Subcommittee on Education

Agenda

Thursday April 23, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Rick Glazier, Presiding

I. Welcome

Rep. Rick Glazier

II. Presentation on Public Schools Base Budget

Brian Matteson and Kristopher Nordstrom, Fiscal Research

III. Committee Questions & Discussion

Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

VISITOR REGISTRATION SHEET

4-23-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Maddock	Governor's Ofc.
Elizabeth Bowerstock	OSBM
Pam Pearman	OSBM
Katherine W. Joyce	NCASA
Emily Doyle	NCPAPA
Michael Hutson	MWC
Conor Brockett	NCSBA
Susan Harrison	WCPSS
Chris Minard	DPI
Dare Bolick	Exp for Nef
Margie Johnson	NCAE

VISITOR REGISTRATION SHEET

4-23-09

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rd Dels	UNC
Anita Watkins	UNC
Kevin FitzGerald	UNC
Brian Lewis	NCAE
Joel Maninard	CMS

VISITOR REGISTRATION SHEET

4-23-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jeff Brotherton	NCNG 4105 Reedy Creek Rd., Raleigh, NC 27607
CHRIS MARCHESE	(SAME AS ABOVE)
Julia Kron	NCTA
Ben Bryan	NCTA
Bryan Conrad	OSBM
Joyce Wallace	OSBM
[illegible]	DPI
Erin Schuellpely	UNC-GA
Ken Howell	NCSU
Patrick Buffkin	NMRS
Brittany Farrell	NCFPC

VISITOR REGISTRATION SHEET

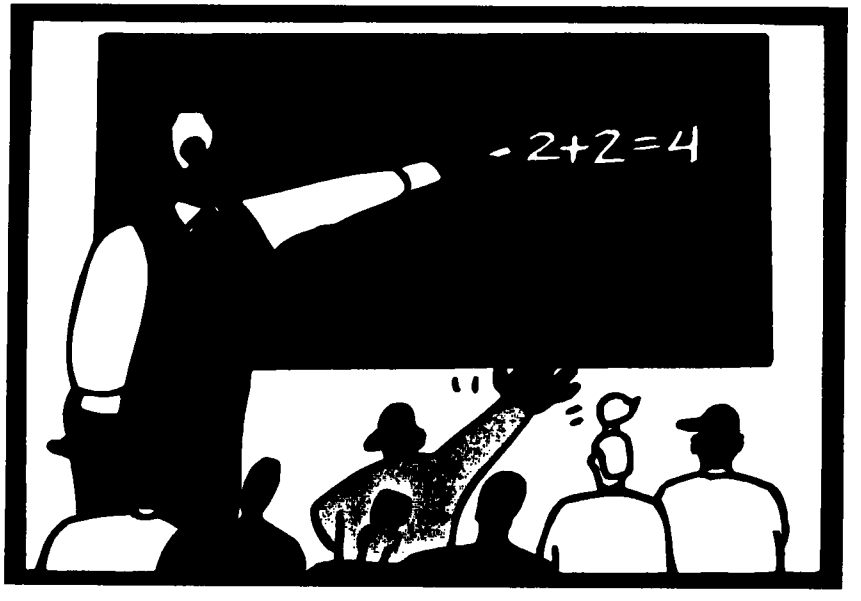
4-23-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	Public Sch. Forum
[signature]	All Kinds of Minds
Karen Garr	NBPTS
[signature]	NCCAT
Bill McNeal	NC ASA
Jim Stegall	U.C.P.S.
[signature]	NCSBA
Gene Causby	NCSCA

Public Schools Base Budget Overview



Brian Matteson and Kristopher Nordstrom
Fiscal Research Division

Attachment # 1

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Overview

Overview

Agenda

I. Public Schools Funding: Structure and Recent History

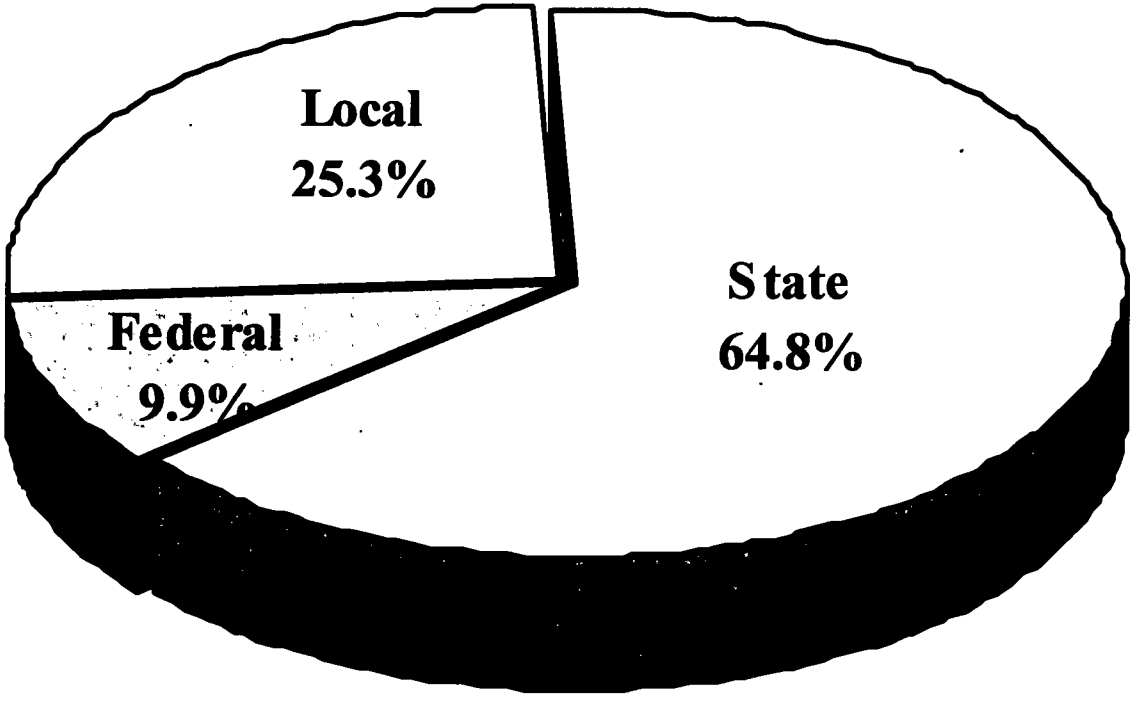
II. Specific Allotment Categories

III. Passthroughs and Miscellaneous Programs

Public Schools Funding: Structure and Recent History

Distribution of All Public Schools Funding

Source of Public Schools FY 2007-08 Expenditures
(Child Nutrition Included)



Source: Department of Public Instruction (Highlights), Feb. 2009

State Funding Allotments

State funds are distributed to Local School Administrative Units (LEAs) via allotments

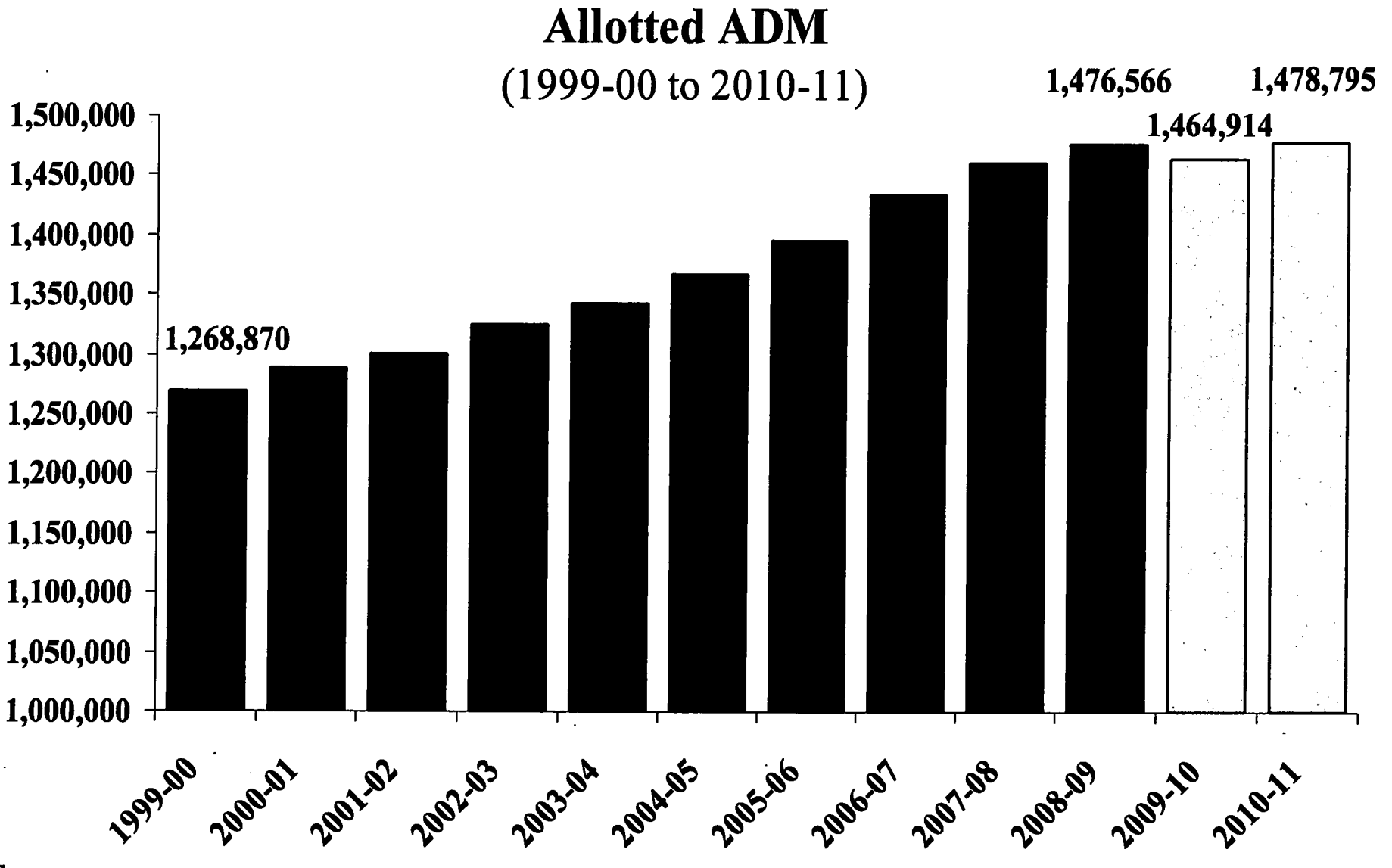
- Budget for specific purposes
  - "How the Money Goes Out The Door"

Allotments provided directly to LEA

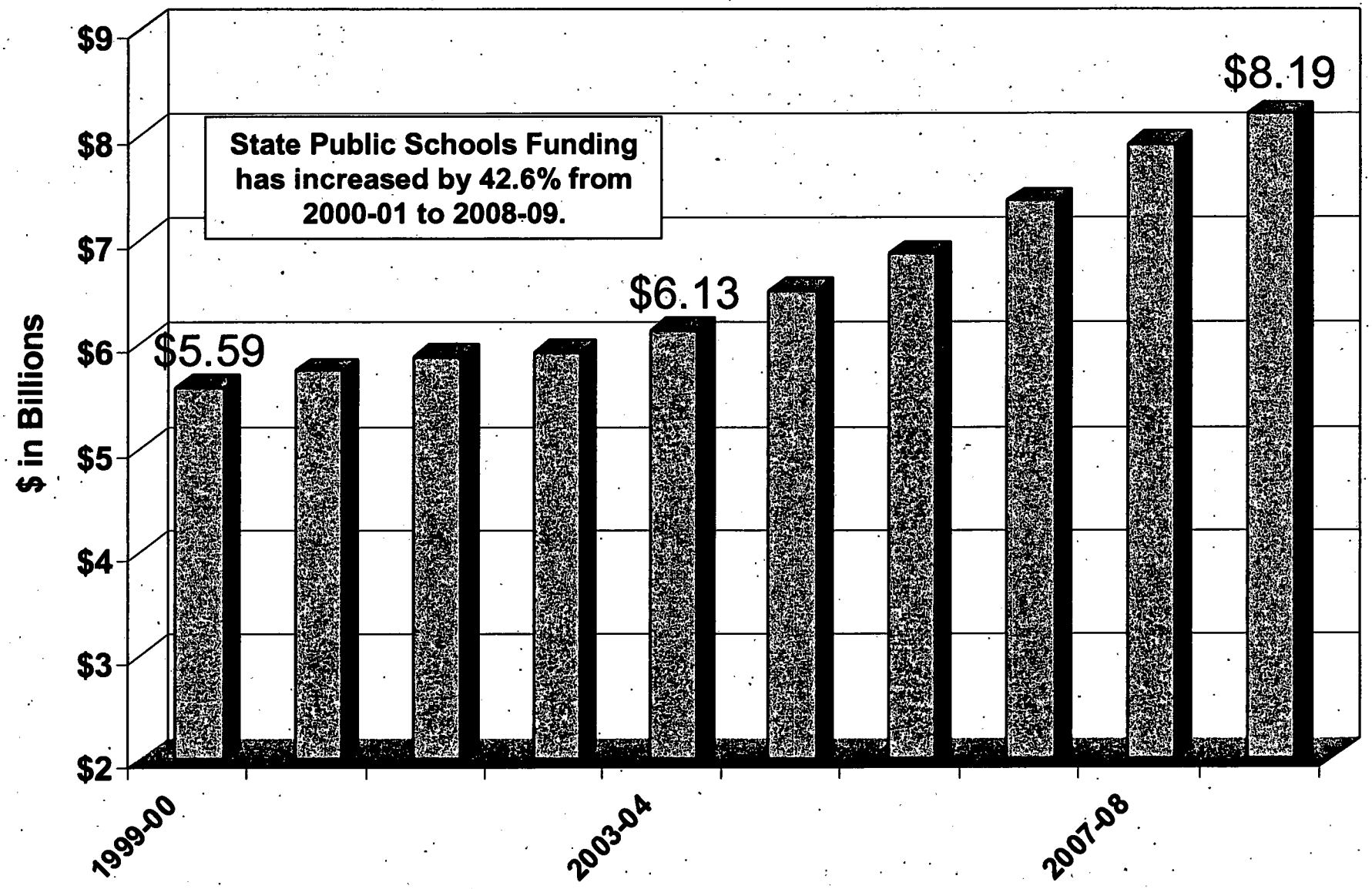
- LEA decides how to allocate funding across its schools
- LEA may transfer funding amongst most allotments

- Allotments determined by formula
  - Average Daily Membership (ADM) is primary component of most formulas

Average Daily Membership



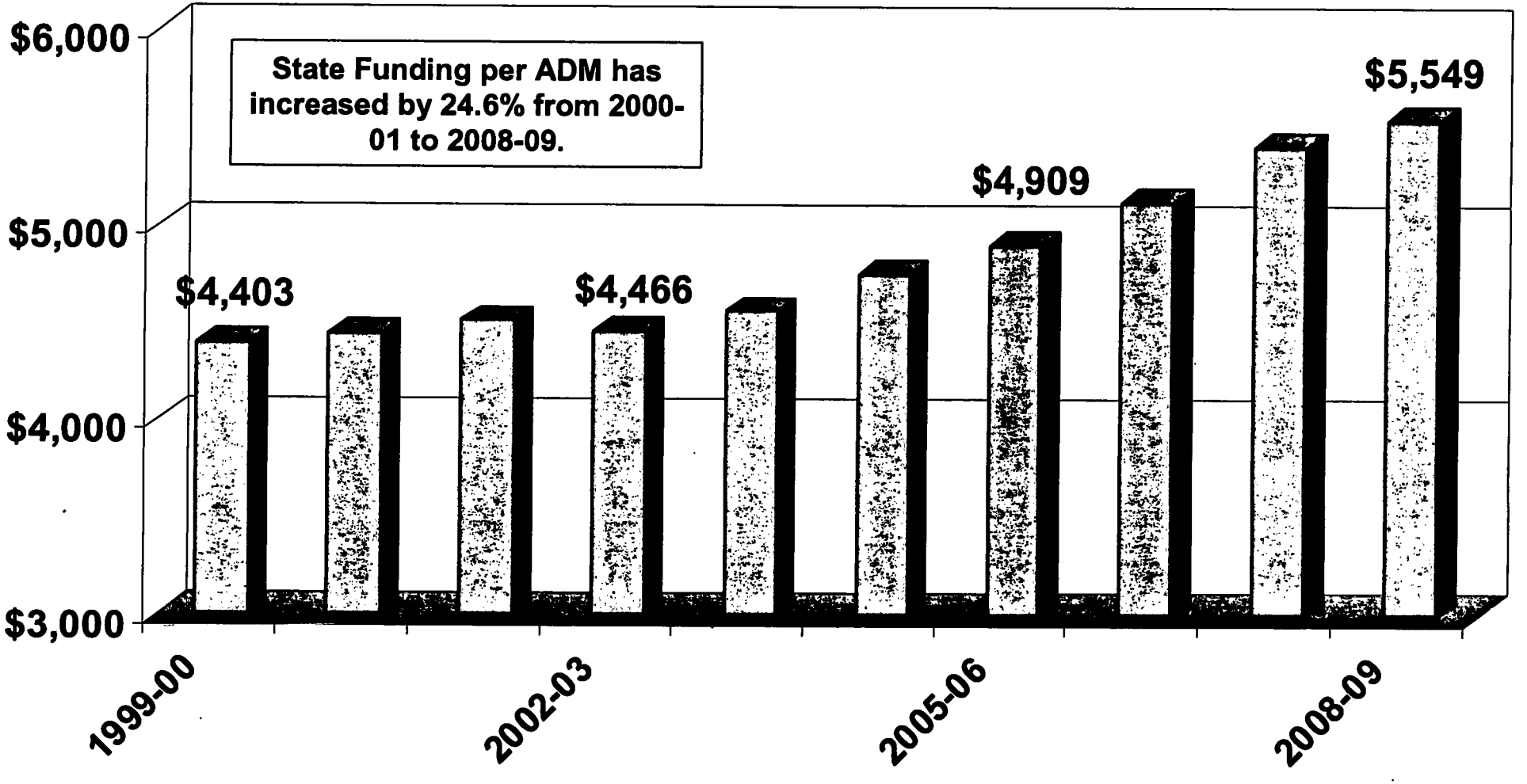
State General Fund Total for Public Schools



Source: Department of Public Instruction (Highlights), Feb. 2009 NOTE: DPI is targeted to revert $159 million of FY 08-09 appropriation

State Per-Pupil Public School Funding

State Public School Fund Budget– Dollars per Allotted ADM

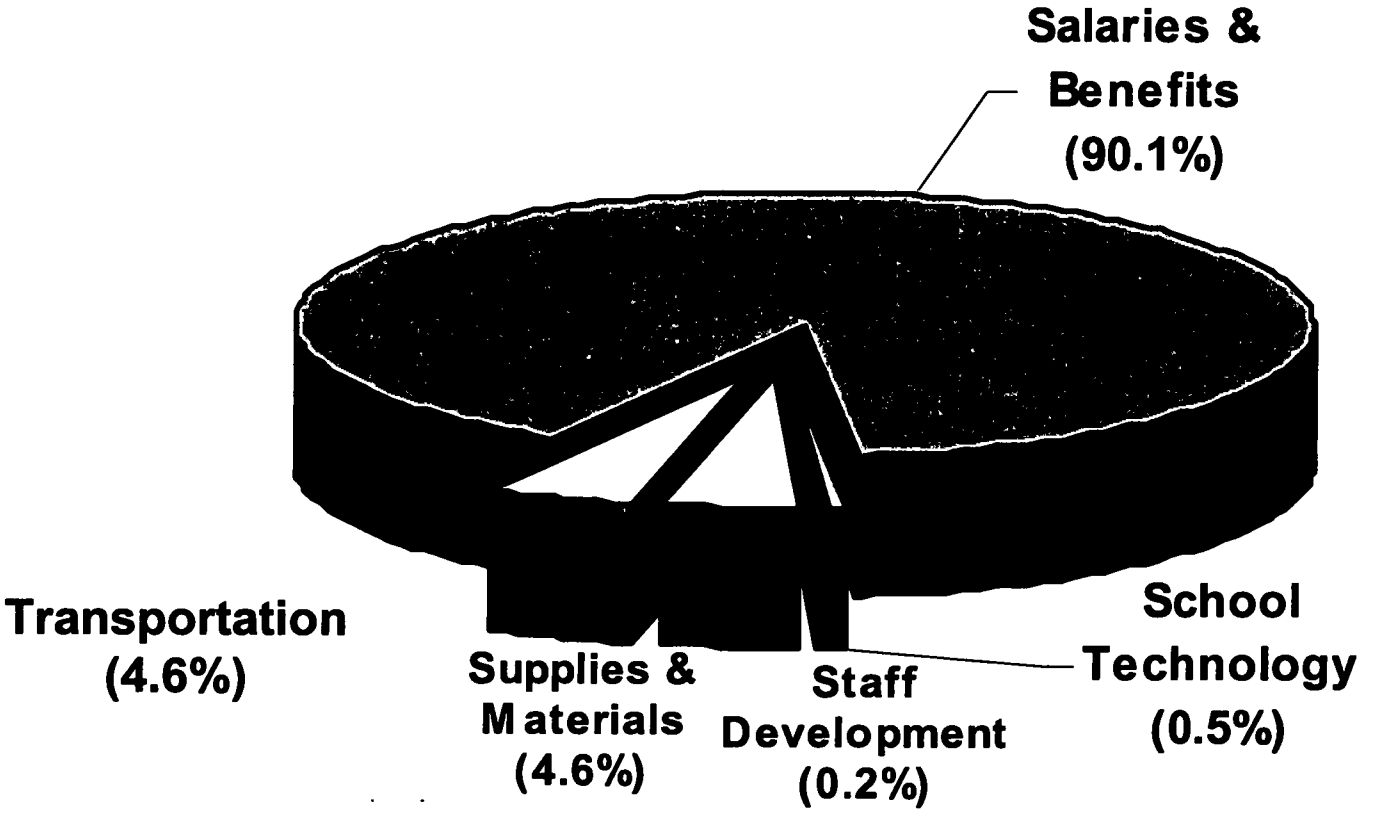


Allotment Types

- Position Allotments (63% of State Funds)
  - Allocated to LEAs based on ratio of positions to ADM
  - State pays salary and benefits for that position, as determined by the State salary schedule
- Dollar Allotments (15% of State Funds)
  - LEAs are provided a specific dollar amount to use to purchase materials or hire certain personnel
- Categorical Allotments (22% of State Funds)
  - Address specific student populations or instructional challenges not fully met by basic allotments

Types of Expenditures

FY 2007-08 State Public School Fund Expenditures



Source: Department of Public Instruction, Feb. 2009

Specific Allotment Categories

FY 2009-10 Continuation Budget

- Includes allowable adjustments for items like
  - ADM changes
  - Inflationary increases (subscriptions, fees, textbooks)
  - Technical adjustments

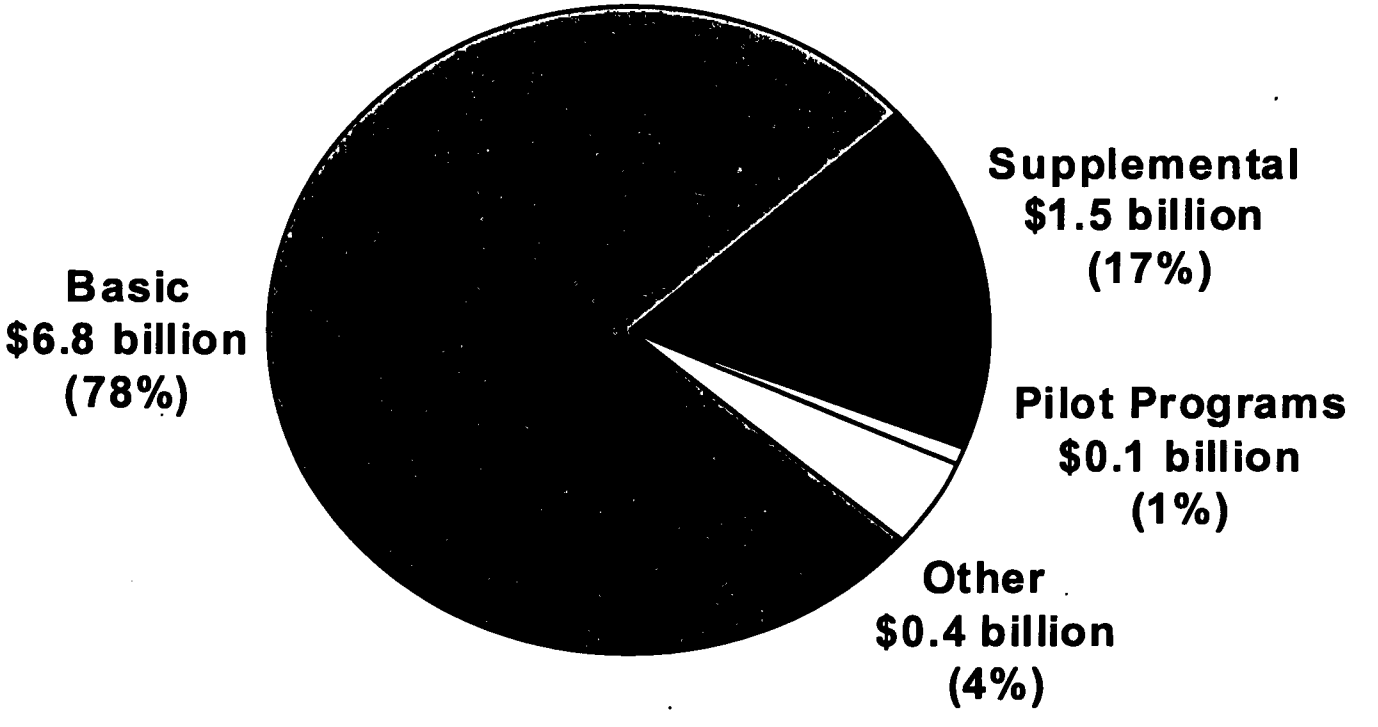
- Public Schools Budgeted Totals (FY 2009-10)
  - Total Requirements: $11,114,471,337
  - General Fund: $8,245,341,827
  - Receipts/Other Sources: $2,869,129,510

State Funding by Purpose

- Basic
  - Funding directed on behalf of every student
- Supplemental
  - Targeted funding directed on behalf of specific student groups or LEAs with certain characteristics
- Pilot Programs
  - Targeted funding designed to address a specific issue or condition
- Other/Miscellaneous

Distribution by Allotment Type

FY 2008-09 State Public Schools Funding
(By Allotment Type)



Basic Allotments

Classroom Teachers

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
2,981,620,930	(26,246,266)	2,955,374,664	2,960,383	2,984,581,313

- **Purpose:** Position allotment providing LEAs guaranteed funding to cover 10-month positions for classroom teachers
  - Supports the entire salary and benefits

- **Formula:** LEAs provided a certain number of positions based on the allotted ADM in certain grade spans

Classroom Teachers

Class-size Ratios

2008-09 Grade Spans	Teacher Allotment Ratio	Class-Size Average Ratio for the LEA	Individual Class-Size Maximum	Positions Allotted in 2008-09
K-3	1:18	1:21	1:24	25,884
4-6	1:22	1:26	1:29	15,077
7-8	1:21	1:26	1:29	10,383
9	1:24.5	1:26	1:29	5,345
10-12	1:26.64	1:29	1:32	11,101

- Ratios have remained constant or decreasing since at least 1985

Teacher Assistants

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
519,306,120	(15,468,528)	503,837,592	(13,340,433)	505,965,687

- **Purpose:** Dollar allotment providing funding for salaries and benefits for teacher assistants

- **Formula:** $1,083 per K-3 ADM

Instructional Support

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
361,703,053	(4,107,661)	357,595,392	(721,341)	360,981,712

- **Purpose:** Position allotment providing guaranteed funding to cover 10-month positions for counselors, social workers and other instructional support personnel

- **Formula:** 1 position per every 200.10 in ADM

School Building Administration

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
263,766,062	(1,731,212)	262,034,850	1,237,096	265,003,158

- **Purpose:** Position allotment providing guaranteed funding to cover 12-month positions for principals, and months of employment for assistant principals

- **Formula:**
  - Principals: 1 position for each school where ADM > 100
  - Assistant Principals: 1 month of employment per every 80 in ADM

Central Office Administration

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
121,005,235	(150,000)	120,855,235	90,000	121,095,235

- **Purpose:** Dollar allotment providing funding for salaries and benefits for central office personnel

- **Formula:** Dollars received in 02-03, adjusted annually for legislative increases or benefit changes

Noninstructional Support Personnel

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
406,316,199	(3,189,269)	403,126,930	610,099	406,926,298

- **Purpose:** Dollar allotment providing funding for clerical, custodians, substitute teachers, etc.

- **Formula:** $273.71 per ADM

Personnel Benefits

ALLOTMENT	2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
SOCIAL SECURITY	298,735,284	(2,711,836)	296,023,448	(51,179)	298,684,105
STATE RETIREMENT	317,958,697	(2,974,269)	314,984,428	(143,191)	317,815,506
MEDICAL INSURANCE	365,653,670	(3,055,187)	362,598,483	195,587	365,849,257
SHORT TERM DISABILITY	5,437,304	7,041,188	12,478,492	7,041,188	12,478,492
LONGEVITY	78,528,598	10,170,504	88,699,102	10,170,504	88,699,102
ANNUAL LEAVE	33,457,308	1,017,189	34,474,497	1,017,189	34,474,497
BENEFITS, TOTAL	1,099,770,861	9,487,589	1,109,258,450	18,230,098	1,118,000,959

- Personnel benefits are provided based on the number of positions, and the requirements of the specific benefit

Supplies/Materials/Equipment

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
87,441,858	796,825	88,238,683	6,948,538	94,390,396

- **Purpose:** Dollar allotment providing funds for classroom supplies and materials

- **Formula:** $58.77 per ADM plus $2.69 per ADM in grades 8 and 9 for PSAT Testing

Textbooks

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
95,897,346	8,487,659	109,140,068	14,757,635	115,410,044

- **Purpose:** Dollar allotment providing funds for textbooks

- **Formula:** $67.15 per ADM in grades K-12

Transportation

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
425,451,364	(37,005,766)	388,445,598	(15,131,251)	410,320,113

- **Purpose:** Dollar allotment providing funds for transportation to and from school
  - Transportation personnel
  - Bus drivers
  - Fuel
  - Maintenance

- **Formula:** Based on pupils transported and "budget rating"

School Buses

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
67,185,907	7,104,977	74,290,884	16,841,010	84,026,917

- **Purpose:** Dollar allotment providing funds for school bus replacement

- **Formula:** Based on age and mileage of an LEAs vehicles

Career and Technical Education

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
317,278,141	(3,485,509)	313,792,632	(4,319,400)	312,958,741

NOTE: Does not include benefits associated with CTE instructional personnel.

- **Purpose:** A combination of position and dollar allotments providing guaranteed months of employment and additional funding for CTE programs

- **Formula:** Base amount to each LEA with remainder distributed based on ADM in grades 8-12

Mentor Teachers

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
11,164,616	0	11,164,616	0	11,164,616

- **Purpose:** Dollar allotment to provide mentoring services to 1st and 2nd year teachers and 1st year instructional support

- **Formula:** Based on the number of eligible employees in the LEA

Staff Development

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
12,609,888	(51,968)	12,557,920	9,941	12,619,829

- **Purpose:** Dollar allotment to provide money for staff development

- **Formula:**
  - Base: $750 per LEA
  - Of the remainder:
    - 25% distributed evenly between LEAs
    - 75% based on ADM

Supplemental Allotments

Children with Disabilities

ALLOTMENT	2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
Preschool Children	48,512,515	0	48,512,515	0	48,512,515
School-Age Children	605,809,369	4,095,904	609,905,273	8,191,808	614,001,177
Behavioral Support	10,605,274	0	10,605,274	0	10,605,274
Group Homes	4,052,518	(536,588)	3,515,930	(20,988)	4,031,530
Developmental Day Care	17,816,797	497,988	18,314,785	1,000,038	18,816,835
Community Residency Ctrs	3,575,840	(972,464)	2,603,376	(252,314)	3,323,526
CWD, TOTAL	690,372,313	3,084,840	693,457,153	8,918,544	699,290,857

- **Purpose:** Categorical allotment providing funding to benefit students with identified disabilities in various settings and age spans

- **Formula:** Varies. School-age children based on a 12.5% maximum identified student cap per LEA multiplied by a fixed per-student funding amount

Academically or Intellectually Gifted

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
68,692,939	(540,807)	68,152,132	104,694	68,797,633

- **Purpose:** Categorical allotment providing funding to support differentiated services to students with outstanding capability

- **Formula:** Total LEA Funding = 4% of LEA's ADM x Per-Pupil Funding Factor (FY 2008-09: $1,137.19)

At-Risk Student Services

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
227,057,290	(442,889)	226,614,401	913,860	227,971,150

- **Purpose:** Categorical allotment funding At-Risk Student Services such as alternative instruction, dropout prevention, school safety officers (SSOs), summer school instruction, remediation, alcohol/drug prevention, and preschool screening

- **Formula:** Every LEA receives the following:
  1. Funding equivalent to an SSO salary ($37,838) per high school
  2. Remaining funds allocated based 50% on Federal Title I headcount and 50% on allotted ADM

Improving Student Accountability

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
38,339,798	0	38,339,798	0	38,339,798

- **Purpose:** Categorical allotment providing funding to improve the academic performance of students performing below the appropriate grade level

- **Formula:** Distributed to all LEAs on a pro-rata basis based on its number of children scoring at Level I or II on grade 3-8 end-of-grade tests

Disadvantaged Student Supplemental Funding

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
77,095,605	(697,986)	76,397,619	129,305	77,224,910

- **Purpose:** Categorical allotment providing supplemental funding to LEAs to enhance capacity to address the needs of disadvantaged students

- **Formula:** Distributed to all LEAs on a per-student basis, factoring in certain student characteristics and the relative wealth of the county

Low Wealth Supplemental Funding

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
199,831,203	7,668,767	207,499,970	7,668,767	207,499,970

- **Purpose:** Categorical allotment providing funding for counties that have below State-average ability to generate local revenue to support public schools
- **Formula:** Only LEAs with calculated county wealth of less than 100% of the State average qualify. Qualifying LEAs can receive a maximum of the amount required to bring that district up to the statewide average local revenue per student

Small County Supplemental Funding

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
45,189,185	0	45,189,185	0	45,189,185

- **Purpose:** Categorical allotment providing additional support for small county LEAs

- **Formula:** All county LEAs with fewer than 3,239 students qualify, as do some with fewer than 4,080 students. Funds are then allocated on seven different criteria to all qualifying LEAs.

Limited English Proficiency

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
71,499,800	7,231,514	78,731,314	16,758,097	88,257,897

- **Purpose:** Categorical allotment providing funding to LEAs to serve students not proficient in English

- **Formula:** Funding provided for up to 10.6% of total LEA ADM. Each LEA receives dollar equivalent of a teacher assistant position, with remaining funds allocated 50% on 3-year weighted average LEP headcount and 50% on LEP concentration.

ABC Incentive Bonuses

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
90,000,000	(90,000,000)	0	(90,000,000)	0

- **Purpose:** Performance incentives for personnel in schools that meet or exceed growth standards

- **Formula:**

School Designation	Position Type	Max. Bonus
High Growth	Certified Staff	$1,500
	Teacher Assistants	$500
Expected Growth	Certified Staff	$750
	Teacher Assistants	$375

Child and Family Support Teams

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
12,997,214	(475,383)	12,521,831	(475,383)	12,521,831

- **Purpose:** A combination of positions (nurses) and dollars (social workers) to coordinate services among educational and human service agencies working with at-risk children and their families.

- **Formula:** Positions and dollars distributed between the 100 participating schools

ADM Reserve

2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
5,237,001	0	5,237,001	0	5,237,001

- **Purpose:** Used in cases where first month ADM exceeds the allotted ADM by more than 2% or 100 students

- **Formula:** LEAs must apply for this funding, as applicable

Pilot Programs

Learn and Earn Programs

ALLOTMENT	2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
LEARN AND EARN	19,128,008	(140,000)	18,988,008	(140,000)	18,988,008
LEARN & EARN ONLINE	1,351,752	5,000,000	6,351,752	5,000,000	6,351,752
L&E VIRTUAL HS	1,000,000	0	1,000,000	0	1,000,000

- These programs provide high school students the opportunity to earn college credit while in high school

Other Pilots

ALLOTMENT	2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
LITERACY COACHES	12,209,120	(174,720)	12,034,400	(174,720)	12,034,400
SCHOOL BREAKFAST	2,120,745	(102,984)	2,017,761	(102,984)	2,017,761
MATH/SCIENCE DIFF PAY	515,115	0	515,115	0	515,115
COLLABORATIVE PROJ.	4,833,728	0	4,833,728	0	4,833,728
SMALL SPEC. HS	7,239,800	0	7,239,800	0	7,239,800
1:1 TECHNOLOGY PILOT	1,500,000	(1,500,000)	0	(1,500,000)	0
CHILD OBESITY PILOT	500,000	(500,000)	0	(500,000)	0
DROPOUT PREVENTION	15,000,000	(15,000,000)	0	(15,000,000)	0
CRITICAL LANGUAGES	500,000	(500,000)	0	(500,000)	0
EVAAS	845,000	0	845,000	0	845,000
CONNECTIVITY	22,000,000	0	22,000,000	0	22,000,000

Passthroughs and Miscellaneous Programs

Passthroughs

ALLOTMENT	2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
PUBLIC SCHOOL FORUM	2,342,705	0	2,342,705	0	2,342,705
COMMUNITIES IN SCHS	1,607,500	0	1,607,500	0	1,607,500
SCHOOLS ATTUNED	820,911	0	820,911	0	820,911
EXPLORNET	400,000	(100,000)	300,000	(100,000)	300,000
TEACHER CADET	400,000	0	400,000	0	400,000
NC NETWORK	312,625	0	312,625	0	312,625
SCIENCE OLYMPIAD	150,000	0	150,000	0	150,000
TEACH FOR AMERICA	950,000	0	950,000	0	950,000
NC HUMANITIES COUNCIL	100,000	(100,000)	0	(100,000)	0
KIDS VOTING	250,000	(250,000)	0	(250,000)	0
PTA PARENT INVOLVEMENT	300,000	(300,000)	0	(300,000)	0
NC MATH & SCIENCE	200,000	(100,000)	100,000	(100,000)	100,000
PROJECT ENLIGHTENMENT	200,000	0	200,000	0	200,000

Miscellaneous Programs

ALLOTMENT	2008-09 Authorized	2009-10 Adjustments	2009-10 Total Cont. Bud.	2010-11 Adjustments	2010-11 Total Cont. Bud.
MORE AT FOUR	170,635,709	0	170,635,709	0	170,635,709
DRIVERS EDUCATION	34,286,309	(326,450)	33,959,859	(964,345)	33,321,964
NBPTS	3,274,500	2,284,043	5,558,543	2,284,043	5,558,543
EVAAS	845,000	0	845,000	0	845,000

- More at Four: Provides high-quality child care to 4-year olds. Funds allotted to local coordinators via "slots"
- Drivers Ed.: Supported by Department of Transportation. LEA receives $245.82 per 9th grade ADM
- National Board for Professional Teaching Standards: Funds application fees of teachers seeking NBPTS certification
- EVAAS: Diagnostic testing data

Other Funds

- School Technology Fund ($38m req.)
  - Provides funds to LEAs to implement local technology plans
- Children's Trust Fund ($0.6m req.)
  - Supports abuse and neglect prevention grants
  - Funding combination of $247,500 General Fund and $392,387 from marriage license fees and interest
- Pub. Sch. Building Capital ($226.1m req.)
  - Includes Lottery and Corporate Income Tax support for school capital
  - 1/31/2009 Cash Balance of $309m

Other Funds-continued

- Teaching Fellows ($13.8m req.)
  - $13,000,000 for Teaching Fellows scholarships and $810,000 for Public School Forum's admin. costs
  - Governor redirected $12.5m of $18.8m cash balance to address financial emergency

Other State Funding Sources

North Carolina Education Lottery

- 09-10 Cont. Budget: $368.1 million
- Supports pre-K, Class Size Reduction, School Capital, and Postsecondary Scholarships for Needy Students

Department of Revenue Transfer

- 09-10 Cont. Budget: $46.3 million
- Implemented in FY 06-07 to offset elimination of LEA's refund eligibility for the State portion of Sales and Use Tax

Fines and Forfeitures

- 09-10 Cont. Budget: $138.4m
- Constitutional requirement for Revenue, Transportation and other penalties to be used to support Public Schools

Questions?

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, April 28, 2009, 8:30 a.m.

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building on Tuesday, April 28, 2009 at 8:30 a.m. Representative Marian McLawhorn, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Vice-Chairs, Representatives Blackwell, Hilton and Wiley. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages, Sergeant at Arms, and staff who attended and assisted the meeting.

The Chair introduced Phillip Price, Associate Superintendent of the North Carolina Department of Public Instruction. Mr. Price gave a PowerPoint presentation on the North Carolina Department of Public Instruction (See Attachment 1). During this presentation Mr. Price gave an overview of DPI, including employees and budget, a description of how DPI delivers essential educational services, a description of changes in DPI since 2000-01, and offered major concerns for DPI for the FY2009-10. A question and answer period followed the presentation.

With there being no further business, the meeting adjourned at 9:45 a.m.

Respectfully submitted,

Representative Marian McLawhorn

Susan Burleson, Committee Assistant

CORRECTED NOTICE – DATE 4-28-09

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Tuesday, April 28, 2009**

TIME: **8:30 AM & Immediately after Session**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

8:30 AM **Department of Public Instruction Base Budget**

Immediately after Session **Pre-K Programs**

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **12:00 PM** on **April 23, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Susan Burleson (Committee Assistant)

House Appropriations Subcommittee on Education

Agenda

Tuesday April 28, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Marian McLawhorn, Presiding

I. Welcome

Rep. Marian McLawhorn

II. Presentation on Department of Public Instruction Agency Budget

Philip Price, Associate Superintendent, Department of Public Instruction

III. Committee Questions & Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Attachment 1

North Carolina Department of Public Instruction

Presentation to the House Education Appropriations Committee

April 28, 2009

North Carolina Department of Public Instruction

Agenda

- An overview of DPI (employees and budget)
- A Description of how we Deliver Essential Educational Services
- Changes in DPI Since 2000-01
- Major Concerns for FY 2009-10

North Carolina Department of Public Instruction

Takeaways

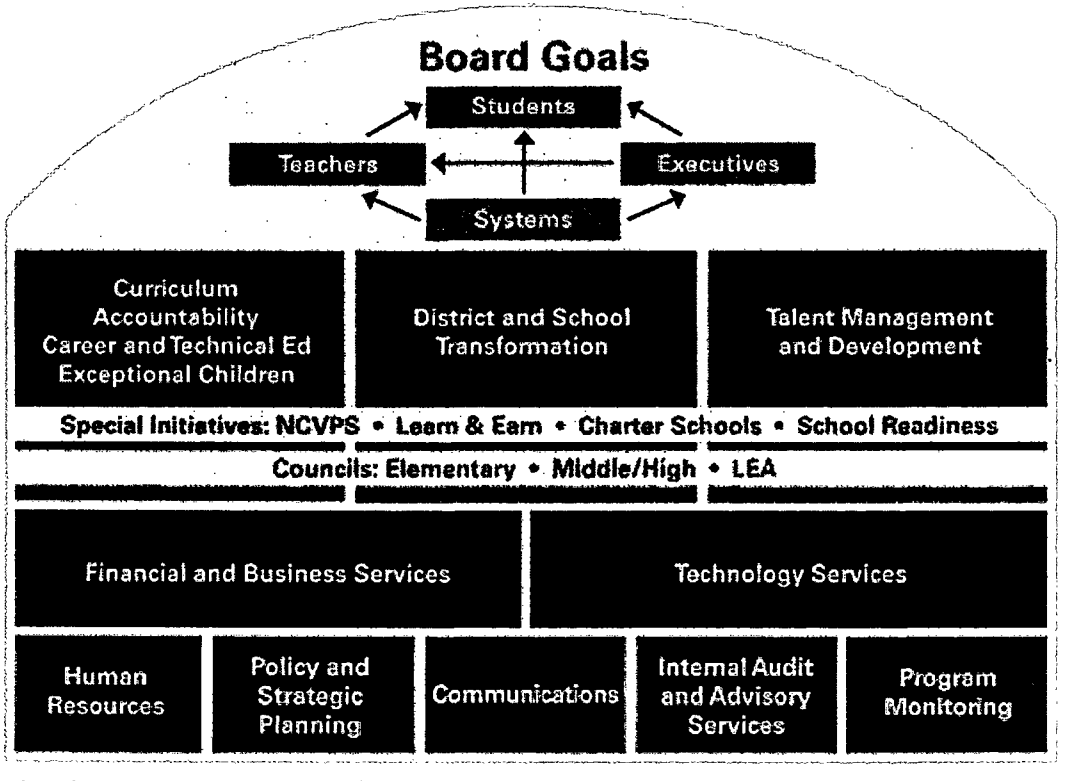
- *An understanding of the Department's purpose and how we have organized to meet that purpose.*
- *An understanding that DPI is ensuring that we have uniform/rigorous standards, are monitoring the use of all resources, are collecting and maintaining the data required for good policy decisions, and that our teachers and administrators are getting technical assistance to help them address our students' needs.*
- *An understanding of what makes up the increase in DPI personnel and how the focus of the Department has changed. What new programs have been legislatively assigned to DPI and what programs have been legislatively approved to expand.*
- *An understanding of the increased requirements for reporting/monitoring associated with the federal recovery funds and the challenge of accomplishing the State Board's mission when faced with a State revenue shortage.*

North Carolina Department of Public Instruction

State Board's Mission: Focus on Student Success

The State Board of Education is focused on its mission to ensure that all Students graduate high school competitive for higher education and/or the global marketplace. To achieve this mission, the State Board has directed DPI to focus its work on producing:

1. **Excellent Students** who are healthy, responsible, and globally competitive
2. **Excellent Teachers** who are well-trained, engaging facilitators of student learning
3. **Excellent School Executives** who are well-trained, organized instructional leaders
4. **Effective and Efficient State-supported Systems** that help schools to help students.



For more detailed information of goals/targets by area please visit our web page:
http://www.ncpublicschools.org/performance

North Carolina Department of Public Instruction

Employees

- State Supported: 475.49 (59.23%)
- Federal Supported: 195.76 (24.39%)
- Receipt Supported: 131.50 (16.38%)

802.75

North Carolina Department of Public Instruction

Budget

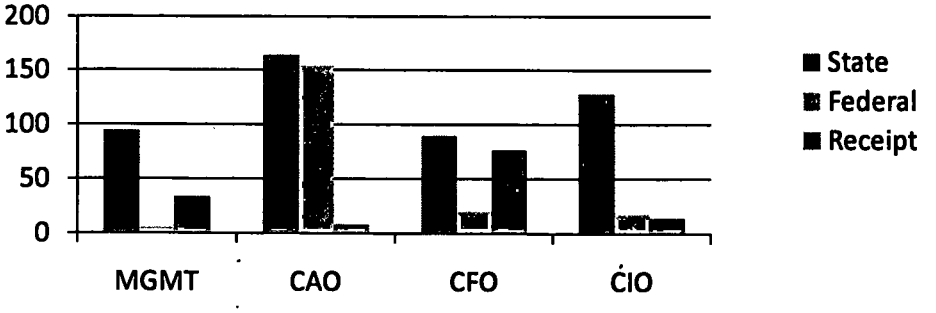
- State Supported: $53,347,189 (33.70%)
- Federal Supported: $85,775,731 (54.18%)
- Receipt Supported: $19,187,156 (12.12%)

$158,310,076

North Carolina Department of Public Instruction
Four Major Areas

- Management/Special Initiatives: 133 employees (16.57%)
- Chief Academic Officer: 325 (40.49%)
- Chief Financial Officer: 185.75 (23.14%)
- Chief Information Officer: 159 (19.81%)

802.75



North Carolina Department of Public Instruction
Management/Special Initiatives

	State	Federal	Receipt	Total
State Board	10.70	0.30	1.00	12.0
Superintendent	4.00	0.00	0.00	4.0
Chief Executive	5.57	0.00	0.43	6.0
Policy/Strategic Planning	7.50	0.50	0.00	8.0
Internal Audit	0.50	0.00	0.50	1.0
Communications	14.80	0.00	5.20	20.0
Human Resources	7.00	0.00	1.00	8.0
	50.07	0.80	8.13	59.0
Learn and Earn	8.00	0.00	0.00	8.0
Office of School Readiness	0.60	4.40	25.00	30.0
NC Virtual Public Schools	20.00	0.00	0.00	20.0
Teacher Academy	14.00	0.00	0.00	14.0
Professional Teaching Standards	2.00	0.00	0.00	2.0
	44.60	4.40	25.00	74.0

Total Budget: $25,539,926 (State: $15,854507; Federal: $4,378,053; Receipt: $5,307,366). This area represents 29.7% of the Agency's State budget, 5.1% of the federal budget, and 33.1% of the receipt budget --- 16% of Agency total budget.

North Carolina Department of Public Instruction
Chief Academic Officer

	State	Federal	Receipt	Total
• Curriculum Development	29.32	59.93	2.75	92.0
• Testing and Accountability	21.95	7.05	0.00	29.0
• District & School Transformation	63.60	1.40	5.00	70.0
• Children with Special Needs	10.00	35.85	0.15	46.0
• Career & Technical Education	15.93	24.07	0.00	40.0
• Program Monitoring & Support	3.87	17.13	0.00	21.0
• Talent Management	8.13	5.87	0.00	14.0
• Education Technology	10.97	2.03	0.00	13.0
	163.77	153.33	7.90	325.0

Total Budget: $96,580,315 (State: $21,744,640; Federal: $70,045,567; Receipt: $4,790,108). This area represents 40.76% of the Agency's State budget, 81.66% of the federal budget, and 24.96% of the receipt budget --- 61% of Agency total budget.

North Carolina Department of Public Instruction
Chief Financial Officer

	State	Federal	Receipt	Total
• Financial Services	34.69	1.00	6.31	42.00
• School Business	25.10	0.00	8.65	33.75
• Licensure	0.40	0.00	24.60	25.00
• Charter Schools	7.00	0.00	0.00	7.00
• Systems Accounting	4.32	0.00	0.68	5.00
• School Support	1.90	0.00	0.10	2.00
– Child Nutrition	5.27	18.73	0.00	24.00
– School Planning	3.00	0.00	5.00	8.00
– Plant Operation	0.00	0.00	9.00	9.00
– Textbooks	0.60	0.00	10.40	11.00
– Transportation	7.00	0.00	2.00	9.00
– School Insurance	0.00	0.00	10.00	10.00
	89.28	19.73	76.74	185.75

Total Budget: $21,312,984 (State: $7,353,767; Federal: $7,492,014; Receipt: $6,467,203). This area represents 13.78% of the Agency's State budget, 8.73% of the federal budget, and 33.71% of the receipt budget --- 13.5% of Agency total budget.

North Carolina Department of Public Instruction
Chief Information Officer

	State	Federal	Receipt	Total
• Technology Services	56.15	17.50	12.35	86.0
• NC WISE	63.62	0.00	1.38	65.0
• Connectivity	8.00	0.00	0.00	8.0
	127.77	17.50	13.73	159.0

Total Budget: $14,876,851 (State: $8,394,275; Federal: $3,860,097; Receipt: $2,622,479). This area represents 15.74% of the Agency's State budget, 4.5% of the federal budget, and 13.67% of the receipt budget --- 9.5% of Agency total budget.

North Carolina Department of Public Instruction
Delivering Essential Educational Services

- Ensuring that the teachers who work with children meet the quality and ethical standards our State requires
  - Licensure (25 employees)
  - Talent Management and Development (14)
  - NC Professional Teaching Standards Commission (2)

North Carolina Department of Public Instruction
Delivering Essential Educational Services

- Setting rigorous standards, through collaboration with local teachers, university faculty, and national experts, for what students should be taught in each subject and at each grade level
  - Curriculum/Instruction (92 employees)
  - Education technology (13)
  - Children w/Special Needs (46)
  - CTE (40)

North Carolina Department of Public Instruction
Delivering Essential Educational Services

- Ensuring that parents and citizens in every part of the State can monitor whether students and schools are meeting Statewide standards for performance
  - Testing and Accountability (29 employees)

North Carolina Department of Public Instruction
Delivering Essential Educational Services

- Helping teachers and principals improve and expand their skills through State-provided instructional resources and technical assistance
  - Talent Management and Development (14 employees)
  - Children w/Special Needs (46)
  - CTE (40)
  - Curriculum/Instruction (92)
  - Education technology (13)
  - District and School transformation (70)
  - Teacher Academy (15)
  - NC Professional Teaching Standards (2)

North Carolina Department of Public Instruction
Delivering Essential Educational Services

- Ensuring that the approximately $10 billion in funding provided through the General Assembly and the federal government is distributed efficiently to and used appropriately by the local school districts and charter schools
  - Financial and Business Services (185.75 employees)
  - Program Monitoring and Support (21)
  - Children w/Special Needs (46)
  - CTE (40)

North Carolina Department of Public Instruction

Delivering Essential Educational Services

- Ensuring that lawmakers, educators, and parents have the data required to make informed decisions about policies and practices that will best support high student achievement
  - Program Monitoring and Support (21 employees)
  - Policy and Strategic Planning (8)
  - Communications (20)

North Carolina Department of Public Instruction

Delivering Essential Educational Services

- Enabling State and local educators and policy makers to access student and other school business information through Statewide technology infrastructure, like NCWISE and School Connectivity
  - Finance and Business Services (185.75 employees)
  - Technology Services (158)

North Carolina Department of Public Instruction

Delivering Essential Educational Services

- Ensuring that all school districts and schools, even those that are chronically low-performing, have the capacity to support high student achievement
  - District and School Transformation (70 employees)

North Carolina Department of Public Instruction

Delivering Essential Educational Services

- Extending learning opportunities for students through programs that bring college courses and other advanced coursework to all students in the State regardless of where they live
  - Learn and Earn (8 employees)
  - NC Virtual Public Schools (20)

North Carolina Department of Public Instruction

Delivering Essential Educational Services

- Supporting district and school basic operations infrastructure, including child nutrition programs, school bus transportation, school facilities, and construction programs
  - Financial and Business Services – School Support (73 employees)

North Carolina Department of Public Instruction

Position Changes Since 2001

• DPI in 2001:	506.75
• 2001 & 2002 Reductions:	- 65.50
– Subtotal:	441.25
• Positions Transferred or Created	116.00
• Expansion of Services/Contract Conversions	210.50
• General Agency Support	35.00
• DPI in 2008-09	802.75

North Carolina Department of Public Instruction
Department Growth Since 2000-01

	State	Federal	Receipt	Total
2008-09	475.49	195.76	131.50	802.75
2000-01	359.97	68.27	78.51	506.75
	115.52	127.49	52.99	296.00

Note: all increases and decreases were authorized by the North Carolina General Assembly

In 2000-01, the DPI operated with contract employees (rather than permanent positions – 28 in IT, for example); therefore, actual increases are overstated. The conversion of 75 recurring contracted positions to full-time positions generated savings of $1,674,523.

North Carolina Department of Public Instruction
Department Growth Since 2000-01

	State
2008-09	475.49
2000-01	- 359.97
	115.52

- Transfer or Creation of New Programs:
  - ✓ Teacher Academy 14.0
  - ✓ Learn and Earn 8.0
  - ✓ NC Virtual Public School 19.0
  - ✓ Connectivity 8.0
  - ✓ Talent Management 4.0
  - 53.0
- New or Expansion of Services:
  - ✓ NC Wise 59.0
  - ✓ District & School Transformation 56.0
  - 115.0
- General Agency Support:
  - ✓ Purchasing (2) & Charter Schools (1) 3.0
  - ✓ Testing (2) & EC Behavioral Support (2) 4.0
  - ✓ Education Technology 2.0
  - 9.0
- Elimination of positions: -61.5

North Carolina Department of Public Instruction
Department Growth Since 2000-01

Federal	
2008-09	195.76
2000-01	- 68.27
	127.49

- Transfer or Creation of New Programs:
  - ✓ Reading First 15.0
  - ✓ Healthy Schools (conversion) 6.0
  - ✓ Safe Schools (conversion) 5.0
  - ✓ Closing the Gap 10.0
  - 36.0
- New or Expansion of Services:
  - ✓ NCLB 13.5
  - ✓ Child Nutrition 14.0
  - ✓ Children w/Special Needs 26.0
  - ✓ CTE 15.0
  - ✓ Education Technology 10.0
  - ✓ Headstart (2) & LEP (2) 4.0
  - 82.5
- General Agency Support:
  - ✓ Testing (12) and Troops to Teachers (1) 13.0
- Elimination of positions: - 4.0

North Carolina Department of Public Instruction
Department Growth Since 2000-01

Receipt	
2008-09	131.50
2000-01	- 78.51
	52.99

- Transfer or Creation of New Programs:
  - ✓ More @ Four 27.0
- New or Expansion of Services:
  - ✓ Licensure 4.0
  - ✓ District and School Transformation 5.0
  - ✓ Plant Operation 2.0
  - ✓ School Insurance 1.0
  - ✓ Children's Trust 1.0
  - 13.0
- General Agency Support:
  - ✓ Technology Services 4.5
  - ✓ Communications (2) & HR (2) 4.0
  - ✓ State Board (1) and Research Asst (1) 2.0
  - ✓ Textbook Services 2.5
  - 13.0

North Carolina Department of Public Instruction
Department Growth Since 2000-01

	Receipt
2008-09	131.50
2000-01	- 78.51
	52.99

- Transfer or Creation of New Programs:
  - ✓ More @ Four 27.0

- New or Expansion of Services:
  - ✓ Licensure 4.0
  - ✓ District and School Transformation 5.0
  - ✓ Plant Operation 2.0
  - ✓ School Insurance 1.0
  - ✓ Children's Trust 1.0
  - 13.0

- General Agency Support:
  - ✓ Technology Services 4.5
  - ✓ Communications (2) & HR (2) 4.0
  - ✓ State Board (1) and Research Asst (1) 2.0
  - ✓ Textbook Services 2.5
  - 13.0

North Carolina Department of Public Instruction
Major Concerns for FY 2009-10

- Major Revenue Shortage
- Addressing the Increased Reporting and Monitoring Requirements of the Federal Recovery Act

House Pages

HouseAPPR ED

Name of Committee : _____ **Date**: 4-28-09

1. Name: Taylor Fossett
   County: Union
   Sponsor: Jim Gulley
2. Name: Sarai Whittington
   County: Wilkes
   Sponsor: Sherry Bandleman
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: CHARLES WILLIAMS
   Name: EARL COKER
3. Name: _____
4. Name: _____

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ivan Clontz	NC National Guard
Tom Bowlin	" " "
Pick Barnes	OSA
Elizabeth Stevenson	OSBM
Pam Pearman	OSBM
Ann Maddock	Governor's Ofc.
Peter Asmar	DPI
Angela H. Quick	DPI
Rebecca Garland	DPI
Adam Levinson	"
Erin Schwellpoly	UNC-GA

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Starla Huggins	NCCU
Ross Nelson	UNC
Katherine Porter	Teach For America
Jack Stone	NC DPI
Bryan Conrad	OSBM
Tony Johnson	NC REAL
Anita Watkins	UNC GA
Chris Fitzsimon	NC Policy Watch
DAVID RICE	MANNING FULTON
[illegible]	NCTCSC
[illegible]	DPI
KARL RECTANUS	McNC / NC STEM

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Emily Doyle	NCPAPA
Michael Hutson	MWC
Carol Brockett	NCSBA
John D. Deering	All kinds of minds
Mary Freeman	NCAE
Alice Garland	NCEA
Lane Wright	NCSBA
[illegible]	NCICU
Jose Mantero	CMS
Evelyn Hawthorne	PSNC; CSNC.

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sid Baker	NC Teacher Academy
Ben Bryan	NCTA
Karen Garr	NBPTS
Carolyn McKinney	NC PTSC
Chuck Watkins	NCCAT
Meredith Henderson	CIU
Katherine W. Joyce	NCASA
[illegible]	Public School Forum
Chris Minnick	State Bd of Ed
[illegible]	WCPSS
Pamela Schore	NCASA
Gene Causby	NC SCA

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Brian Lewis	NCAE
Brittany Farrell	NCFPC

CORRECTED NOTICE – DATE 4-28-09

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Tuesday, April 28, 2009**

TIME: **8:30 AM & Immediately after Session**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

8:30 AM **Department of Public Instruction Base Budget**

Immediately after Session **Pre-K Programs**

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **12:00 PM** on **April 23, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Susan Burleson (Committee Assistant)

House Appropriations Subcommittee on Education

Agenda

Tuesday April 28, 2009, Immediately After Session
Room 421, Legislative Office Building
Representative Marian McLawhorn, Presiding

I. Welcome

Rep. Marian McLawhorn

II. Presentation on Pre-Kindergarten Programs

Brian Matteson, Fiscal Research Division

III. Committee Questions & Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, April 28, 2009, Immediately after Session

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building on Tuesday, April 28, 2009 immediately following Session. Representative Marian McLawhorn, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Vice-Chairs, Representatives Blackwell, and Wiley. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages, Sergeant at Arms, and staff who attended and assisted with the meeting.

Staff member, Brian Matteson, gave a presentation on Pre-Kindergarten Programs (See Attachment 1). A question and answer session followed.

With there being no further business, the meeting adjourned at 5:35 p.m.

Respectfully submitted,

Representative Marian McLawhorn

Susan Burleson, Committee Assistant

Pre-Kindergarten Overview



Brian Matteson

Fiscal Research Division

April 28, 2009

FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

Attachment 1

Agenda

I. Pre-K Activities administered by the Department of Public Instruction

II. Other Early Childhood Activities

III. Legislative Action

Pre-K Activities at the Department of Public Instruction

Pre-K at DPI

Overview

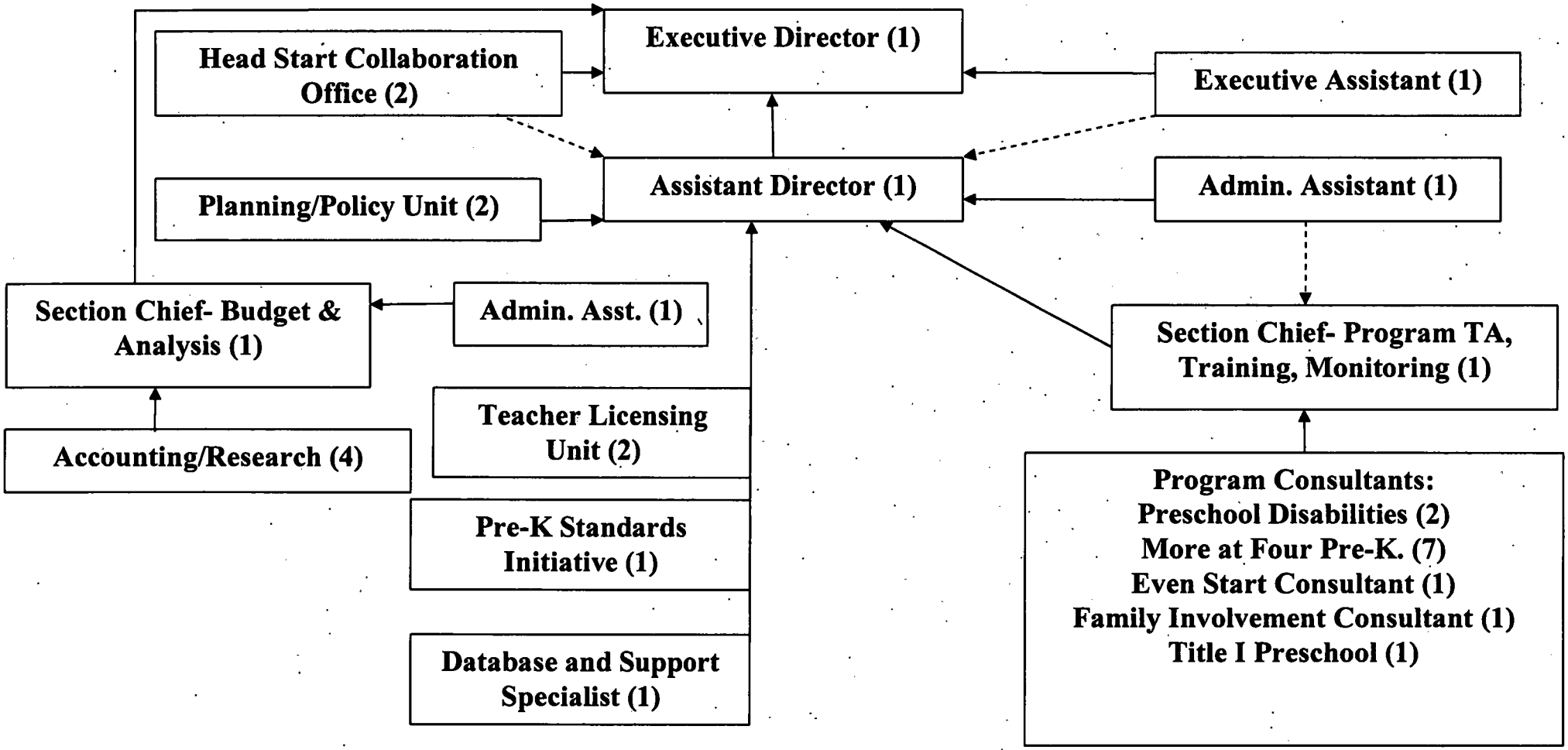
- Administered by the Office of School Readiness
- **Major State program is More at Four**
- Other Federal programs address this age group
  - Title I
  - IDEA

Office of School Readiness (OSR)

- Housed at the Department of Public Instruction
  - Moved from Governor's Office on July 1, 2006
  - Combined More at Four and DPI staff

- Focus on ensuring students arrive at school ready for success, as reflected by certain factors
  - Health and physical development
  - Social and emotional development
  - Approaches to learning
  - Language development and communication
  - Cognition and general knowledge

OSR Structure



OSR Focus Areas

- High-quality early childhood education
- Development of learning continuum
- Teacher training and licensure
- Collaboration amongst State, Federal and local partners and programs
- Standards development and family involvement

More at Four

More at Four

Overview

High quality Prekindergarten program for at-risk 4-year olds

- Mix of public and private service providers

Shared leadership between local education agencies and local partnerships for children

Supplemented with other State and local resources

More at Four

Who is Eligible?

- County/Regional Level
  - All 100 Counties Eligible
  - Statute requires county or regional More at Four Committee (co-chaired by LEA Superintendent and LPfC Board Chair)
    - Selects local MAF administrator
    - Selects local contractors (service providers)
    - Develops and implements local MAF plan
    - Provide local oversight
  - The Committee is the Applicant for MAF slots

More at Four

Who is Eligible?

- Individual Participants
  - Age Requirements
    - Must be 4 years of age before August 31st of program year
    - Can't also be eligible for kindergarten
  - Income/Eligibility Requirements
    - At least 80% of county/region's participants must be
      1. from families ≤ 75% of State Median Income, or:
      2. any age-eligible dependent of active-duty military personnel

More at Four

Who is Eligible?

- Individual Participants (con't)
  - Income/Eligibility Requirements
    - Remaining slots may be filled by children with certain characteristics:
      - Limited English Proficiency
      - Identified Disability or Developmental/Educational Need
      - Chronic Health Condition
  - Service Priority
    - Children not ever previously served or not currently served have preference if slots are limited

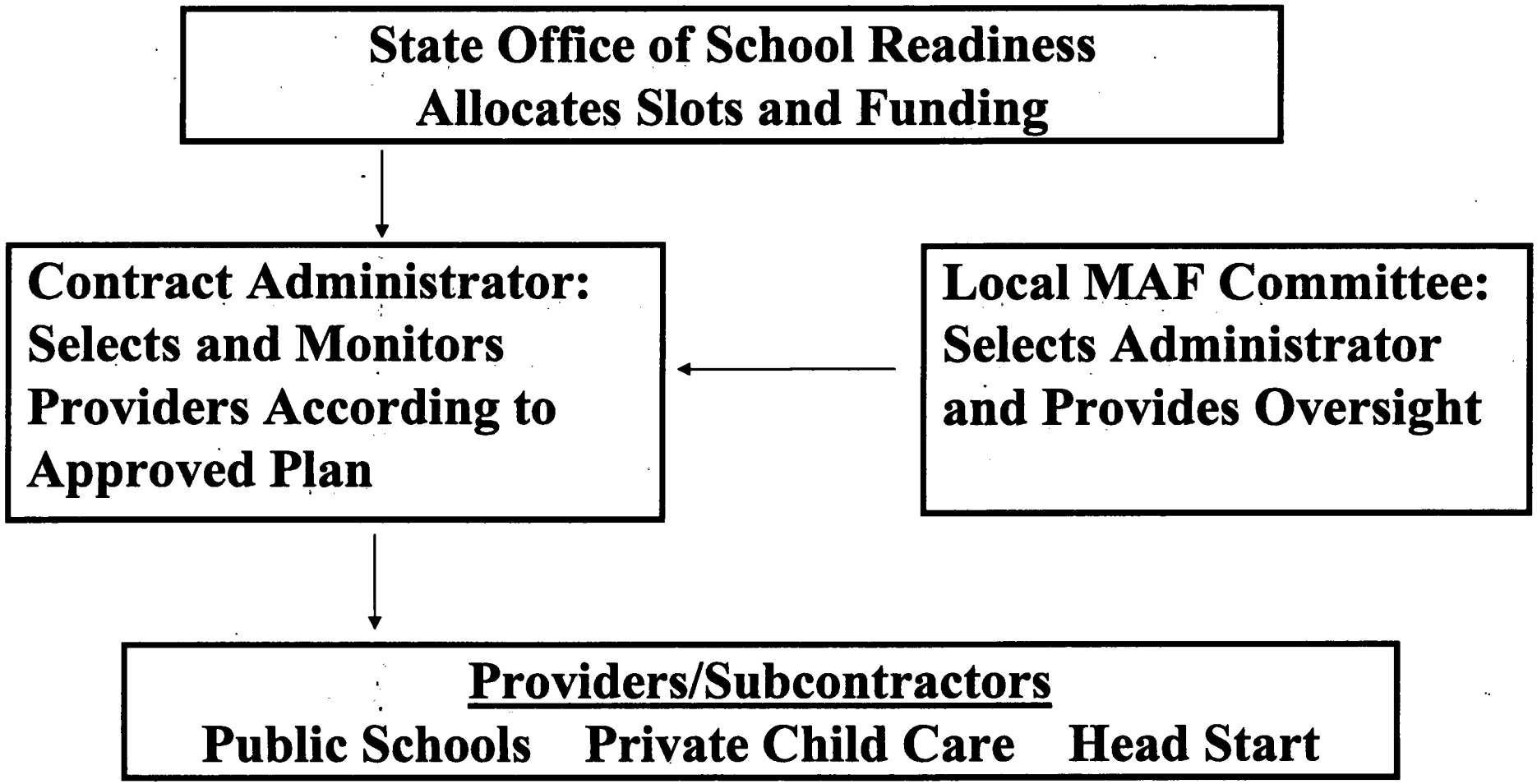
More at Four

Who is Eligible?

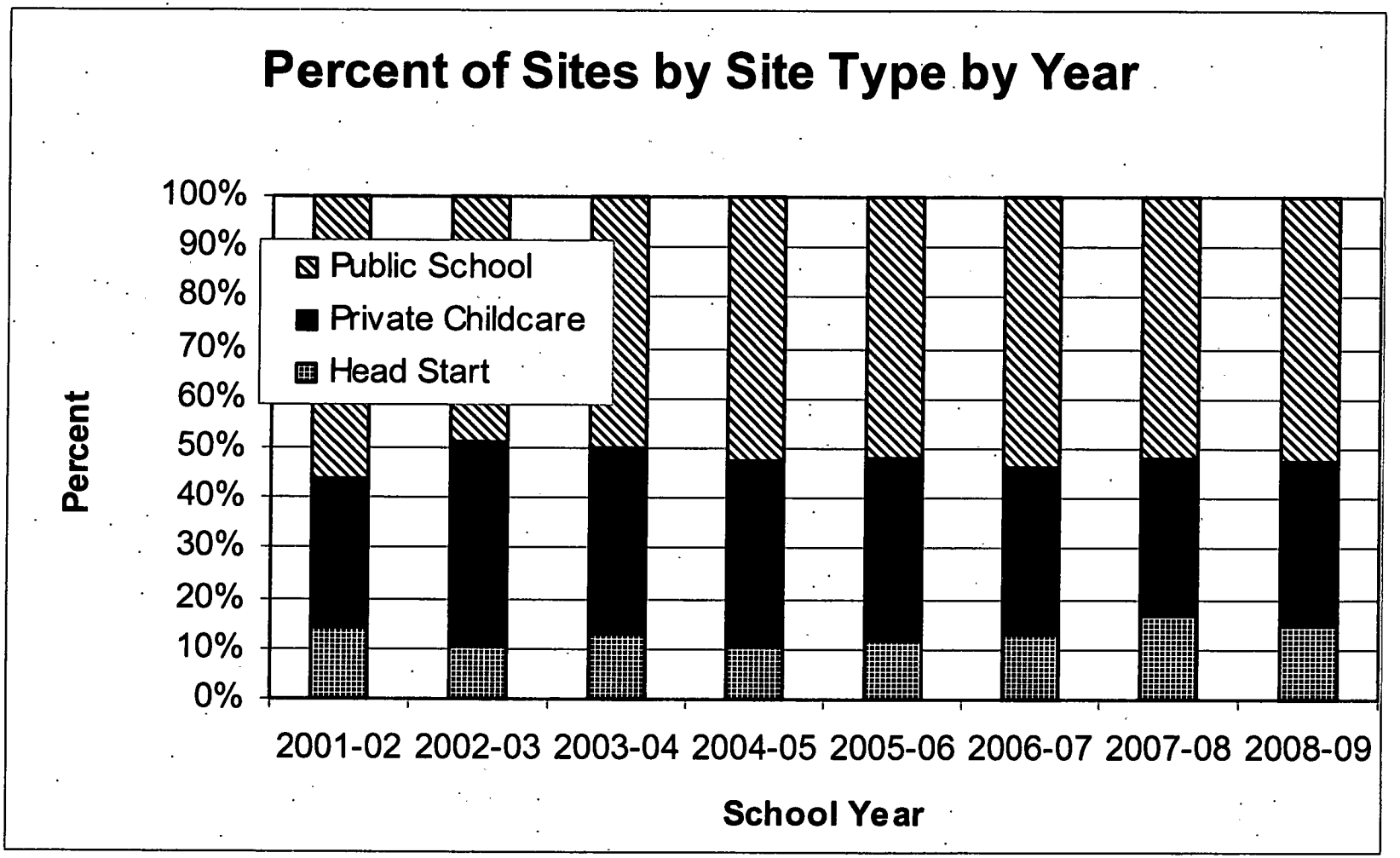
- Service Providers
  - Both Public and Nonpublic eligible
  - Public providers
    - Public school pre-kindergarten programs
    - Head Start programs operated & regulated by public schools
  - Nonpublic providers
    - Private for-profit child care centers, not-for-profit child care centers, and Head Start programs operated by nonprofit organizations
    - Must have a 4 or 5-star license from DHHS' Division of Child Development
    - Can be provisionally approved with a 3-star license

MAF Funding

How Does State Funding Flow to Providers?



More at Four-Sites



Source: Office of School Readiness, NC Department of Public Instruction

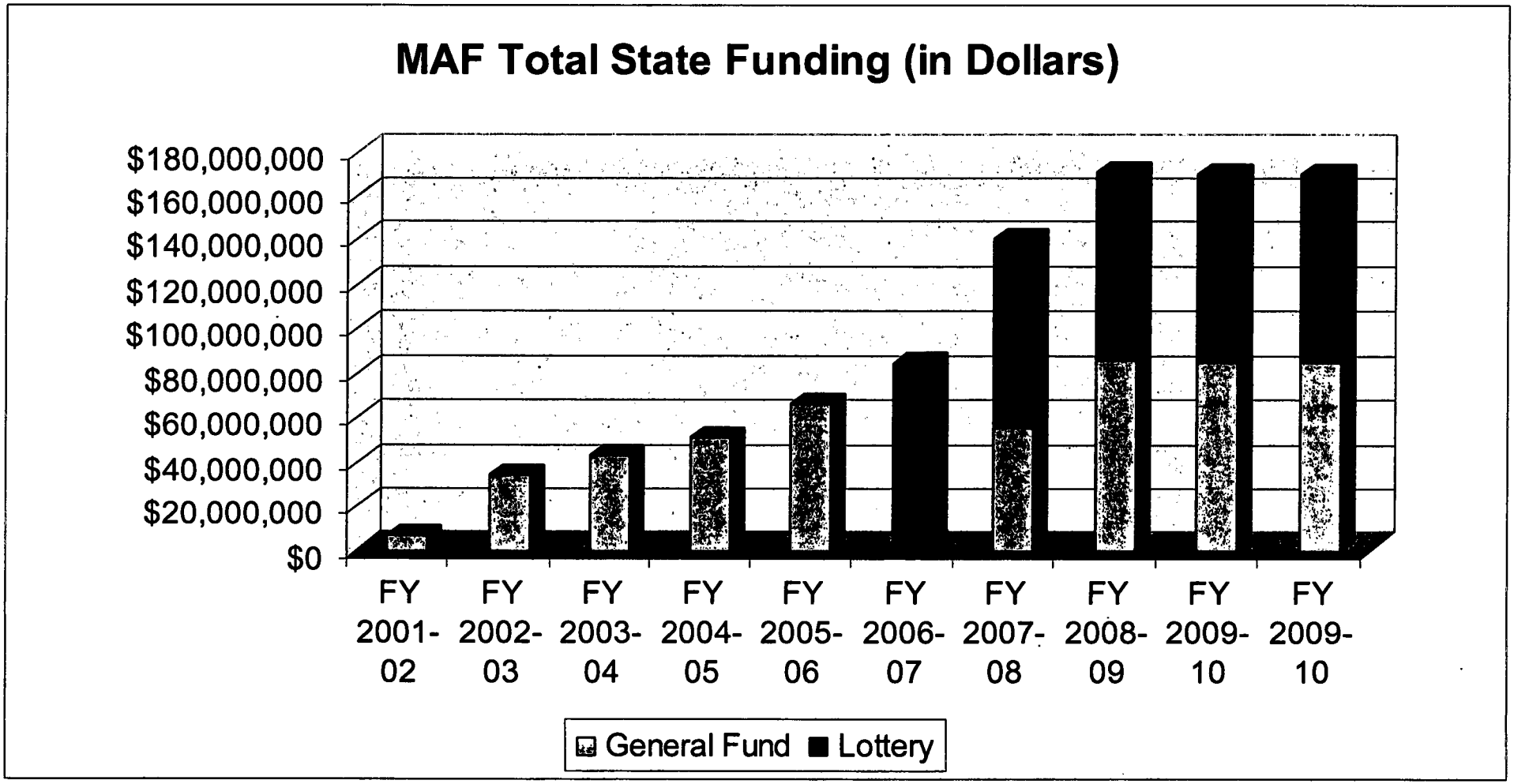
More at Four- Funding Allocation

- Purchase of Services Contract w/ MAF Committee:
  - Operational Funding: Number of "Slots" x Monthly Slot Rate (up to 10 months)
    - Per-slot rate based on the relative wealth of the county and child care market rates, and analysis of other factors
  - Start-up Funding: one time $500/new slot
  - Locals may set differential rates for providers
- Monthly reimbursement based on number of children in attendance for at least **four** days
- 2008-09 Per-Slot State Reimbursement Rate: $5,000
  - slightly above 1/2 of the estimated full cost per slot

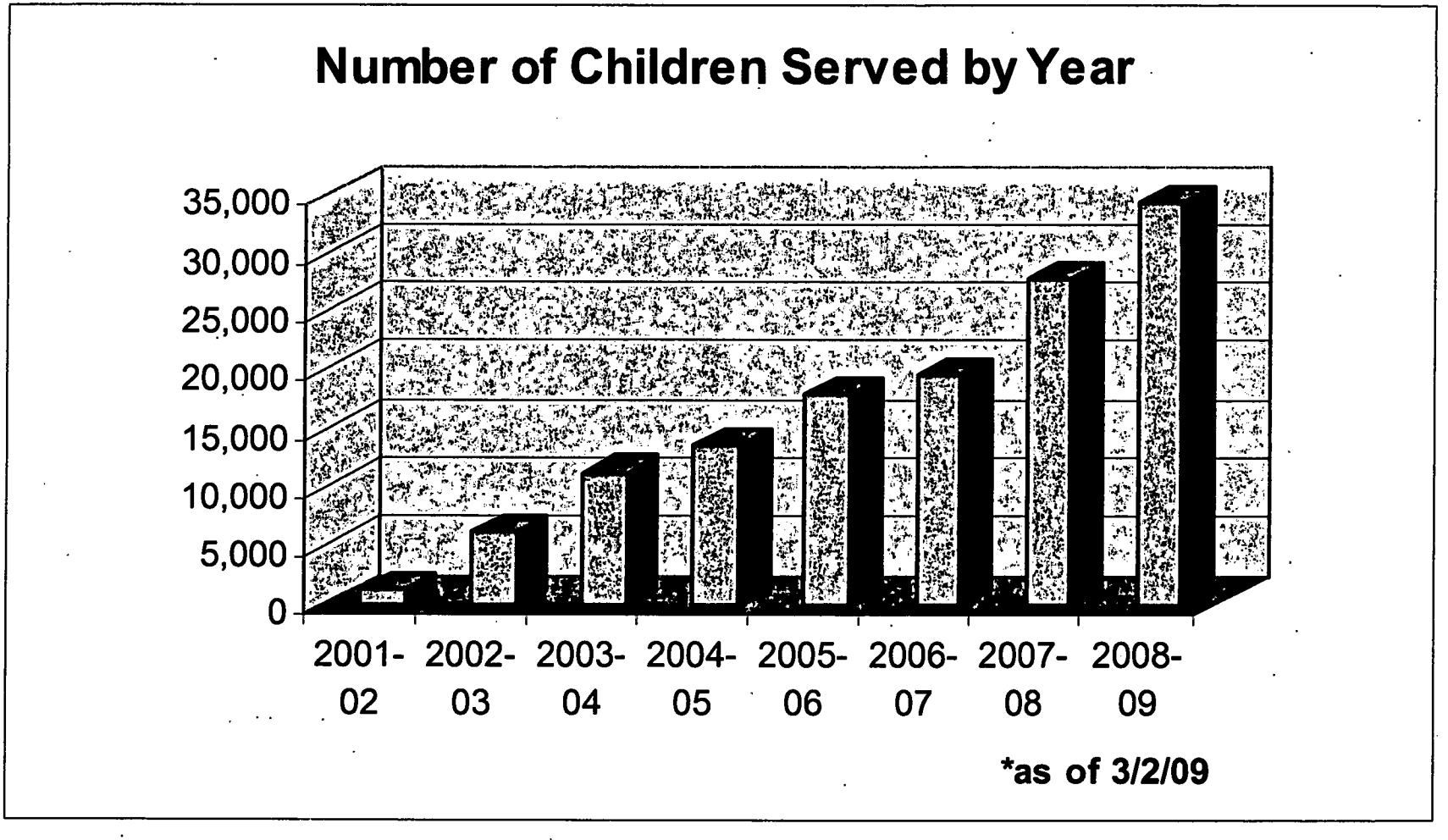
More at Four- Recent Funding History

Budget Summary	**FY 2007-08**	**FY 2008-09**	**Gov Bud FY 2009-10**	**Gov Bud FY 2010-11**
Requirements	**140,635,709**	**170,635,709**	**169,625,709**	**169,625,709**
Lottery Funds	(84,635,709)	(84,635,709)	(84,635,709)	(84,635,709)
Appropriations	56,000,000	86,000,000	84,990,000	84,990,000
Avg. Per Slot	**4,450**	**5,000**	**5,000**	**5,000**
Slots	**28,635**	**32,122**	**31,920**	**31,920**

More at Four- Funding History



More at Four- Children Served



Source: Office of School Readiness, NC Department of Public Instruction

MAF: Children Served in FY 2008-09

- 82% of children were not receiving child care when enrolled in the More at Four program = 28,039
  - 54% of children have never been served in any preschool setting = 18,323 (of total 34,063 served)
- 7% of children qualified for MAF through its "at-risk" criteria = 2,383
- 93% of children are from families with an income below 75% of State Median Income = 31,680

Source: Office of School Readiness, NC Department of Public Instruction

More at Four- FY 2008-09 Budget

Budget Category	Budgeted Amount	% of Total
Classroom Start-Up (one-time allocation)	2,088,500	1.2 %
Classroom Operations	160,084,390	93.8 %
Subtotal – Classroom Funds	**162,172,890**	**95%**
T.E.A.C.H.® Scholarships	1,938,000	1.1%
Professional Development	1,493,279	.9%
External Evaluation and Database	1,039,479	.6%
Administrative Costs (State/OSR)	2,707,061	1.6%
Transferred to Subsidy[1]	1,285,000	.8%
Total Budget	**170,635,709**	**100 %**

[1]Legislation requires that any funds for slots unfilled by Jan. 31 shall be transferred to child care subsidy.

Source: Office of School Readiness, NC Department of Public Instruction

MAF-FY 2008-09 Funds from Other Sources

Type of Funds	Projected Amount	% of Total
Title I	19,213,956	19.4%
Pre-School Disabilities	10,644,200	10.7%
Head Start	31,719,380	32%
Sub-total	**61,577,536**	**62.1%**
Smart Start	18,391,178	18.5%
Subsidy	5,314,224	5.4%
Sub-total	**23,705,402**	**23.9%**
City/County Appropriations	2,579,099	2.6%
Other	11,287,186	11.4%
Sub-total	**13,866,285**	**14%**
Total	**$99,149,223**	**100 %**

Source: Office of School Readiness, NC Department of Public Instruction

More at Four

Operating/Quality Requirements

Classroom Setting	**•Public School or Head Start classroom operated by the public schools** **or** **•Private child care or Head Start setting with a 4- or 5-star license from the NC Division of Child Development (3-year provisional approval given to 3-star center)**
Classroom Size	**•May not exceed a maximum staff-to-child ratio of 1 to 9** **•Maximum class size of 18 children, with one teacher and one assistant teacher per classroom**

More at Four

Operating/Quality Requirements

MAF Teachers must eventually hold Birth-through-Kindergarten (B-K) Standard Professional II or Preschool Add-on licensure

Provisional Approval is granted for the teachers that have:

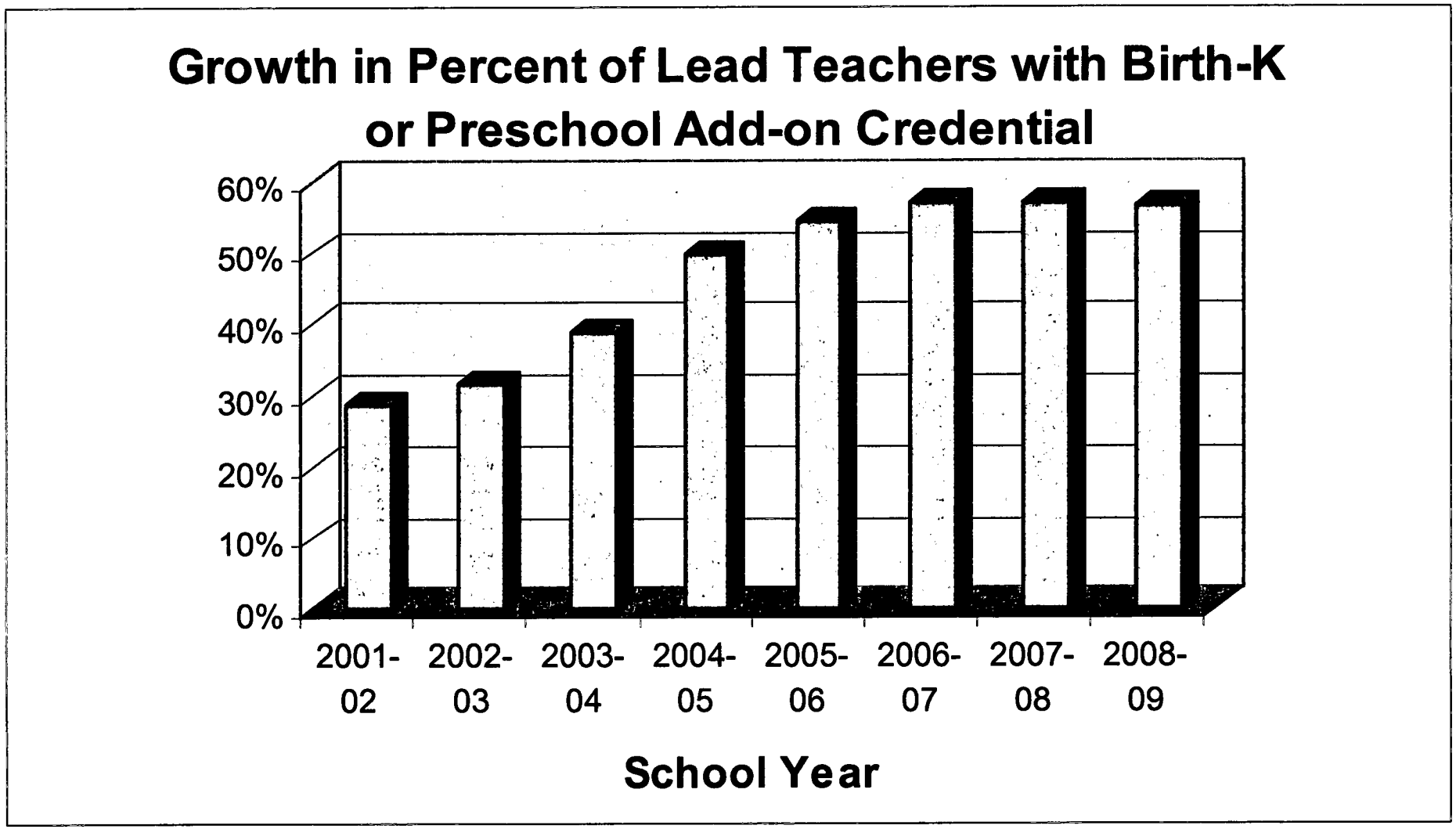
Public Schools	**• A BA/BS degree and Initial Provisional Lateral Entry B-K License and are working toward B-K Standard Professional I** **or** **•Another NC or other state's license and a Provisional B-K license and are working toward B-K Standard Professional I or Preschool Add-on licensure**

More at Four

Operating/Quality Requirements

Provisional Approval is granted for the teachers that have:	
Non-Public Schools	• An Early Childhood Education/Child Development (ECE/CD) associate degree and are working toward B-K licensure **or** •A BA/BS degree in early childhood, child development, or a related field, and an Initial Provisional Lateral Entry B-K License and be working toward B-K licensure **or** •Another NC or other state's license and a Provisional B-K license and be working toward B-K Standard Professional I or Preschool Add-on Licensure

More at Four- Teacher Credentials



Source: Office of School Readiness, NC Department of Public Instruction

More at Four

Operating/Quality Requirements

All Teacher Assistants must hold an Early Childhood Education/Child Development (ECE/CD) associate degree or a CDA (Child Development Associate) credential.

A TA may be exempt from this requirement if he/she:

Public Schools	**•Meet employment requirements outlined by NCLB and have one of the following:** **–6 documented semester hours of coursework in early childhood education or 2 years of work experience in an early childhood setting**
Non-Public Schools	**•Works in a private setting with a BS/BA degree in early childhood or child development or a related field**

More at Four

Operating/Quality Requirements

Curricula & Standards	**•Programs expected to provide services consistent with Foundations: Early Learning Standards for North Carolina Preschoolers** **•List of 6 different curricula are approved for use in MAF classroom by State Board of Education**
Assessment	**•OSR recommends, but does not require, use of 1 of a list of 5 assessments to track child growth**

More at Four

Operating/Quality Requirements

Calendar	**•Must provide program for a regular school day (e.g., 6 or 6 ½ hours) for 180 instructional days per school calendar year** **•Schedule should approximate public school calendar**
Wrap-around Services	**•More at Four funds <u>may not be used</u> to provide services beyond the 6 ½ hour day** **•Other sources, like Smart Start, may be used to provide wrap-around services**
Fees	**•<u>No fees may be charged</u>, except for a nominal fee for providing transportation or meals to children ineligible for free/reduced price lunch**

More at Four-Local Administration

- Screenings and assessments
  - Developmental Screening
    - Required within 90 days of the first day of child's attendance
  - Child Health Assessment

- Oversight
  - Fiscal Monitoring and On-site Evaluation
  - Contract for Early Childhood Environment Rating Scale-Revised (ECERS-R) classroom assessment

- State funds support local administration
  - 2008-09 Estimate: $17.1 million (includes transportation)
    - 39 Private Smart Start Partnerships $11.1m (avg. 12.6% of grant)
    - 49 Public School Programs $6.0m (avg. 8.7% of grant)

More at Four-Other Funds

- TEACH Scholarships ($1,938,000)
  - Provides educational scholarships and health benefits to some MAF teachers, administrators and TAs
- Professional Development ($1,493,279)
  - State-administered training for MAF personnel
  - Focused on partnerships with local agencies and organizations to provide high-quality, sustained professional development
- External Evaluation and Database ($1,039,479)
  - Administered by Frank Porter Graham Child Development Institute

More at Four-Evaluation

- Design and Major Findings
  - Study involved over 400 children chosen from randomly selected programs
  - Quality was higher in pre-k classrooms than kindergarten classrooms
  - Child outcomes had progressed at a higher rate than expected in normal development growth (language, math, social skills)
  - **Children at greater risk entering the M@4 program made greater gains through kindergarten**
  - NOTE: Children were not compared against a control group in a longitudinal study, but student progress was measured against National norming samples

Source: Evaluation of the North Carolina More at Four Pre-kindergarten Program: Performance and Progress in the Seventh Year (2007-2008)

http://www.fpg.unc.edu/~mafeval/pdfs/year_7_executive_summary.pdf

Federal Programs

OSR-Federal Programs

- Head Start
  - Purpose and Eligibility
    - Federal grants to public and private agencies to provide comprehensive child development services to economically disadvantaged children (3 years or older) and families
  - Services
    - Supports educational, health, nutritional, social and other activities for enrolled children and families
  - Collaboration
    - OSR works with the NC Head Start Association
    - Coordinates services between Head Start programs that also participate in MAF
  - Funding (FY 2008-09)
    - $122.8 m; $16.5m Early Head Start

OSR-Federal Programs

- Title I Preschool
  - Serves four-year olds, though may serve Birth-5
  - Student eligibility based on academic need
  - Like MAF, services aligned with the school calendar and school day, and classrooms are staffed with both a licensed teacher and highly qualified teacher assistant
- Even Start Family Literacy
  - Supports family-based services integrated with early childhood education for children Birth-7 and families
  - Collaborative endeavor between a public school system and nonprofit organization such as a community college
  - Federal funds support State grants to LEAs

OSR-Federal Programs

- IDEA (Individuals with Disabilities Education Act) Preschool Services (Part B)
  - Federal funds support statutory mandate to provide 3, 4, and Pre-k five-year-old children with disabilities a free and appropriate public education
  - Services are provided in private schools, child care centers, family child care homes, public schools, Developmental Day programs, and Head Start programs
  - Part B Preschool programs are blended with Title I, Even Start, Smart Start, and More at Four funding
  - Over 70% of the preschool children with disabilities are served in settings with their non-disabled peers

Other Early Childhood Activities

Division of Child Development (DCD)

- Mission
  - "To build a stronger social and economic future for North Carolina by promoting high quality early childhood experiences"

- Major Duties
  - Ensure the health and safety of children in child care settings
  - Provide child care financial assistance
  - Improve quality and availability of child care
  - Parent Outreach

DCD Licensure and Regulation

- Regulation Required
  - When 3 or more (unrelated) children are in care for more than 4 hours per day at least one day a week

- Rating System
  - Based on a maximum "Star Rating" of 5 stars
  - Stars awarded based on quality measures of areas such as program standards and staff education
  - Also factors in quality of the program environment

DCD Oversight

Regulatory Services Section

- Site Visits
  - Made to both regulated and unregulated centers
    - Pre-licensing visits to new facilities
    - Annual compliance visits (unannounced)
    - Complaint visits
    - Follow-up visits for administrative actions, etc.
  - Also investigate cases of neglect or abuse
- Work with providers on Corrective Action Plans and take actions against licenses

DCD Oversight

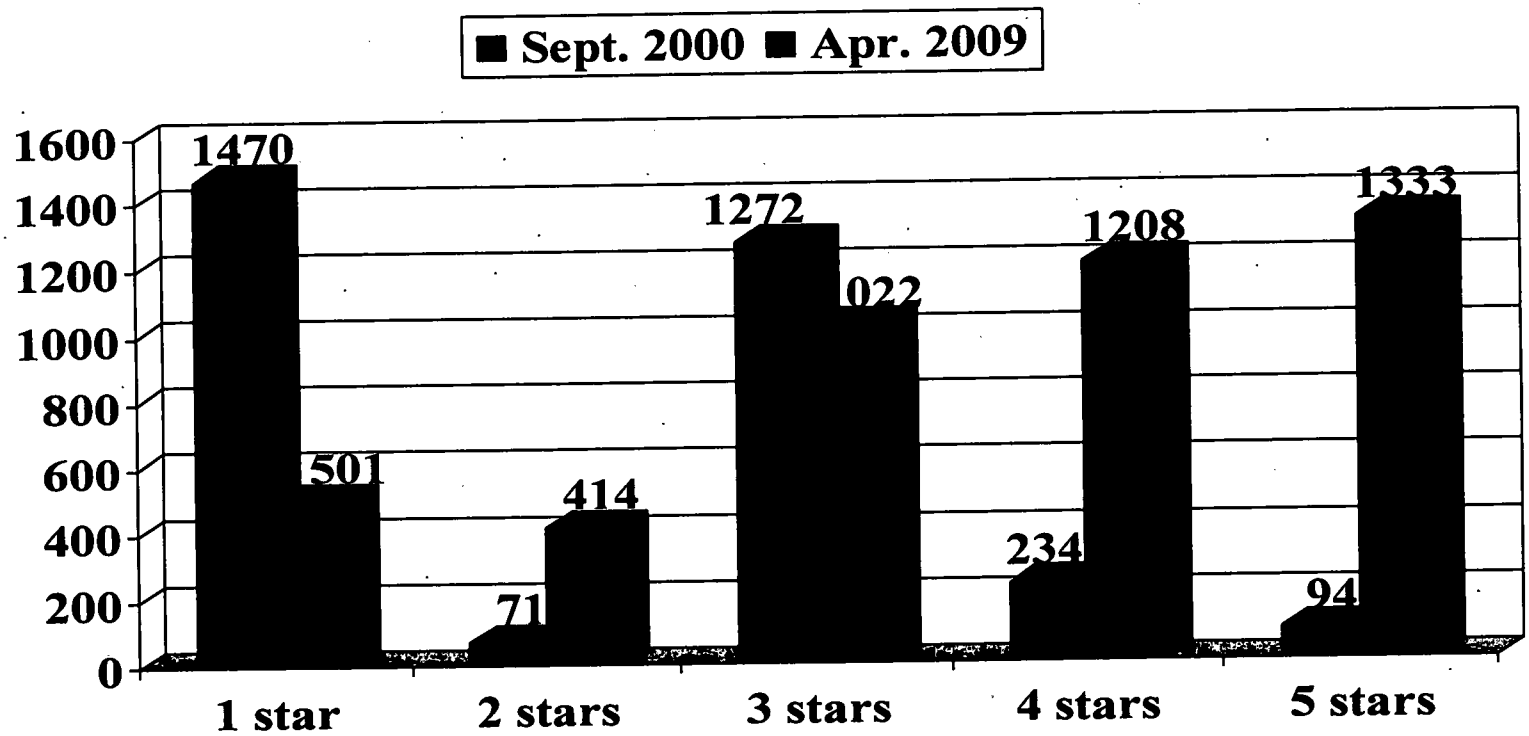
- Licensure and Regulations
  - 8,230 regulated facilities
    - 4,478 Centers and 3,752 Homes
  - Religious Organizations may be exempt from licensure

	Homes	Centers
One Star	1,161	501
Two Stars	778	414
Three Stars	651	1,022
Four Stars	675	1,208
Five Stars	487	1,333

- 92% of children are served in child care centers
- 246,000 children in regulated child care

Division of Child Development

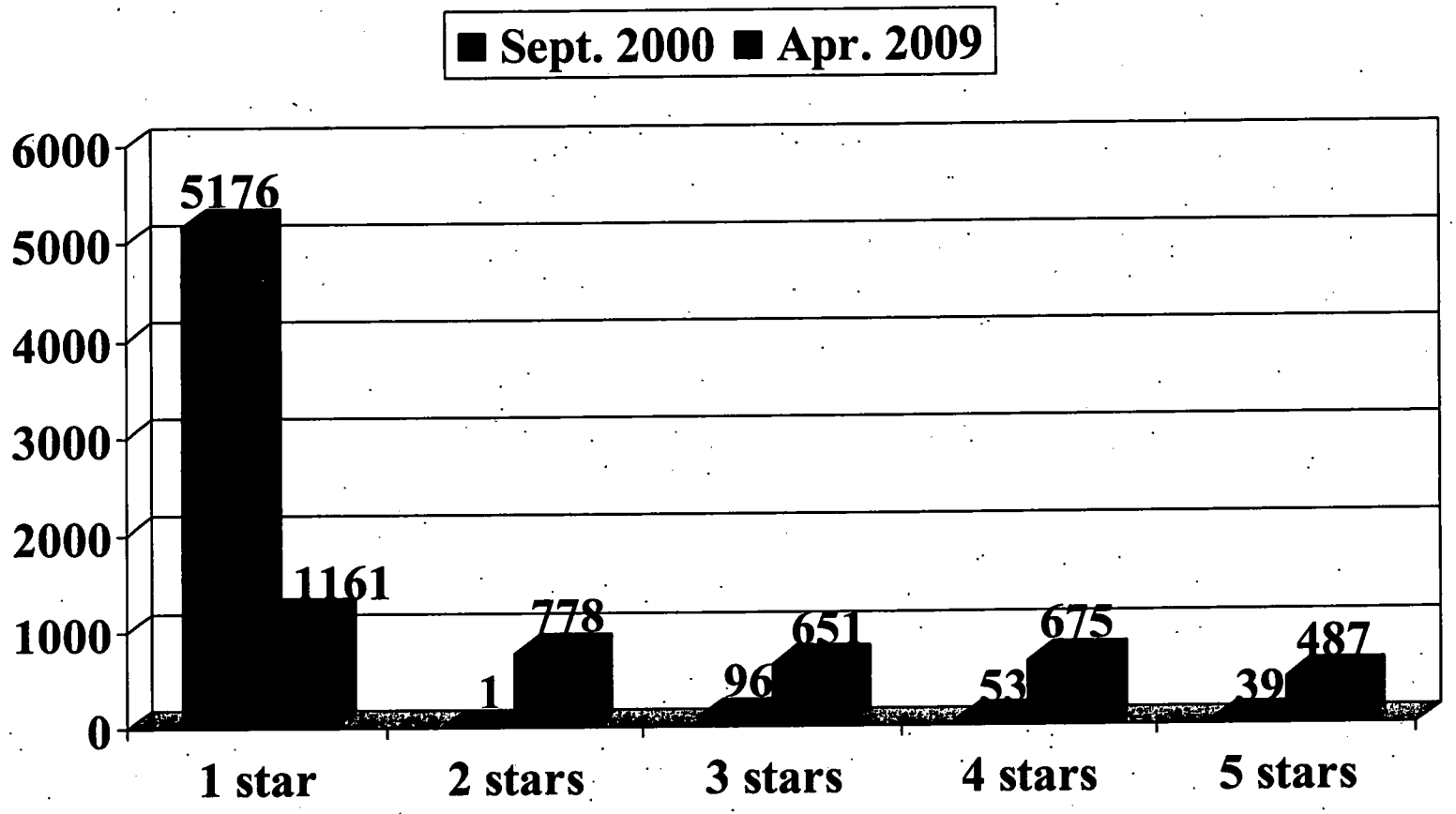
Child Care Centers with Star Rated Licenses and Enrollment (Sept. 2000 – Apr. 2009)



Of the children in centers, 83% are enrolled in centers with ratings of 3-5 stars.

Division of Child Development

Family Child Care Homes with Star Rated Licenses and Enrollment (Sept. 2000 – Apr. 2009)



Of the children in homes, 72% are enrolled in homes with ratings of 3-5 stars.

Division of Child Development

Child Care Subsidy Program

- State-supervised, locally administered voucher system
- Families choose child care arrangements
- Eligibility 75% of state median income (SMI)

Number in Family	1	2	3	4	5
Monthly Earnings	$1,996	$2,610	$3,225	$3,839	$4,453
Annual Income (75% SMI)	**$23,953**	**$31,323**	**$38,694**	**$46,065**	**$53,434**
State Median Annual Income	$31,938	$41,765	$51,593	$61,420	$71,246

Settings include licensed centers and homes, religious-sponsored programs and informal arrangements such as care by a relative or in the child's home. Providers must meet minimum health and safety standards.

Division of Child Development

Child Care Subsidy Program

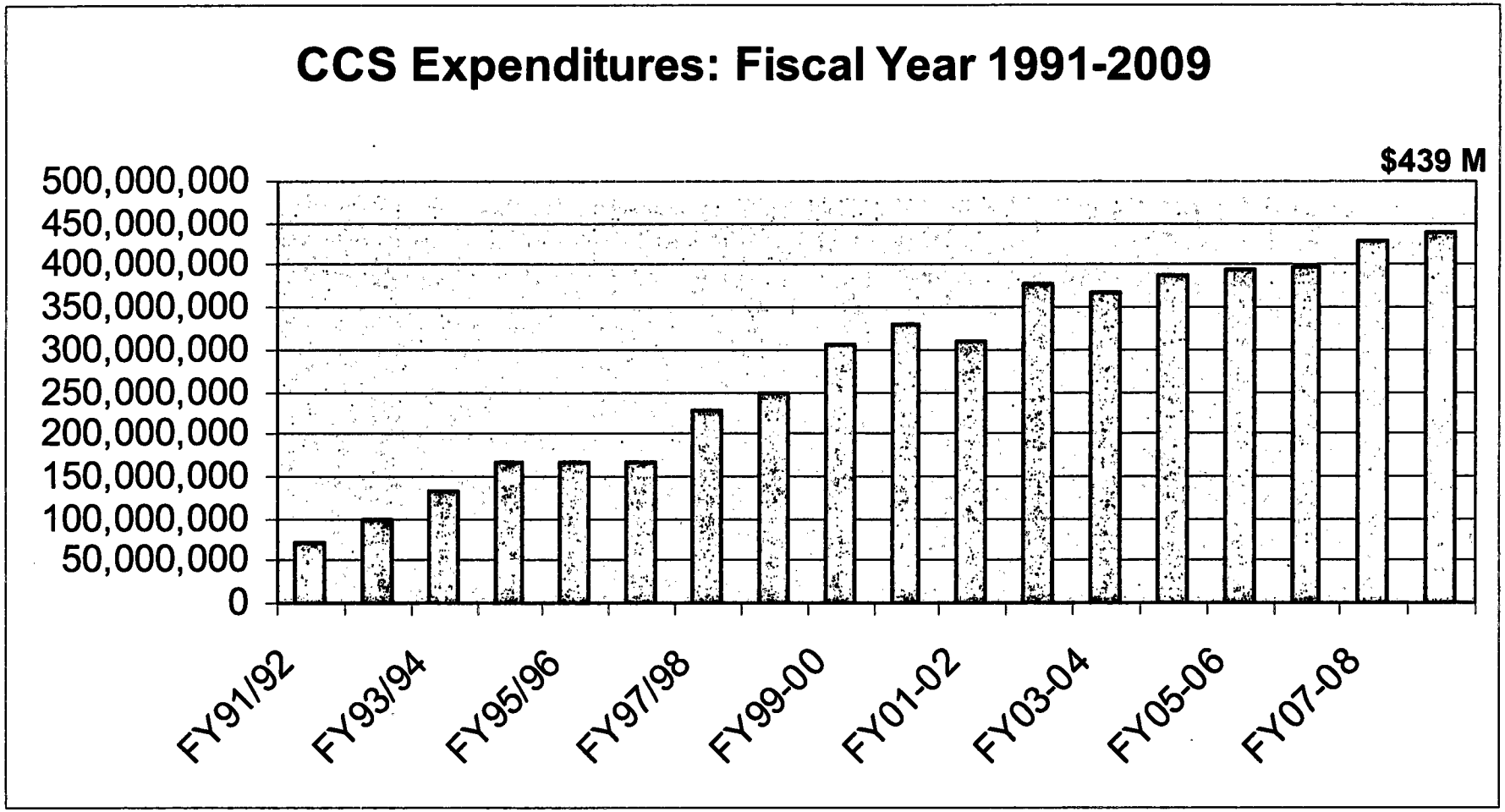
Parental Fees

Family Size	Maximum Annual Income for Eligibility for Subsidy Services	Fee for Subsidy Services
2	$31,323	10% = $261.02/month
3	$38,694	10% = $322.45/month
4	$46,065	9% = $345.49/month
6	$60,581	8% = $403.87/month

Families pay a fee:
1-3 family members pay 10% of gross income for child care
4-5 pay 9%
6 or more pay 8%

Division of Child Development

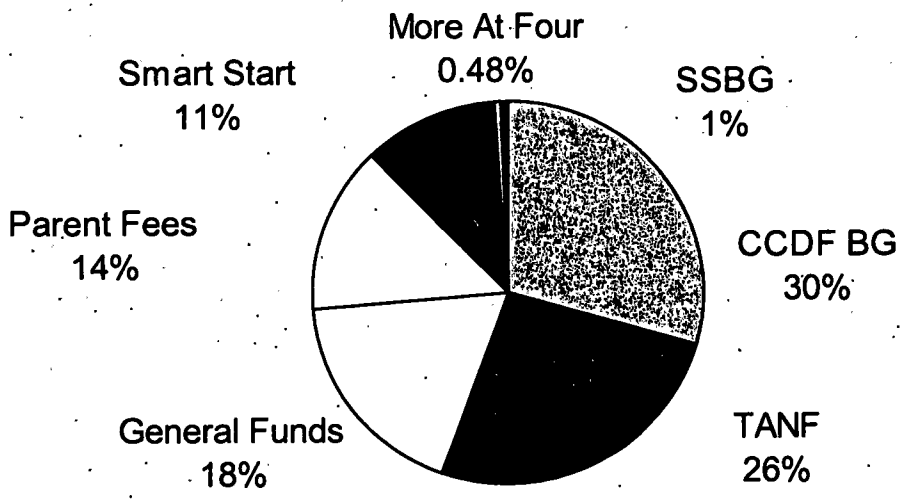
Child Care Subsidy Program Expenditures



Division of Child Development

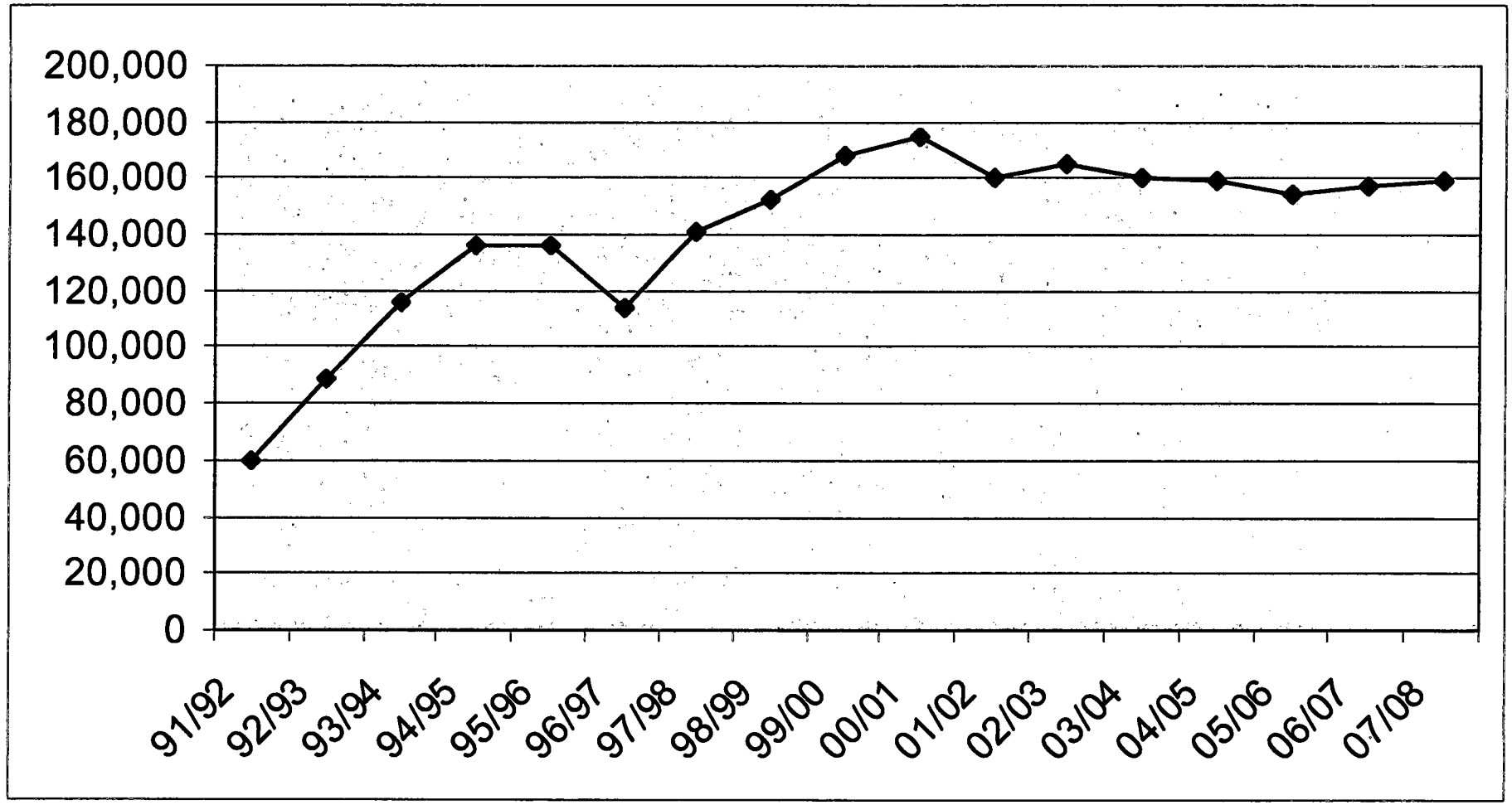
Child Care Subsidy Funding (All Sources)

CCDF $145.8M
TANF $129.8M
State $90.4M
Smart Start $55.3M
More @ Four $2.4M
SSBG $3.2M
Parent Fees $69.8M
Total $497M



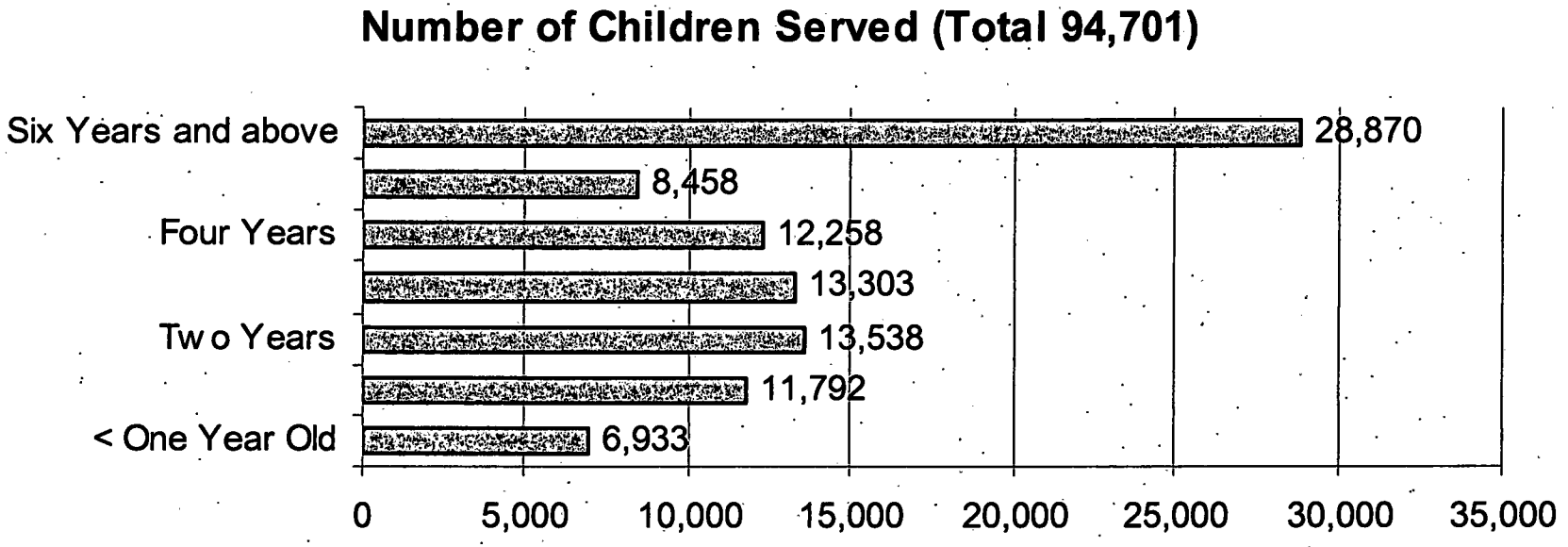
Division of Child Development

Child Care Subsidy—Children Served



Division of Child Development

Child Care Subsidy—Age of Children Served



Source: Division of Child Development (average monthly total February 2009)

Smart Start

- **Vision**

  "Every child reaches his or her potential and is prepared for success in a global community"

- **Mission**

  "Advance a high quality, comprehensive, accountable system of care and education for every child beginning with a healthy birth"

Smart Start

- Goals
  - Improve quality of early care and education in all childhood settings (centers, homes, Head Start and public pre-K programs)
  - Make high quality early care and education affordable through subsidies
  - Support families so that they function in healthy ways, to improve their parenting skills, and support ability to work
  - Assess health needs of young children and improve their access to health services

Smart Start

- Structure and Responsibilities
  - Program administered by the North Carolina Partnership for Children (NCPC)
    - Non-profit, non-State entity
    - Overseen by a 27 member board of directors
  - NCPC Responsibilities include
    - Distribution of State funds to local partnerships
    - Oversight of those partnerships and assistance with creating and implementing local plans
    - Fiscal and contract management
    - Annual reporting to the NC General Assembly

Smart Start

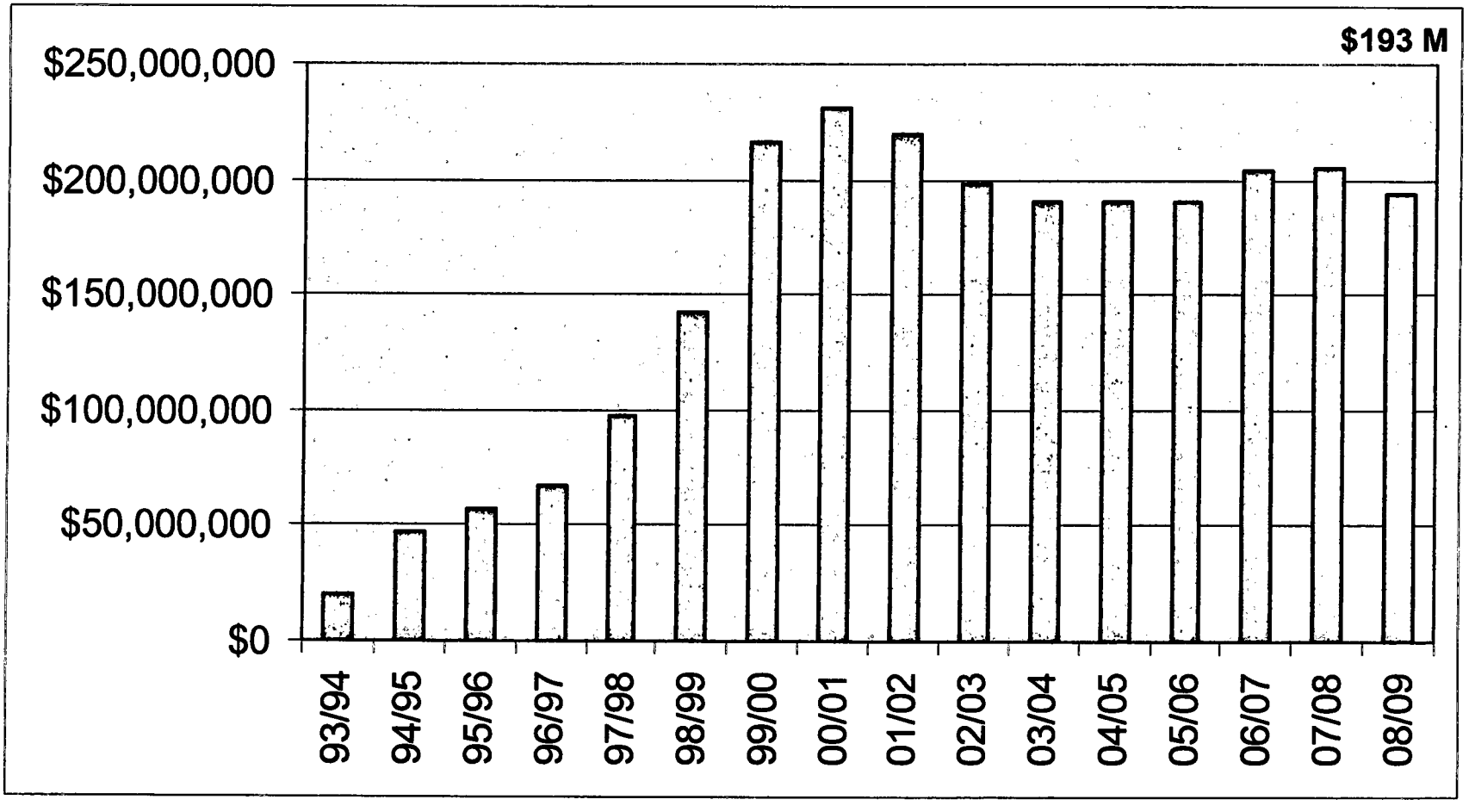
- Allocation of State Funds
  - Minimum of 30% required to support Child Care Subsidy
  - Mandatory 70% of funding is to be used for Local Partnerships' Direct Services
    - Improve access to child care related activities & early childhood education programs
    - Develop new child care & early childhood education services
    - Improve quality

Smart Start

- Other Funding Requirements
  - Public/Private Partnership
    - Required to raise an amount equal to 10% of program's public funding
    - In FY 2007-08 Smart Start raised $31M (in cash and other donations) and $350M since 1995
  - Distribution to Locals
    - Funding goes to all 100 Counties
    - 78 Partnerships (some of which also oversee More at Four)

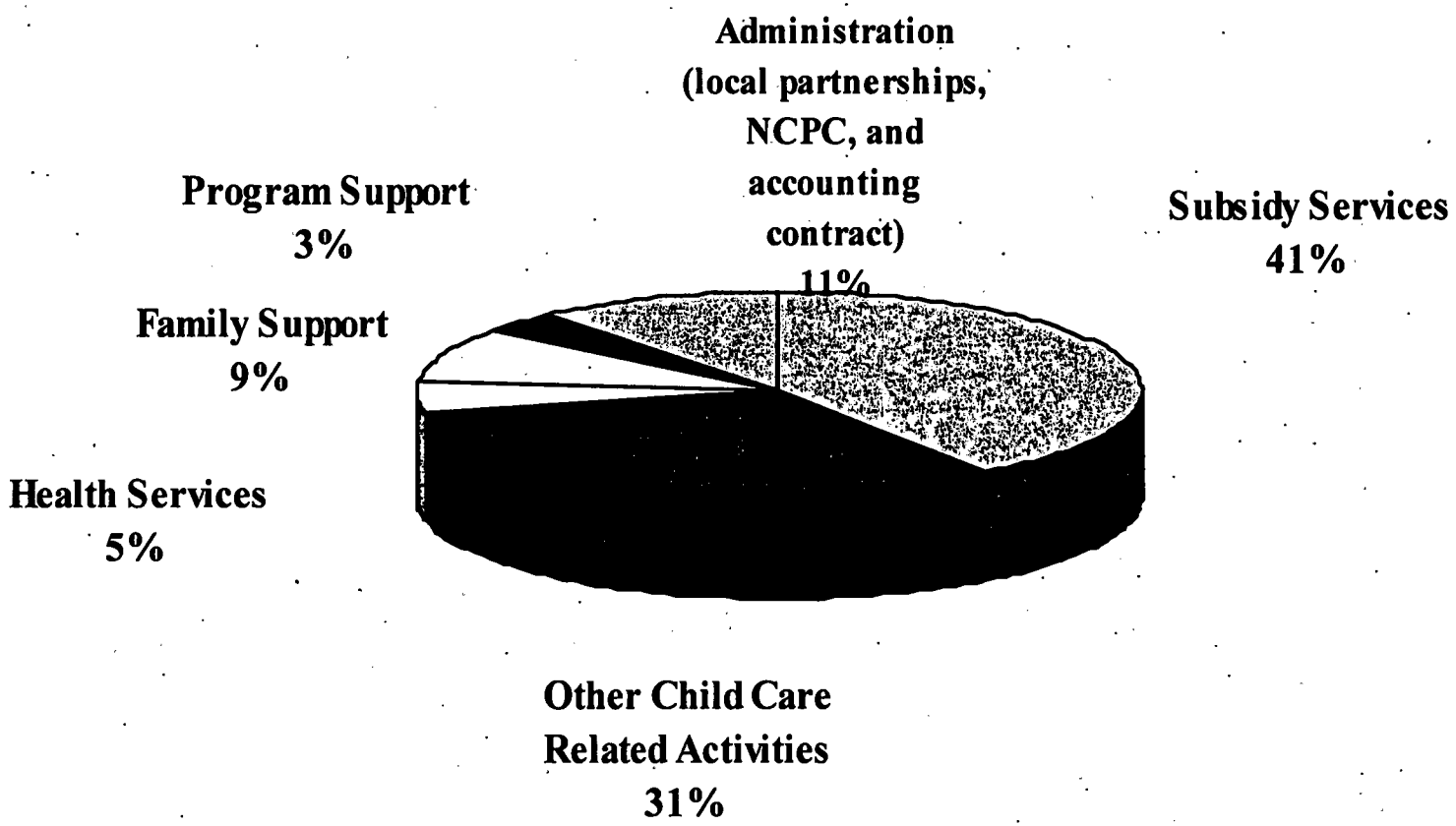
Smart Start

Smart Start—State Appropriations



Smart Start

Smart Start—Expenditures



Smart Start

Subsidy & Child-Care Related Services
FY 2007-08: $146.7 m

- Subsidy expenditures: $80 m
- Related Services
  - Quality Enhancement and Maintenance (technical assistance contracts or staff)
  - Inclusion support for special needs children (equipment, decrease classroom size, subsidy for classrooms of special needs children)
  - Increase availability (target of infant care in the past)
  - Head Start wrap-around funding
  - Support children and families (emergency subsidy for parents recently laid-off from job)
  - MAF matching funds

Child Care Centers-Evaluation

- Design and Major Findings
  - Study examined 110 different preschool child-care programs
  - Participation in Smart Start funded activities was positively related to child care quality
  - **Children who attended higher quality centers scored significantly higher on measures of skills and abilities important to success in kindergarten than children from lower quality centers**
  - Children at greater risk entering the M@4 program made greater gains through kindergarten
  - NOTE: Children were not compared against a control group in a longitudinal study, but student progress was measured against National norming samples

Source: 2003 Smart Start and Preschool Child Care Quality in NC: Change Over time and Relation to Children's Readiness (Frank Porter Graham Child Development Institute)

2009 Legislative Action

Senate Budget (SB 202)

- Program Transfer
  - Moves More at Four and Office of School Readiness to the Division of Child Development at DHHS
  - Would keep MAF intact in FY 2009-10 and transition to a Child Care Subsidy "Plus Program" in FY 2010-11
    - Add-on to current 5-star licensure system designed to preserve quality of service found in MAF classrooms
  - Would require family payment consistent with CCS
- Funding
  - Redirects $84.6 million in Lottery funds to DHHS and transfers $46 million in General Fund ($130.6m total)
  - Net reduction of $40 million from FY 2008-09 level

House Bill 539

- Program Transfer
  - Would merge More at Four with Smart Start
  - Retain MAF service eligibility standards
- Administration
  - Would be administered at DHHS through the North Carolina Partnership for Children
  - Directs DHHS to abolish all OSR positions not needed to administer program and redirect funds to NCPC
- Planning
  - Report due 2/1/2011 including a study of how to merge MAF funding into the NCPC allocation formula and whether a 6-star rating system should be established

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 / PM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Brian Lewis	NCAE
Soren Schmidt	Action for Children NC
Chuck Hawkins	NCCAT
Erin Schaeffer	UNC-GA
Forrest Gilliam	Rep. Rapp
Karen Hahn	NBPTS
Ann Maddock	Governor's Office
Joan Adams	Rep Blackwell
Roz Savitt	NC Child Care Coalition
Katherine Joyce	NCASA
John Pruette	Office of School Readiness / DPI

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 / PM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	[signature]
Chris Minard	State Bd of Ed
Jim Stegall	U.C.P.S.
Emily Doyle	NCPAPA
Stephanie Jarupl	Smart Start
Joyce Boffi	Smart Start
Meredith Henderson	CIU
Gardner Payne	MHC

House Pages

Appropriations - Education
Name of Committee: Action Session **Date:** 4-28-09

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: Earl Corron
2. Name: Bob Rossi
3. Name: _____
4. Name: _____

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, April 29, 2009**

TIME: **8:30 AM and Immediately after Session**

LOCATION: **421 Legislative Office Building**

The following bills will be considered:

8:30 AM	**Public Schools Testing and Accountability**
After Session	**Community College System Base Budget**

Respectfully,
Representative Rapp
Representative Glazier
Representative McLawhorn
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **1:15 PM** on **April 27, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

House Appropriations Subcommittee on Education

Agenda

Wednesday April 29, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Ray Rapp, Presiding

I. Welcome

Rep. Ray Rapp

II. Public Schools Testing

Dr. Rebecca Garland, NC Department of Public Instruction, Chief Academic Officer

Dr. Charles L. Thompson, East Carolina University, Lora Wilson King Professor in Education

Dr. June Rivers, SAS Institute, EVAAS Manager

III. Committee Questions & Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Wednesday, April 29, 2009, 8:30a.m.

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building at 8:38 a.m. on Wednesday, April 29, 2009. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representative McLawhorn, Co-Chair, Representatives Bell, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley. Members of the Fiscal Research Division Education Team were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted the meeting.

The Chair recognized **Dr. Rebecca Garland**, Chief Academic Officer for the Department of Public Instruction, who provided a summary of tests included in the NC Department of Public Instruction Testing Program (See Attachment #1).

The Chair next recognized **Dr. Charles L. Thompson**, with the East Carolina University College of Education. Dr. Thompson's presentation was entitled: "What the EOCs Can Teach Us about Spending, the DSSF, Teacher Education, and Student Learning in NC High Schools" (See Attachment #2).

The Chair recognized Dr. June Rivers, manager for the Education Value-Added Assessment System for the SAS Institute. (See Attachment #3)

Throughout the presentation, there were questions and discussion. With there being no further business, the meeting adjourned at 9:44 a.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

NC Department of Public Instruction Testing Program
April 29, 2009

Grade 3-8 Reading and Mathematics End-of-Grade

- Required by the federal government under No Child Left Behind to determine adequate yearly progress (AYP) so schools can be targeted for assistance and so parents will know how students and schools, by subgroups, are performing – the School Report Card
- Provide information so schools can identify students who need targeted assistance through a Personal Education Plan
- Used by the State to designate schools through the ABCs Accountability Program
- Used by the Court System to monitor the Leandro ruling

Writing

- State Board eliminated the writing assessments at grades 4 and 7 and replaced them with a writing portfolio for 4th and 7th grade students. Students and teachers determine appropriate writing topics from content areas and students write about relevant topics. Students also are given an opportunity to write on demand because of future requirements, such as the SAT or job interviews. Teachers score papers and use feedback to improve instruction.
- State Board received significant negative feedback from Business and Industry on elimination of writing tests.
- Required at Grade 10 for No Child Left Behind high school calculations for AYP.

End of Course Tests – Information/Problems with Elimination

- **English I, Algebra I and Biology** EOCs are used for No Child Left Behind calculations, and students must pass these tests in order to graduate from high school.
- **US History** and **Civics and Economics** EOCs are the only two social studies assessments that a student encounters throughout 13 years of public education. Citizenship and government, the free enterprise system, personal financial literacy, and United States heritage are covered in these courses. Currently students must pass these tests in order to graduate from high school.
- About one third of NC middle school students take Algebra I. In some school systems, Algebra I is the default 8th grade math course. If the **Algebra II** assessment were eliminated, many high school students would never be assessed in mathematics during their high school experience. With global competition, particularly in the area of mathematics, NC would quickly fall behind. Mathematics is the gatekeeper to higher paying careers, particularly in the science and engineering fields.

  NC is poised to participate in new voluntary national standards in mathematics. The expectation for high school graduation is mathematics

proficiency at least at the Algebra II level. This spring a representative sample of NC students is participating in a multi-state assessment called the **American Diploma Project Algebra II Exam,** and NCDPI will be able to compare North Carolina students to students in other states. If all goes well with this pilot, the State Board is interested in pursuing this testing option and NCDPI will no longer develop its own Algebra II assessment.

- **Physics, Chemistry, and Physical Science** are all important courses for preparation for careers in STEM (Science, Technology, Engineering, and Mathematics.) With a heavy economic focus on STEM in North Carolina, eliminating these assessments might send an unintended message to Business and Industry that North Carolina is not preparing its students for the 21st century workplace.

Eliminating End of Course Tests

- Limited accountability for high schools
- Limited way to target assistance
- Restricts tracking progress against the Leandro Ruling
- Restricts the University System from tracking performance of the Schools of Education
- Limits measuring equity across the State
- Restricts knowledge about whether teachers are addressing the standards
- NC has been leader in this endeavor – would put education back 20 years

ACRE – Accountability and Curriculum Redesign Effort

- The State Board of Education Blue Ribbon Commission on Testing and Accountability recommended new standards, assessments, and accountability models. Standards development is underway. NCDPI went live on Monday afternoon with draft of new standards in mathematics, science, English II, Occupational Course of Study and some Career Technical Education. New assessments will follow.
- New standards are essential, allow for depth of study, and are benchmarked against international standards
- Assessments will be more than multiple choice tests.

Tests that could possibly be eliminated

- Grade 3 Pre-Test – recommendation to SBE in May
- Computer Skills Test
- English I and 10th Grade Writing combined into one assessment
- Physical Science (Leandro) and Geometry

North Carolina Testing Program Required Testing for 2008–09 School Year

Grade	Reading	Mathematics	Social Studies	Science	Writing	Other
3	Pretest	Pretest				W-APT[1] ACCESS[1]
	End-of-Grade	End-of-Grade				
4	End-of-Grade	End-of-Grade			Writing Grade 4[2]	W-APT[1] ACCESS[1]
5	End-of-Grade	End-of-Grade		EOG[3]		W-APT[1] ACCESS[1]
6	End-of-Grade	End-of-Grade				W-APT[1] ACCESS[1]
7	End-of-Grade	End-of-Grade			Writing Grade 7[2]	W-APT[1] ACCESS[1]
8	End-of-Grade	End-of-Grade		EOG[3]		Computer Skills[4]
						W-APT[1] ACCESS[1]
9	English I	Algebra I		Physical Science		W-APT[1] ACCESS[1]
10		Geometry	Civics and Economics	Biology[3]	Informational	W-APT[1] ACCESS[1]
11		Algebra II	US History	Chemistry		W-APT[1] ACCESS[1]
12	Competency[5]	Competency[5]		Physics		W-APT[1] ACCESS[1]

KEY: ☐ = ABCs Growth ☐ = ABCs Performance Composite ☐ = Adequate Yearly Progress (AYP) ☐ = Graduation Requirement ■ = NCLB Assessments

[1] Federal and state policies require that all K-12 students identified as language minority students through the Home Language Survey process upon initial enrollment be assessed for limited English language proficiency. The state instrument for identification of Limited English Proficient (LEP) students is the WIDA Access Placement Test (W-APT™). The identification and the subsequent placement of LEP students in ESL services are guided at the state level by the NCDPI K–12 Curriculum, Instruction & Technology Division. All students identified as limited English proficient (based solely upon W-APT™ scores or previous IPT scores) must be administered the ACCESS for ELLs® during the annual English language proficiency testing window.

[2] For the 2008–09 school year, all students at grades 4 and 7, including students who are repeating the grade, will participate in one of the following writing assessments: the North Carolina Writing Assessment System Pilot (i.e., general education and *NCEXTEND2* students), NCCLAS, or *NCEXTEND1*. The LEA must ensure that all students, including students with disabilities and students identified as limited English proficient, are included in the writing assessments.

[3] The North Carolina End-of-Grade (EOG) Tests of Science at grades 5 and 8 are required to meet the federal *No Child Left Behind Act* (NCLB) of 2001. In addition, the North Carolina End-of-Course (EOC) Test of Biology is administered to meet the high school science test requirement under NCLB.

[4] The North Carolina Computer Skills Assessments meet the goals of *NCLB* (Title II Part D – Enhancing Education through Technology) Act of 2001. One of the goals of this act is to ensure every student is technologically literate by the time the student finishes the eighth grade. Effective with the 2008–09 school year, State Board policy allows students to take the online computer skills test as early as the fall of the sixth grade year. Scores of sixth and seventh graders are to be banked for accountability purposes because test scores for computer skills at grade 8 are included in the calculation of the school's performance composite for the ABCs. Regardless of the year a student was administered the test for the first time, students who have not met the computer skills proficiency graduation requirement must have at least one opportunity per year to take the appropriate computer skills assessment until the requirement has been met.

[5] Students who entered the ninth grade prior to the 2006–07 school year who have not met the competency standard in reading and/or mathematics, have at least one opportunity each year in grades 9–12 to take the North Carolina High School Competency Test.

Notes: End-of-course tests are given at the end of the course regardless of the grade in which the course is taken. The chart shows the grade in which students typically take the course.

In order to fulfill the high school testing requirements under NCLB, the North Carolina High School Comprehensive Test of Mathematics is administered to a small number of students who do not take Algebra I by the end of the 10th grade.

What the EOCs Can Teach Us

about

Spending, the DSSF, Teacher Education

and

Student Learning in NC High Schools

House Education Appropriations Committee

April 29, 2009

Charles L. Thompson, East Carolina University

Gary T. Henry, UNC-Chapel Hill

Carolina Institute of Public Policy

1

Overview

- How we use EOC data to produce findings that can guide policy
- Even more importantly, how EOCs improve education for NC high school students
- Illustrate with 3 studies or sets of studies
  - High School Resource Allocation Study
  - Evaluation of the Disadvantaged Student Supplemental Fund Pilot
  - Effects of UNC Teacher Education Pathways and Programs on High School Student Learning

2

High School Resource Allocation Study: Background

- Commissioned by Governor Easley in 2007, reported to State Board & DPI in 2008
- Pre-accountability, nationwide, no clear evidence that $ → student performance
- But even critics of public schools theorized that accountability might make the link
- Within the framework of the ABCs, certain types of spending do affect student learning

3

High School Resource Allocation Study: Findings

- No significant effect of overall expenditures
- But spending $1000 more per student → 1 point rise in average EOC scores in a HS
- Difference between highest scoring ¼ and lowest scoring ¼ of all HS only about 5 points
- Smaller but significant effect of spending on special instruction
- No positive effect of $ for supplemental instruction or student services upon EOCs

4

Evaluation of the DSSF Pilot: Background

- Legislatively mandated evaluation of the DSSF Pilot during 2004-05 & 2005-06
- Reported to State Board & DPI 2008
- An average of about $250 per student in 16 most educationally disadvantaged districts
- Targeted to a dozen "strategies"
- Districts chosen on strict quantitative criterion
- For this reason, we could use a nearly bulletproof method to assess impact

5

Evaluation of the DSSF Pilot: Findings

- Students in DSSF HS scored about 1.5 points higher on EOCs than they would have scored without DSSF
- Without DSSF, avg scores in DSSF HS would have been about 5.2 pts lower than in other districts
- With DSSF, avg scores were about 3.7 points lower
- *Disadvantaged* students in DSSF high schools scored only about .5 higher than would have without DSSF
- But this is still meaningful
  - without DSSF, would have scored a full point lower than disadvantaged students in other districts
  - with DSSF, scored only about .4 points lower

6

Effects of UNC Teacher Education Pathways & Programs on HS Learning

- Research commissioned by UNC GA leaders to assess effects of UNC teacher education on K-12 student learning
- For accountability & program improvement
- Initial analyses compare performance of HS students taught by UNC system-prepared teachers to students taught by all others
- Future comparisons on campus-by-campus basis, with breakdowns by subject

7

Effects of UNC TE Pathways & Programs
Comparative Analyses Under Way

- HS students taught by grads of UNC traditional undergrad programs vs. teachers from other sources
- HS students taught by UNC Teaching Fellows vs. other UNC grads and teachers from other sources
- HS students taught by UNC MAT grads vs. teachers from other sources
- HS students taught by first & second year teachers from all sources
- Breakdowns by campus and subject

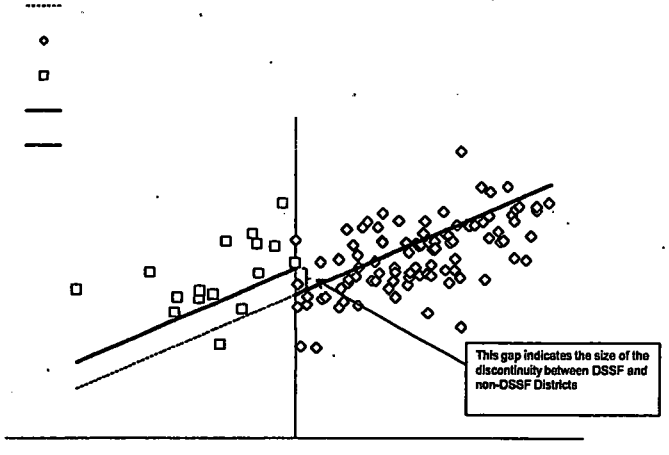
8

In Conclusion

- EOCs & accountability have yoked student performance to instructional spending in NC HS
- EOCs enable research to guide policy decisions on spending, other matters
- EOCs enable evaluation of the impact of programs like DSSF on HS student learning
- EOCs enable research to hold TE programs accountable & to improve them
- Without EOCs, makers of policy about education in high schools would be flying blind

9

DSSF Impact on EOC Scores



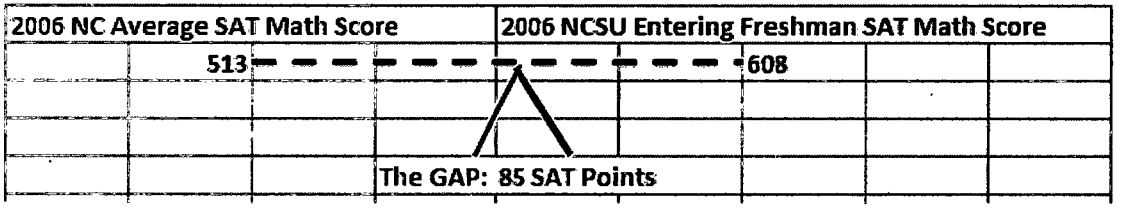
Suppose you are a high school administrator. If you are to be paid based on how well you prepared students for college as measured by their SAT scores, which series of indicators would you choose to guide your school? Plan A or Plan B? That's really the question before this committee—how can you use taxpayer dollars to provide sufficient information for North Carolina educators to improve student achievement and close gaps?

Facts about North Carolina End of Course Tests

- North Carolina's high school course-specific tests are the envy of many states.
- Student scores on North Carolina's high school course-specific tests are highly correlated with their scores on SAT Math.

  The correlations

  - SAT Math & Algebra II, .76
  - SAT Math & Geometry, .81
  - SAT Math & Chemistry, .73
  - SAT Math & Physics, .74



In 2008

102,973 North Carolina 10th graders had EVAAS Projections for Reaching Future SAT Performance Levels

17,663 had trajectories likely to reach the NC State Average SAT Math Score

4,170 had trajectories likely to reach the NCSU Entering Freshman SAT Math Score

Think about global competitiveness. Think about economic development. Think about life choices for children. Think about effective schools. Think a long time before you decide to eliminate the high school end of course tests.

EVAAS Value Added Report: *What did the school contribute to student learning in this subject?*		**EVAAS Diagnostic Report:** *How much progress did low achievers make, kids in the middle, high achieving students?*	**EVAAS Individual Student Trajectories:** *How likely is a child to be proficient in the next grade? How likely to pass a graduation test? How likely to be prepared for a desired college major?*
P	**With Present EOCs**	**With Present EOCs**	**With Present EOCs**
L	Algebra I	Algebra I	Algebra I
A	English I	English I	English I
N	Geometry	Geometry	Geometry
	Algebra II	Algebra II	Algebra II
A	Physical Science	Physical Science	Physical Science
	Biology	Biology	Biology
	Chemistry	Chemistry	Chemistry
	Physics	Physics	Physics
	Civics & Economics	Civics & Economics	Civics & Economics
	U. S. History	U. S. History	U. S. History
	SAT Math	SAT Math	SAT Math
	SAT Verbal	SAT Verbal	SAT Math
P	**With Proposed EOC Changes**	**With Proposed EOC Changes**	**With Proposed EOC Changes**
L	Algebra I	Algebra I	Algebra I
A	English I	English I	English I
N			
	3	**3**	**3**
B			
	Information--Lean	**Information--Lean**	**Information--Lean**
	Years	**Years**	**Years**
	SAT Math	SAT Math	SAT Math
	SAT Verbal	SAT Verbal	SAT Math

June Rivers, April 29, 2009

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April ~~29~~ 2009 / ~~PM~~ AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Maddock	Governor's
Elizabeth Hawkins	OSBM
[signature]	OSBM
Meredith Hudson	CLU
[signature]	Inform Inc.
[signature]	Public School Forum
Chris Minnick	State Bd of Ed
[signature]	WCPSS
Kevin L. Hill	WCPSS/NCSU
B.G. Cuthbe	Civitas Institute
Alice Garland	NCEL

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 29, 2009 / AM
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dr. Renée Coward	NCCAT - Cullowhee NC
Chuck Hawkins	NCCAT
Gary T. Henry	UNC - Chapel Hill
Charles L. Thompson	ECU
June Rivers	SAS
Leanne Winner	NCSBA

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April ~~28~~ 29, 2009 / ~~PM~~ AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John D. Denning	All Kinds of Minds
Mandy Ahleidingen	Action for Children NC
C. Brackett	ncsba
Brian Lewis	NCAE
Emilyn Hawthorne	PCNC; CISNC

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 / ~~PM~~ AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Patrick Baffic	NMRS
Louis M. Fabrizio	NCDPI
Angela Quick	NCDPI
Peter Asmar	DPI
RSS Nelson	GNC
Joseph Brookes	Rep. Blackwell
Anita Watkins	UNC GA
Erin Schmeltpfeng	UNC GA
Kevin Howell	NCSU
DAVID PRICE	MANNING FULTON

House Pages

House APPR Ed

Name of Committee: _____ **Date**: 4-29-09 AM

Pages

1. Name: Abraham Barron

   County: ~~[redacted]~~ Yadkin

   Sponsor: Jim Gulley

2. Name: _____

   County: _____

   Sponsor: _____

   Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

Sgt-At-Arms

1. Name: CHARLES WILLIAMS

2. Name: EARL COKER

3. Name: _____

4. Name: _____

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, April 29, 2009**

TIME: **8:30 AM and Immediately after Session**

LOCATION: **421 Legislative Office Building**

The following bills will be considered:

8:30 AM	**Public Schools Testing and Accountability**
After Session	**Community College System Base Budget**

Respectfully,
Representative Rapp
Representative Glazier
Representative McLawhorn
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **1:15 PM** on **April 27, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Wednesday, April 29, 2009, Immediately After Session

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building at 2:52 p.m. on Wednesday, April 29, 2009. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and McLawhorn, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, and Wiley. Members of the Fiscal Research Division Education Team were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted the meeting.

The Chair recognized **Andrea Poole**, with the Fiscal Research Division Education Team, for a presentation on the Community College System Base Budget. Her presentation included information on funding responsibilities, sources of funding, allocation of funds, how the continuation budget is formulated, and how the Senate budget affects the continuation budget. A copy of her presentation is included as Attachment #1.

Throughout the presentation, there were questions and discussion. With there being no further business, the meeting adjourned at 3:37 p.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

NC Community College System Base Budget

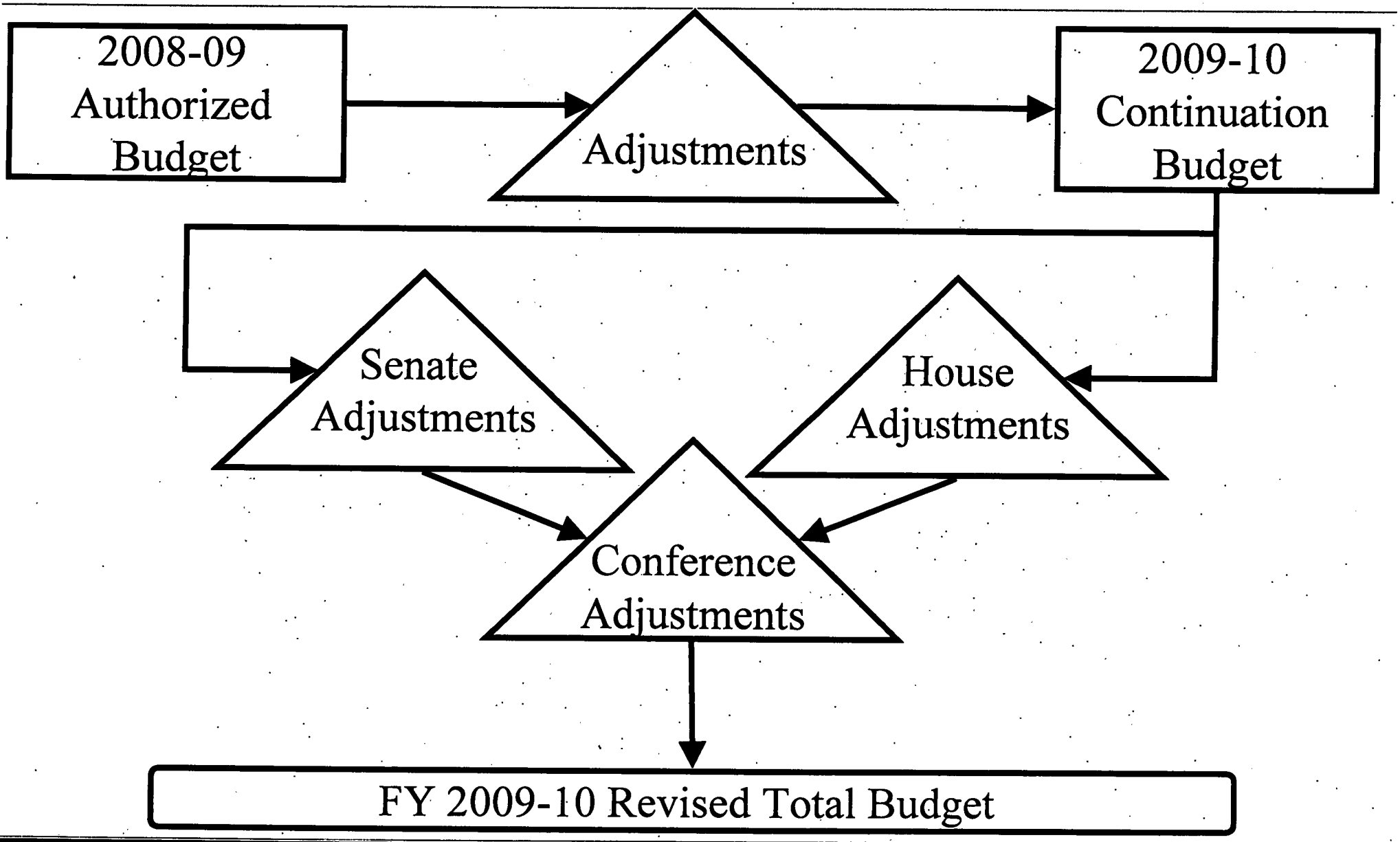
April 29, 2009
Andrea Poole

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Agenda

1. Funding Responsibilities
2. Sources of Funding
3. Allocation of Funds
4. How do we get to the FY 2009-10 continuation budget?
5. What does the Senate budget do to the continuation budget?

How do we get a budget?



Financial Support of Institutions

State

G.S. 115D-31

- Operating costs for instruction, administration, and support services

Local

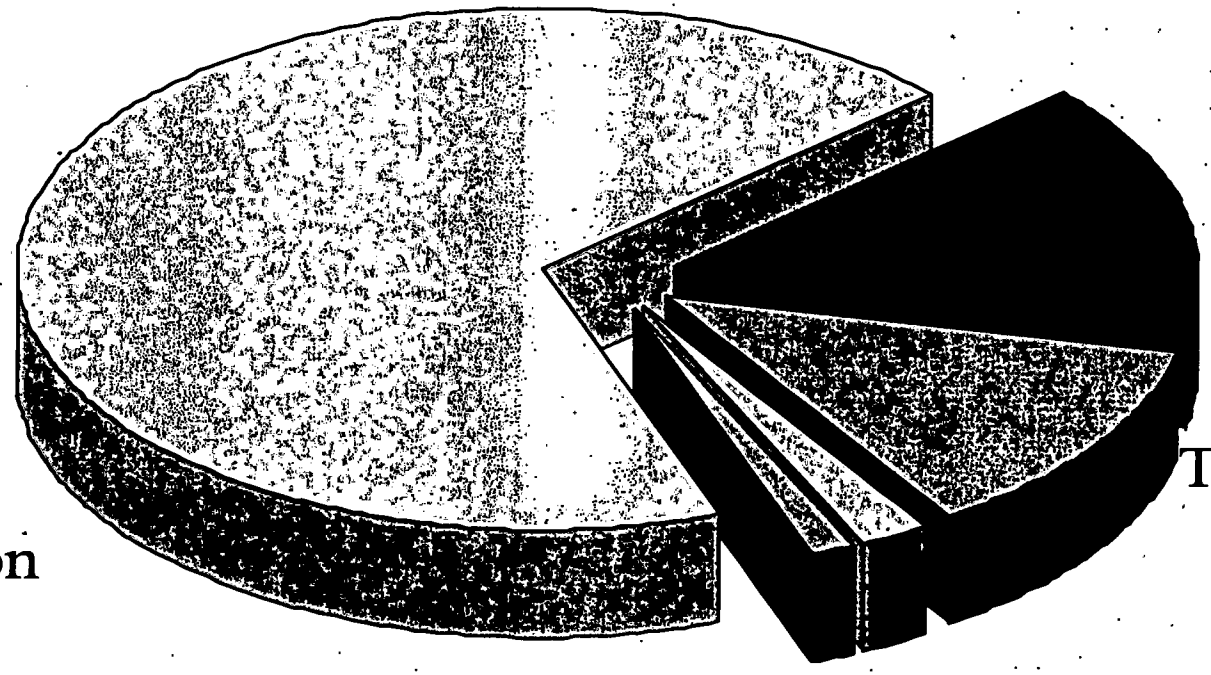
G.S. 115D-32

- Operation and maintenance of plant

Capital construction is the legal responsibility of the county. However, G.S. 115D-31 authorizes the State to provide capital funds to local institutions, provided that it is matched on a dollar-for-dollar basis.

Sources of Funding*: FY 2008-09

Total: $1.48 billion



State Appropriation
1,016.7
69%

Local
222.2
15%

Tuition and Fees
184.9
13%

Federal
31.2
2%

Other
22.1
1%

Source: Authorized Budget from Worksheet I, DCC 2-1 Summary

*In Millions

Tuition and Fees

- Constitute a relatively small percentage (13%) of the Community College System funding.

Curriculum

- Student receipts cover **20%** of average cost per FTE.
- Full-Time, In-State Tuition = $1,344/year
- Expenditures / FTE: $5,501
- Est. receipts / FTE: $1,116
- Last increased in 2006.

Continuing Education

- Student receipts cover **8%** of average cost per FTE.
- Expenditures / FTE: $4,877
- Est. receipts / FTE: $378
- Last increased in 1999.

Tuition and Fees

Curriculum

- $1 per credit hour increase would increase receipts by $3.8 million.
- $3 per credit hour increase = per student maximum $96 increase annually
- 1% increase = $1.75m

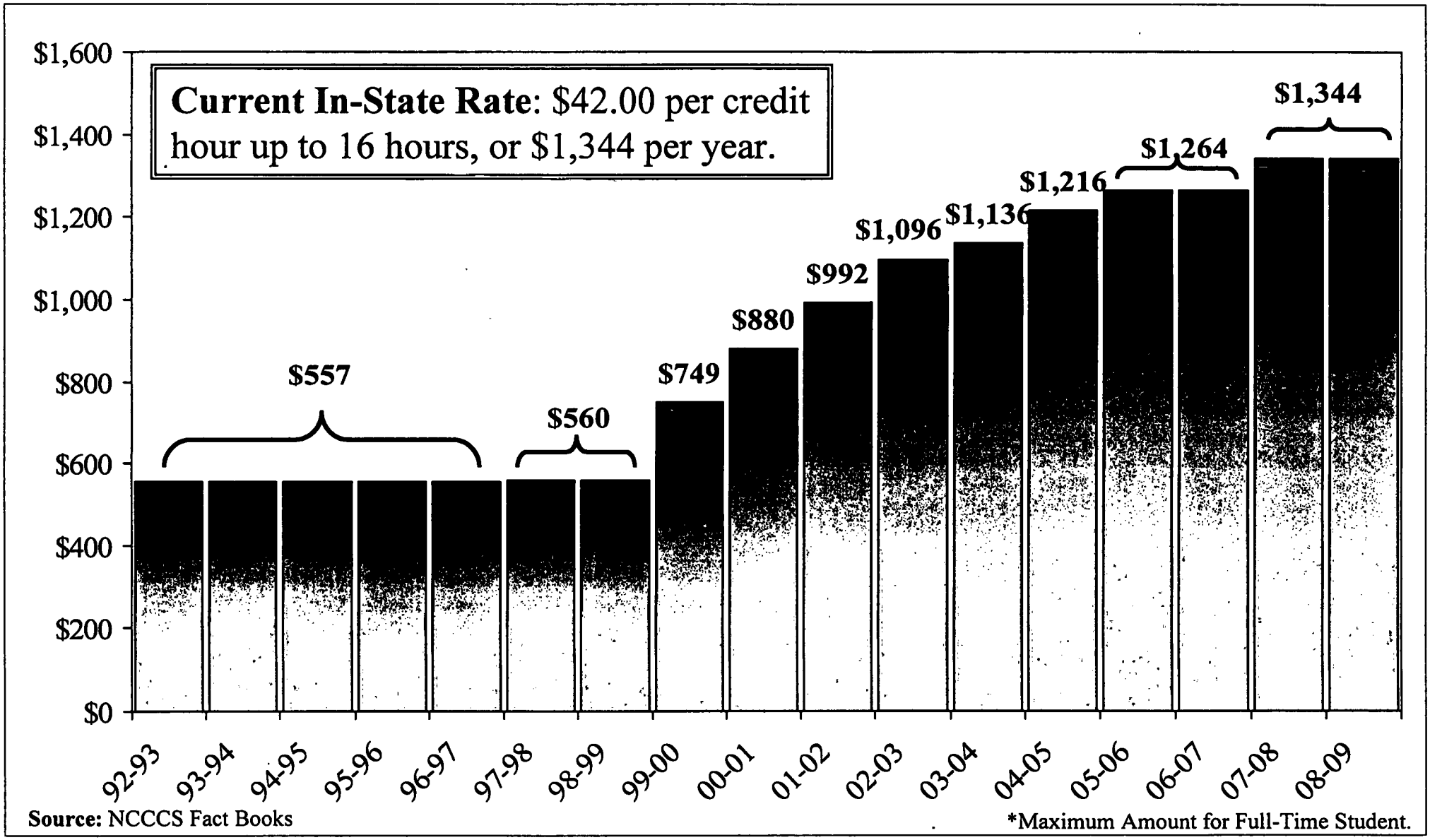
Continuing Education

- Governor's and Senate budgets include restructured fees, increasing receipts by $9.4 million.

Current Fees	
0-10 Hours	$50
11-30 Hours	$55
31-100 Hours	$60
>100 Hours	$65

Proposed Fees	
0-20 Hours	$65
21-50 Hours	$120
>50 Hours	$175

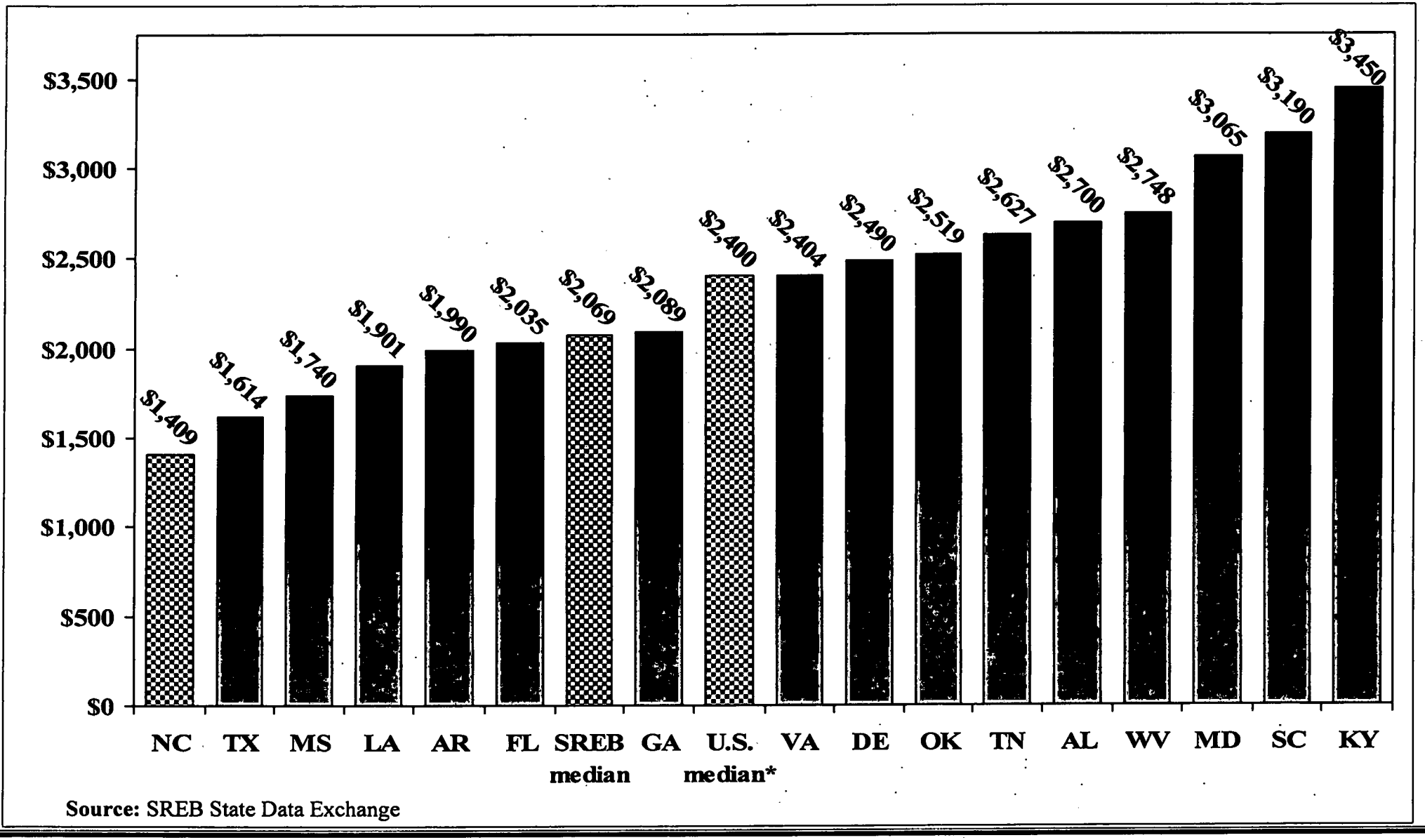
Curriculum In-State Tuition Rates*



Source: NCCCS Fact Books

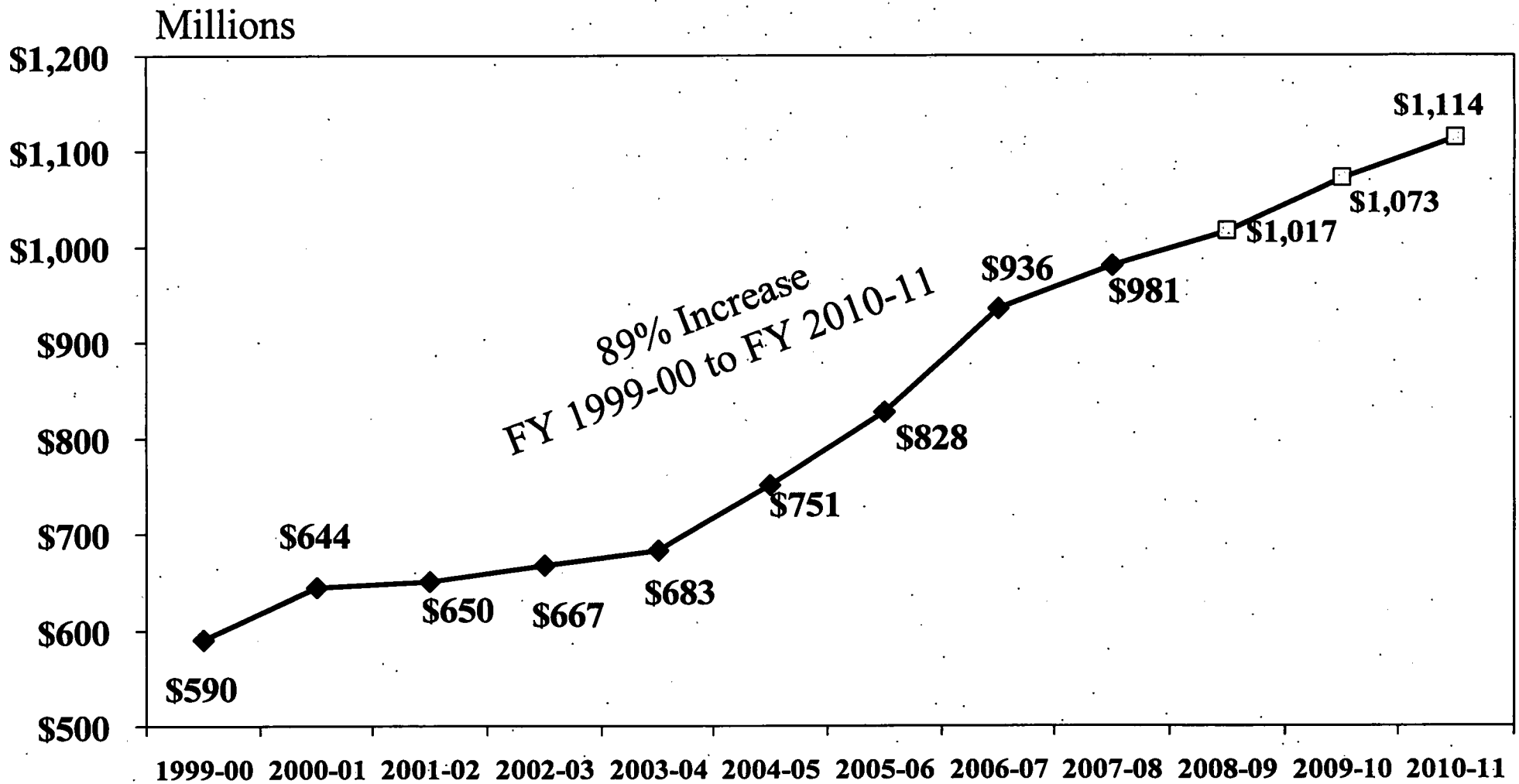
*Maximum Amount for Full-Time Student.

SREB States Resident Tuition & Fees: FY 2007-08



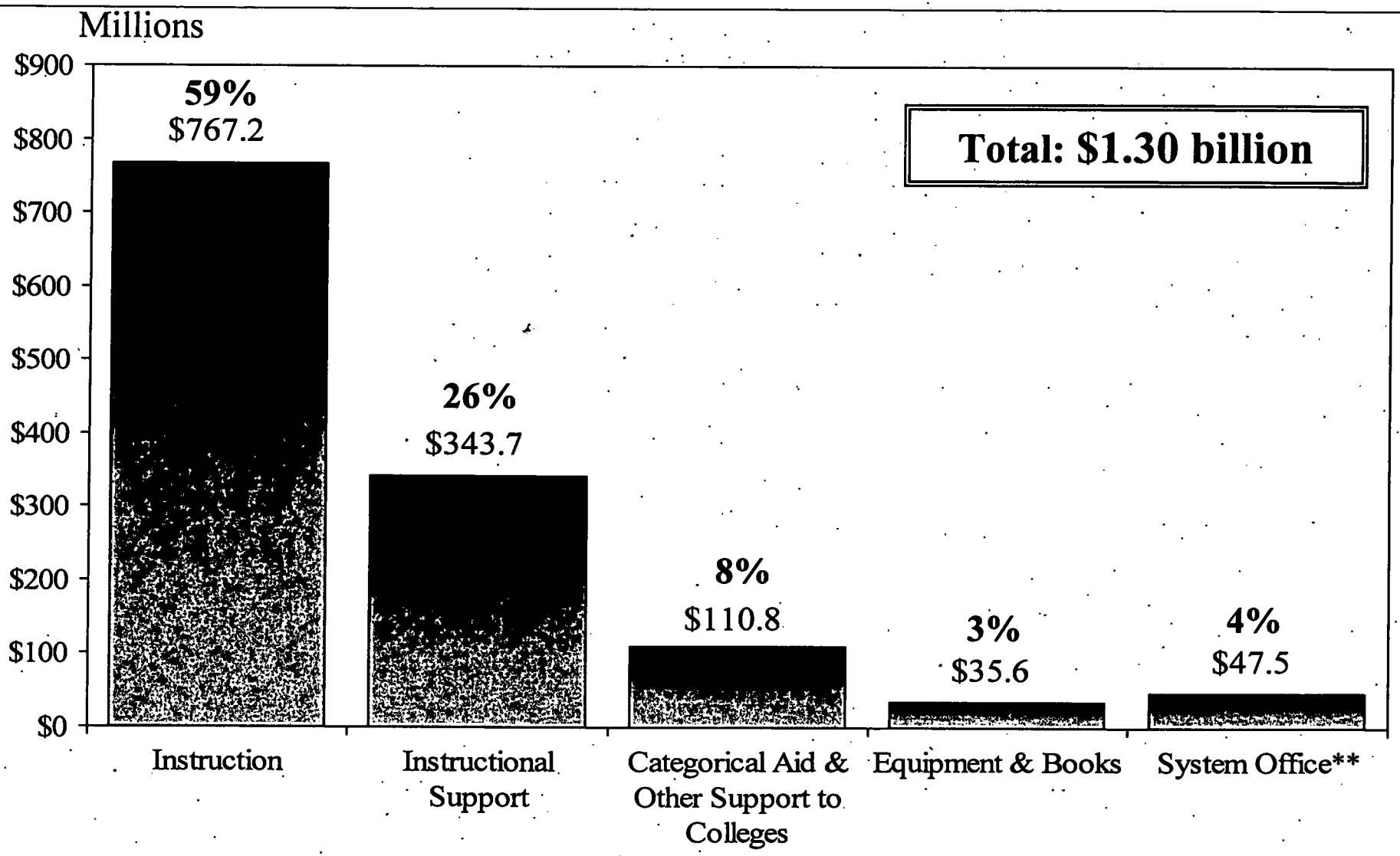
Source: SREB State Data Exchange

NCCCS General Fund Appropriations: FYs 2000-2011



Source: June 30 Authorized budgets (BD 701) FY 1999-2008: Worksheet I 2009-2011.

Allocation of Funds: FY 2009-10 Adj.*

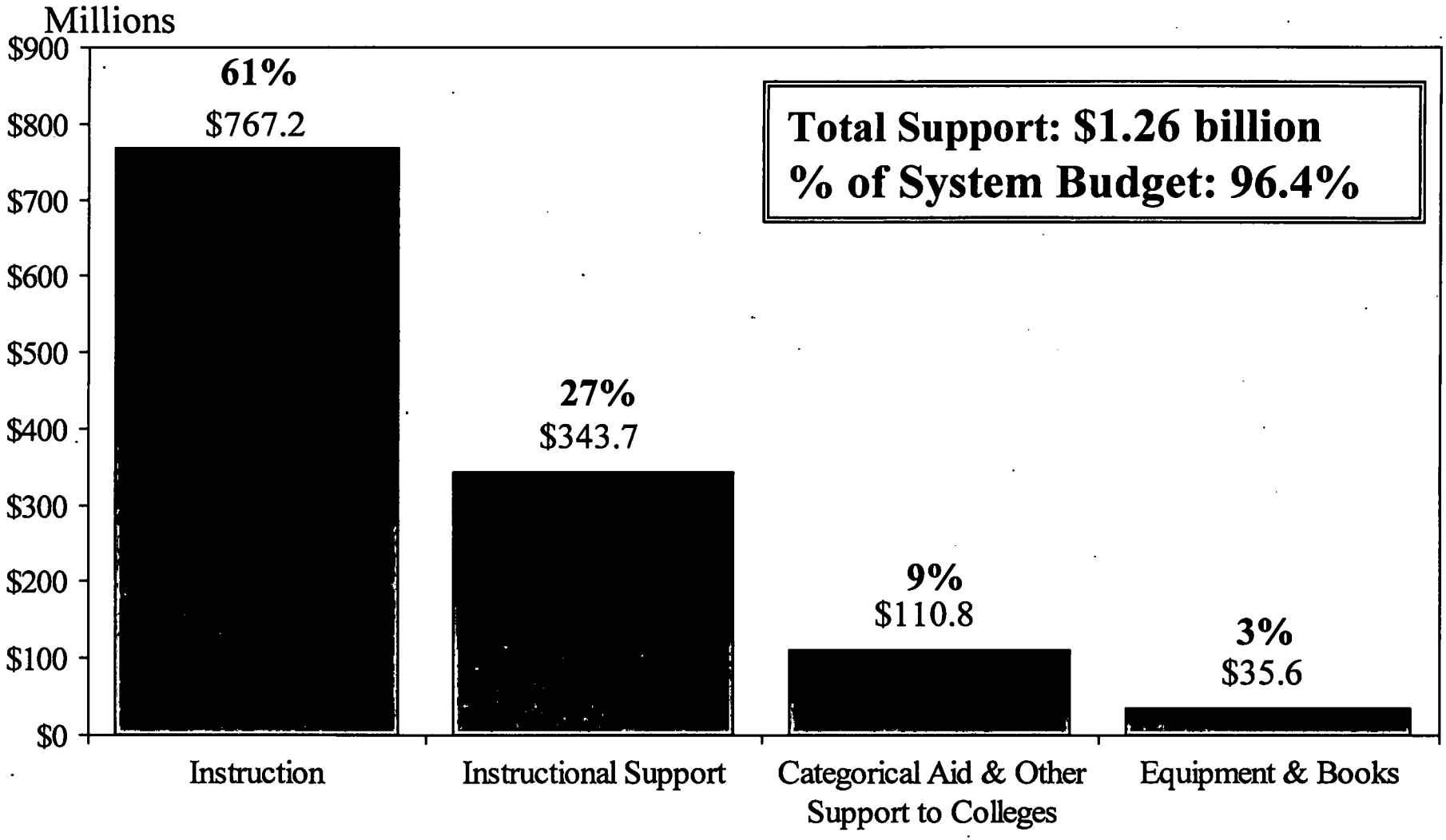


Source: Community College System Office, Worksheet I

*Truth-in-Budgeting adjustments to continuation budget have been removed.

**System Office includes Financial Aid funds.

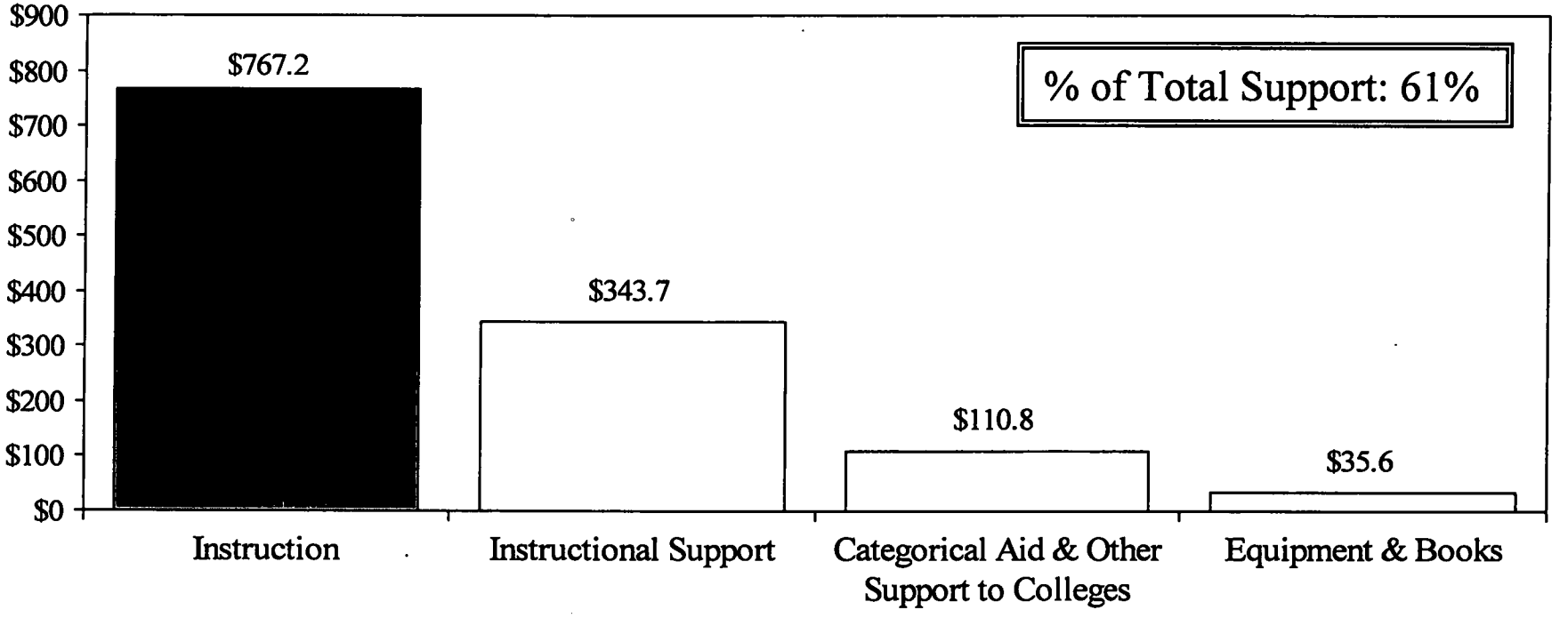
State Aid: FY 2009-10 Adj.*



Source: Community College System Office, Worksheet I

*Truth-in-Budgeting adjustments to continuation budget have been removed.

Instruction Formula Funding



<u>What it is:</u>

- Curriculum
- Continuing Education
- Basic Skills
- Continuation Enrollment Growth

<u>What it pays for:</u>

- Faculty Salaries
- Instructional Supplies

Instruction Funding Formula

Full-time Equivalent (FTE) Students

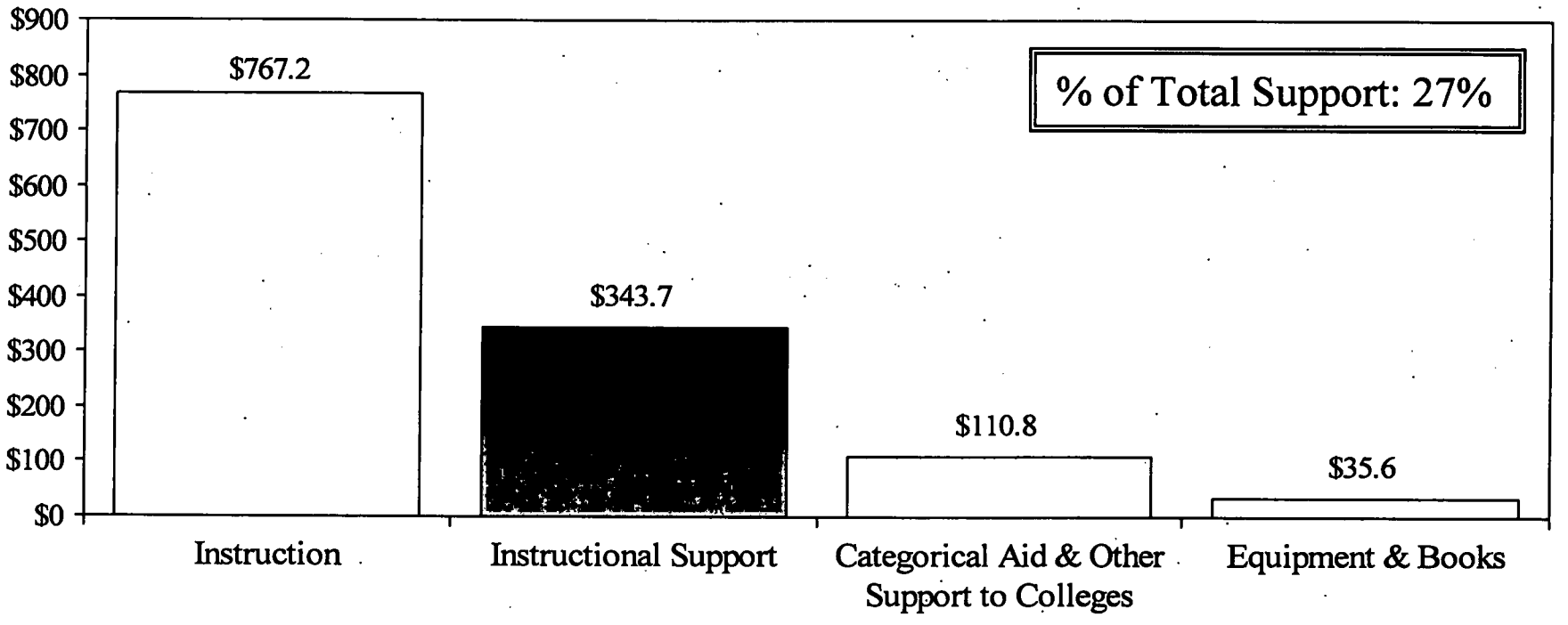
The number of full-time equivalent students

X

Equivalent Value

The dollar amount allocated for each FTE
(varies by type of FTE)

Instructional Support



What it is:

- Academic & Student Support
- General College Administration

What it pays for:

- President & Senior Administrators
- Guidance Counselors & Financial Aid Officers
- Librarians & IT Staff
- Paraprofessionals & Clerical Staff

Institutional Support Formula

Three Components:

1. Base allotment
   - Represents what is needed to "open the doors"
   - FY 2008-09 Base Allotment: $2,034,861 (31 positions)
2. FTE enrollment allotment
   - Per FTE funding for colleges with FTE > 750
   - FY 2008-09 Enrollment Allotment: $1,371 per FTE
3. President's salary & benefits
   - According to schedule based on FTE and experience (23 NCAC 2D.0101)

Per Capita Formula Funding

- Formula provides more funding per capita to small campuses, by design.
  - Instruction Ratio Sliding Scale
  - Base Institutional Allotment

- Formula allotment/FTE varies:
  - Pamlico CC (536 FTE): $7, 934/FTE
  - Central Piedmont CC (13,959 FTE): $4,891/FTE

Source: Based on FY 2008-09 allotments; Budget Allocations for 2-1 Summary FY 2008-09.

System-wide Per Capita Rates: Formula Allocations

Costs Per Regular Budget FTE: Formula Allocations

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Curriculum							
Total Requirements	$ 4,493.90	$ 4,381.94	$ 4,621.17	$ 4,782.96	$ 5,062.13	$ 5,375.93	$ 5,500.72
Student Receipts	958.82	965.07	1,028.98	1,068.42	1,030.16	1,061.60	1,116.16
Appropriation	$ 3,535.08	$ 3,416.87	$ 3,592.19	$ 3,714.54	$ 4,031.97	$ 4,314.33	$ 4,384.56
Continuing Education							
Total Requirements	$ 4,066.15	$ 3,932.87	$ 4,107.99	$ 4,270.59	$ 4,510.41	$ 4,762.68	$ 4,877.28
Student Receipts	686.92	686.90	686.90	686.90	613.53	613.68	377.58
Appropriation	$ 3,379.23	$ 3,245.97	$ 3,421.09	$ 3,583.69	$ 3,896.88	$ 4,149.01	$ 4,499.71
Basic Skills							
Total Requirements	$ 4,893.49	$ 4,779.00	$ 5,156.03	$ 5,301.95	$ 5,613.45	$ 5,880.31	$ 6,149.14
Federal Receipts	693.32	615.65	599.79	589.85	588.55	567.67	566.26
Appropriation	$ 4,200.17	$ 4,163.35	$ 4,556.24	$ 4,712.10	$ 5,024.90	$ 5,312.64	$ 5,582.88

*Includes base

Note: These numbers are calculated by dividing the total formula allotment by budgeted FTE.

Source: NCCCS State Aid Annual Reports

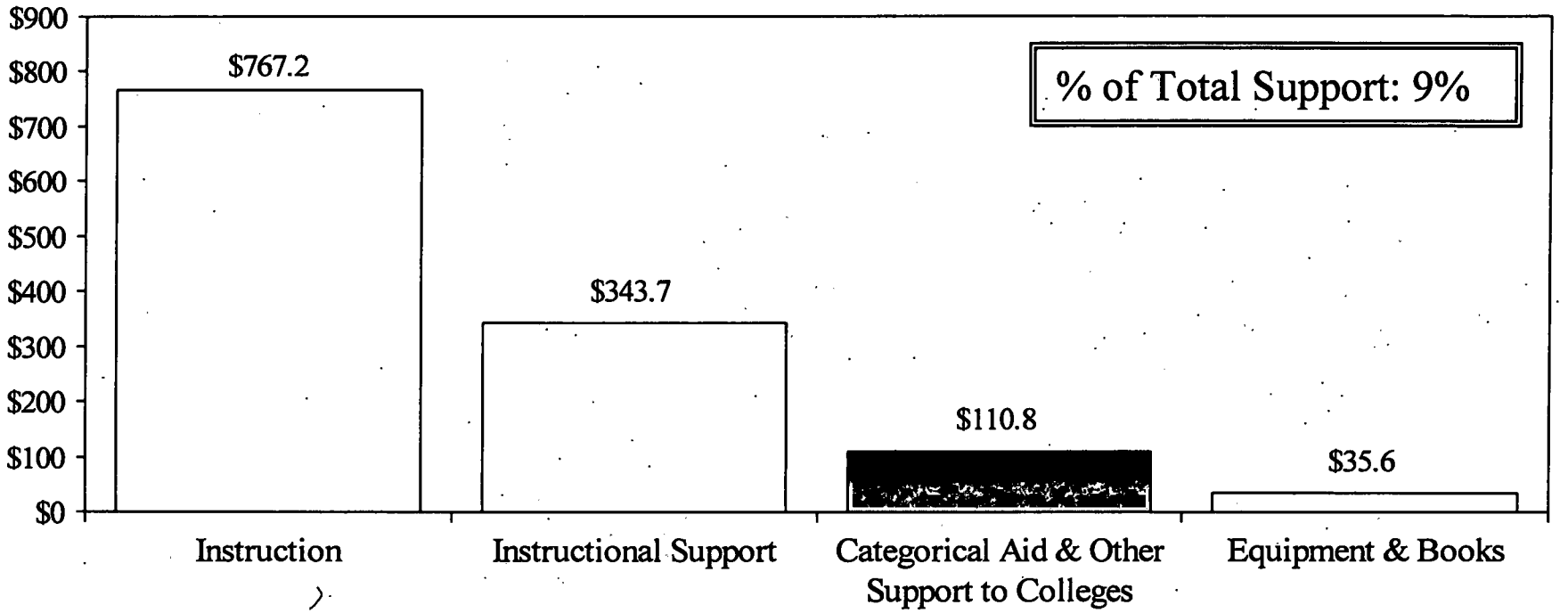
How Do the Formula Factors Change?

- Legislative salary increases
- Other changes in benefit rates (i.e. hospitalization, retirement)
- Legislative adjustments to the formula

Management Flexibility

- The General Assembly has allowed colleges to have flexibility in order to meet individual college needs.
- Formulas are for allocation purposes only.
- Colleges can spend the money however they choose with the following exceptions:
  - Basic Skills funding may only be used for basic skills programs,
  - Limitations on transfers out of instruction based on the college's average faculty salary,
  - Federal vocational education funding, and
  - Maintenance of plant funds for regional institutions.

Categorical Aid & Other Support to Colleges



What it is:

- Funding provided to colleges outside the regular allotments

What it pays for:

- Supplemental instruction and institutional support
- Workforce development programs
- Specialized training and centers
- Miscellaneous other programs

Categorical Aid & Other Support to Colleges

Supplemental Instruction and Institutional Support Allocations	FY 2009-10 Cont. Budget
Multi-Campus Center Funding – Self-contained satellites of existing colleges. 26 MCCs received funding in FY 2008-09.	$14.1 m
Off-Campus Center Funding – Convenience locations, generally with no services. 41 OCCs received funding in FY 2008-09.	$1.0 m
Allied Health – Supplemental funds based on Health Science FTE.	$9.6 m
Nursing Allied Health – Supplemental funds for faculty, supplies and equipment based on ADN FTE.	$1.0 m
Technical Education – Provides funds based on Tech Ed FTE to place renewed emphasis on Tech Ed programs.	$1.0 m
Compensatory Education – Supplemental instruction funds for programs for adults with developmental disabilities. Distributed by base allotment and per FTE funding.	$1.2 m

Categorical Aid & Other Support to Colleges

Federal Vocational Education and Literacy Funding	FY 2009-10 Cont. Budget
Federal Vocational Education – Allotted to colleges for vocational education programs, based on the number of students receiving Pell Grants	$11,008,337
Grants to Colleges – Grants to community colleges for literacy-related activities.	$2,547,774
Nonprofits – Grants to nonprofits for literacy-related activities	$1,674,210
Federal Tech Prep – Awarded to colleges on a competitive basis	$1,124,940
Total Non-Formula Federal Funding:	**$16,355,261**

Categorical Aid & Other Support to Colleges

Additional Categorical & Special Programs (FY2009-10 Continuation Budget)

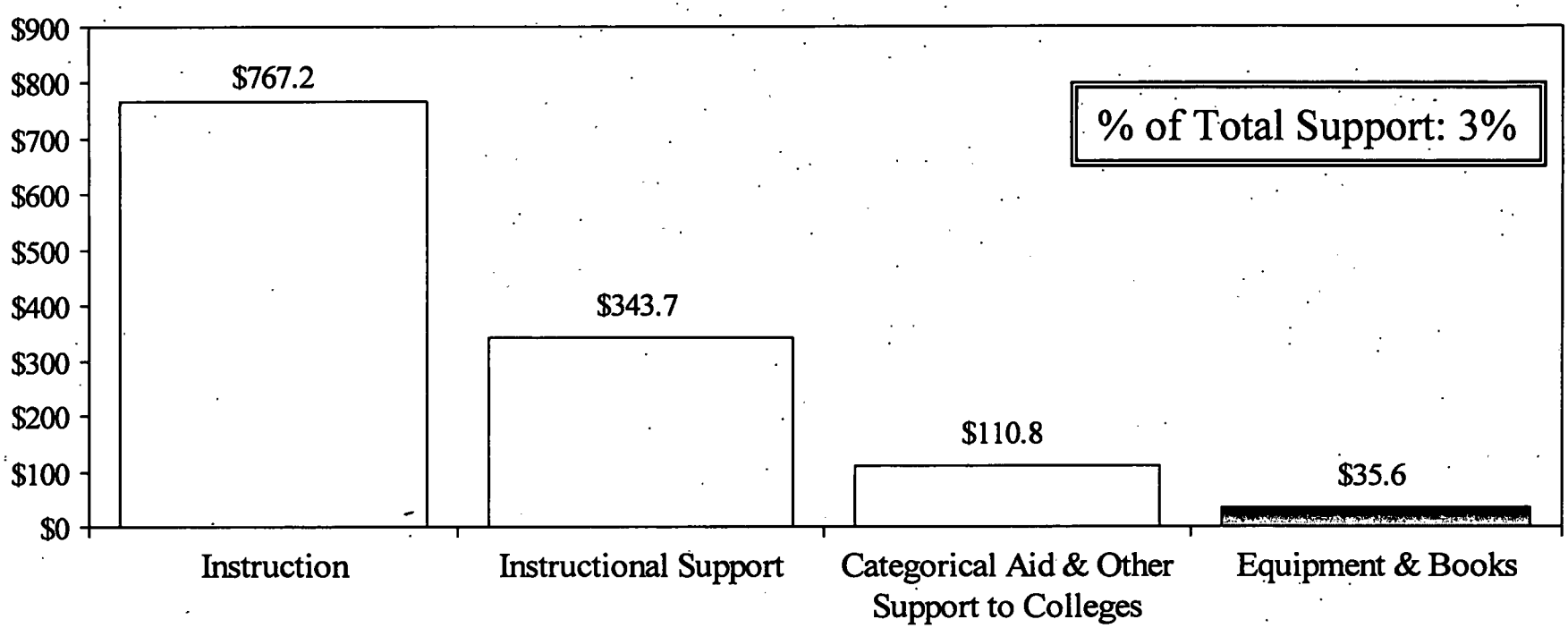
- Customized Training ($12.5m)
- Bionetwork ($6.9m / GF-$5.8m)
- Small Business Centers ($5.8m)
- NC Research Campus ($3.3m)
- Child Care Grants ($1.9m)
- High Cost Programs ($1.9m):
  - Truck Driving ($320k)
  - Marine Technology ($571k)
  - Haywood High Tech Ctr. ($643k)
  - Heavy Equipment ($341k)
- Community Service BG ($1.1m)
- Textile Center ($1.0m)
- Maintenance of Plant ($788k)
- Area Coordinators - Fire ($772k)
- Center for Emerging Manufacturing Solutions ($640k)
- Faculty Upgrade ($507k)
- Hickory Metro Higher Ed. Ctr. ($506k)
- Public Radio Grants ($459k)
- Motorcycle Training ($450k–receipts)
- Area Coordinators - Law ($430k)
- Fayetteville Tech Botanical Lab ($300k)
- Hearing Impaired ($190k)
- Baccalaureate Education ($113k)
- Disadvantaged Nursing ($80k)
- GED Scoring ($61k)
- Prison Start-Up ($50k - receipts)

Categorical Aid & Other Support to Colleges

Other Support to Colleges (FY2009-10 Continuation Budget)

- Networking ($5.6m)
- Virtual Learning Community Development Centers ($850k)
- Course Management and Learning Object Repository ($1.4m)
- Online Help Desk ($605k)
- Virtual Computing Lab ($131k)
- Workers Comp and Disability ($1.6m)
- Admin Services ($88k)
- Longevity ($8.8m)
- Unemployment ($1.3m)
- Liability Insurance ($46k)

Equipment and Books



What it is:

- Equipment
- Books

What it pays for:

- Computers
- Instructional equipment
- Books and other library resources

Equipment and Books

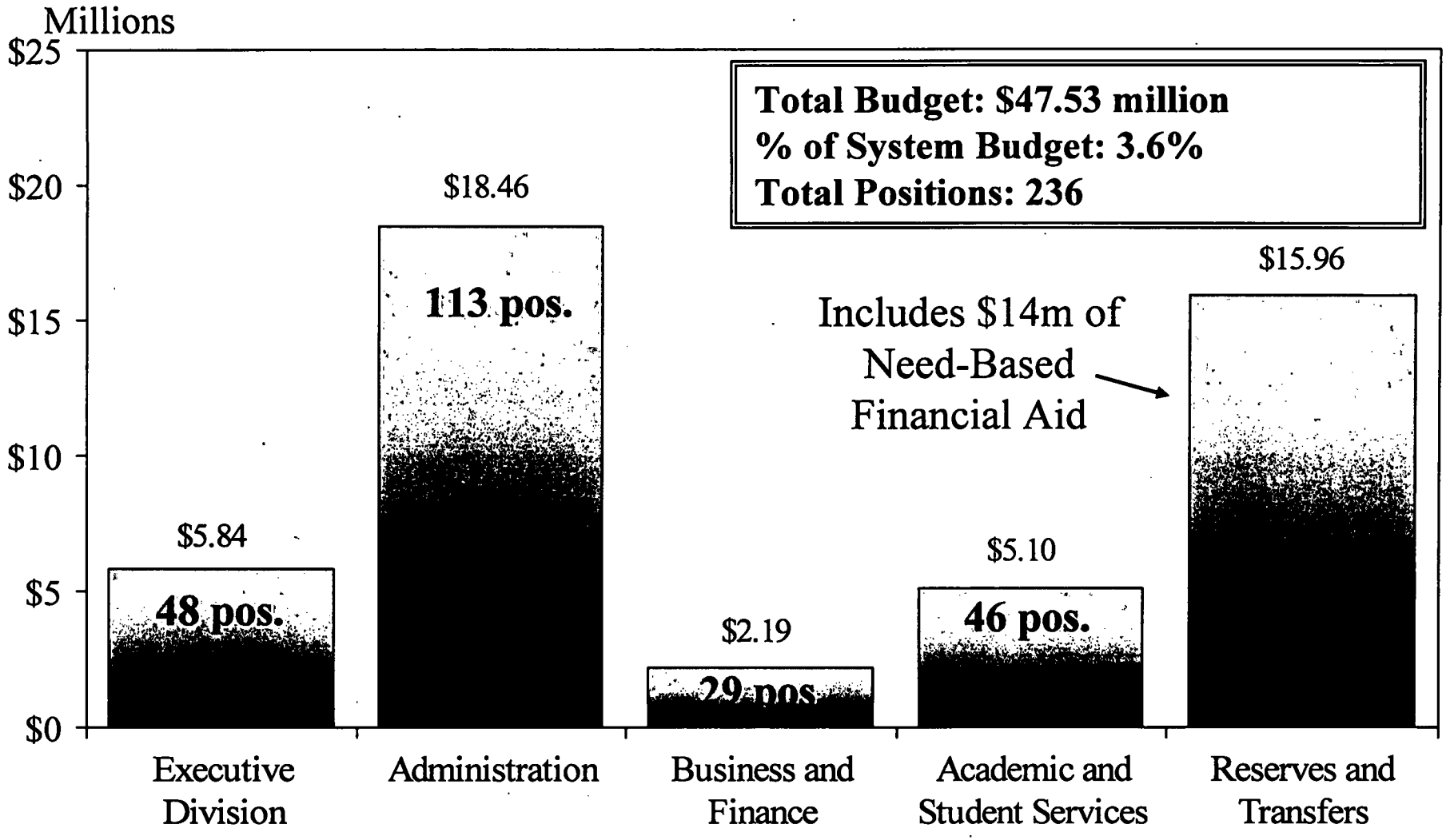
Regular Equipment Allotments

- Each college receives a base allocation of $100,000.
- Remaining funds are allocated to the colleges on a weighted FTE basis.

Instructional Resources

- Each college receives a base allocation of $25,000.
- Remaining funds are allocated to the colleges on a weighted FTE basis.

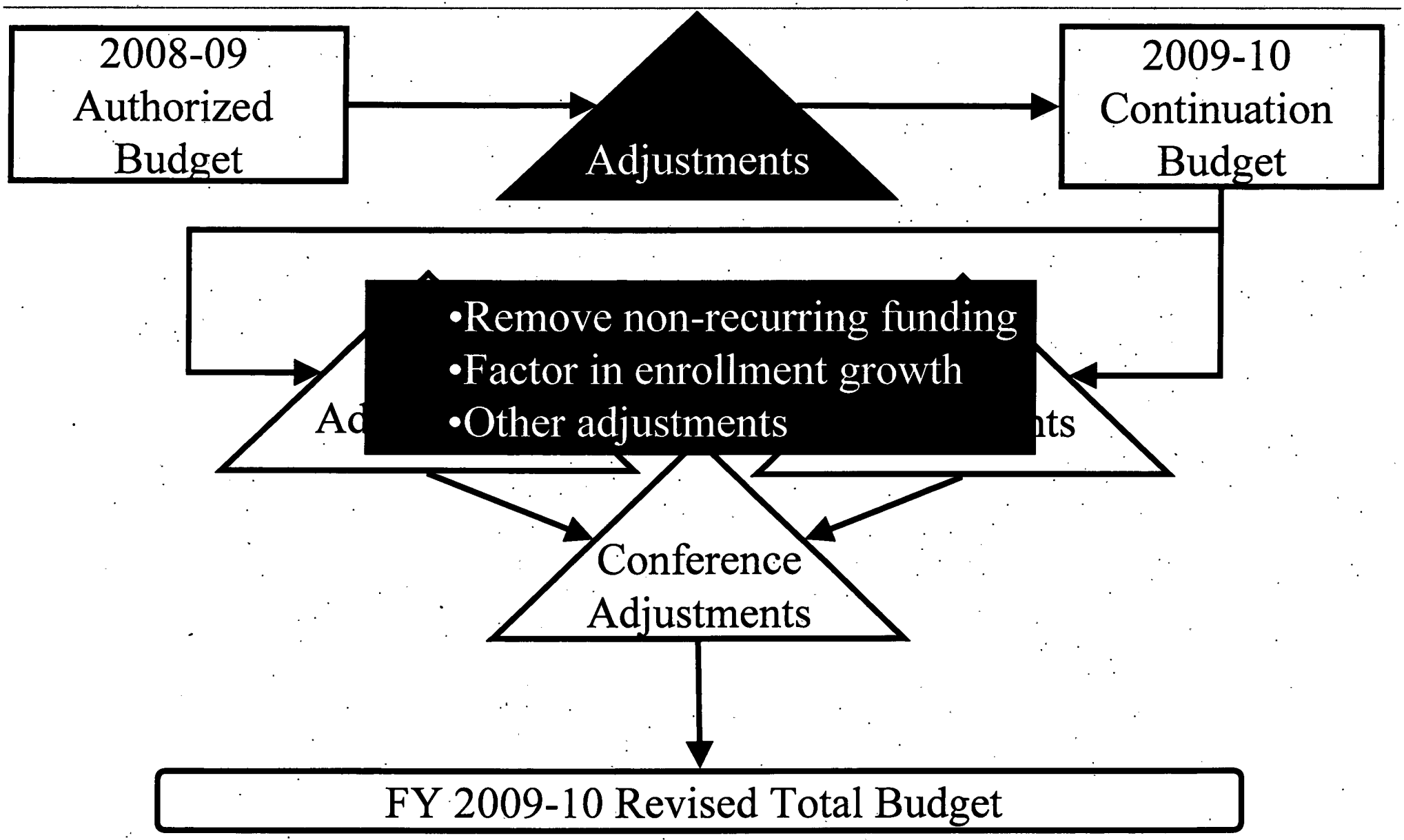
Community College System Office Continuation Budget FY 2009-10*



Source: Community College System Office, Worksheet I

*Truth-in-Budgeting adjustments to continuation budget have been removed.

How do we get a budget?



FY 2008-09 Non-Recurring Funding

	FY 2008-09 Amount
NC Military Business Center	$1,250,000
Equipment	$5,000,000
Center for Applied Textile Technology	$400,000
Minority Male Mentoring	$985,000
Enrollment Reserve	$2,500,000
Motorsports Consortium	$500,000
Fayetteville Tech CC 3-D	$400,000
NC REAL	$250,000
System Office Equipment	$45,255
Total Decrease for NR Appropriations	**($11,330,255)**

Enrollment Growth

- Funds are allotted on a full-time equivalent (FTE) basis.
- Community college enrollment funding is based on the prior years' enrollment numbers.
- A college's budgeted FTE is determined by the **Modified Budget Stability Formula**.
  - Calculates the higher of
    - the prior year; or
    - the average of the three previous years' enrollment.

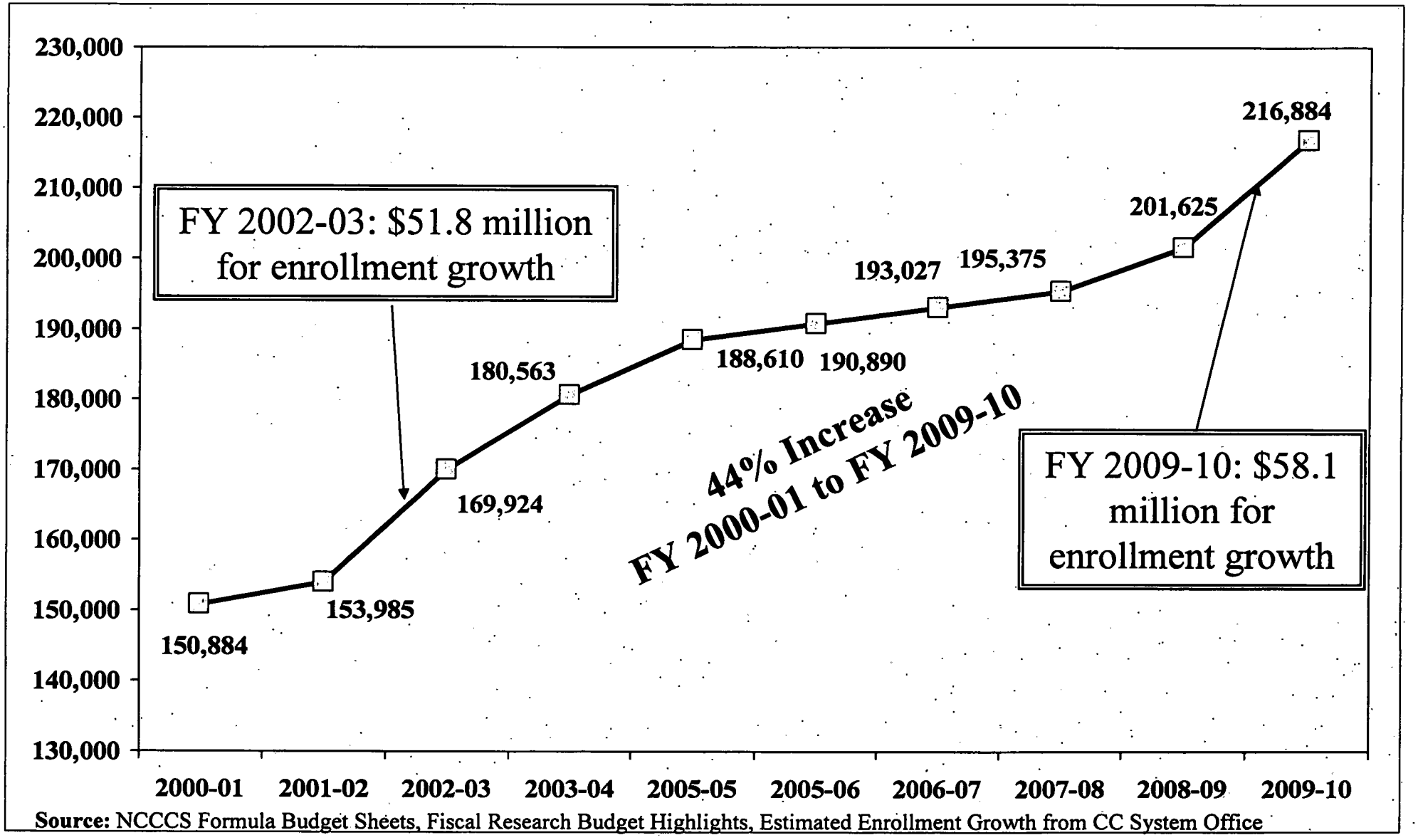
Example College FTE

	FY 06-07	FY 07-08	FY 08-09	Average
Curriculum	3,118	3,185	**3,508**	3,270
Con Ed	839	781	768	**796**
Basic Skills	220	210	**252**	227

Example College's Budgeted FTE:

Curriculum:	**3,508 FTE**
Con Ed:	**796 FTE**
Basic Skills:	**252 FTE**
Total:	**4,556 FTE**

Budgeted FTE: FYs 2001-2010



Source: NCCCS Formula Budget Sheets, Fiscal Research Budget Highlights, Estimated Enrollment Growth from CC System Office

Budgeted FTE ≠ Actual FTE

Why?

- Modified Budget Stability Formula: BFTE is based on previous years' actuals.
- Not all FTE are counted for budgeting purposes:
  - Colleges do not receive funding for Summer Term curriculum courses.
  - FTE generated by programs supported by non-budget FTE (i.e. customized training, Small Business Center, and self-supporting programs).

FY 2009-10 Enrollment Growth Cost

- FY 2008-09 enrollment growth is extraordinary.
  - Increase of 15,269 FTE (7.6%).
  - Curriculum enrollment saw the biggest increase at 8.3%
  - Also, for the first time, curriculum had more FTE in the Spring than in the Fall.

- Spring enrollment data was not available at the time the continuation budget was created, therefore it only includes funding for the estimate based on Fall enrollment ($47.7 m).

- To fully fund enrollment growth for FY 2009-10, an additional $10.4 million is needed.

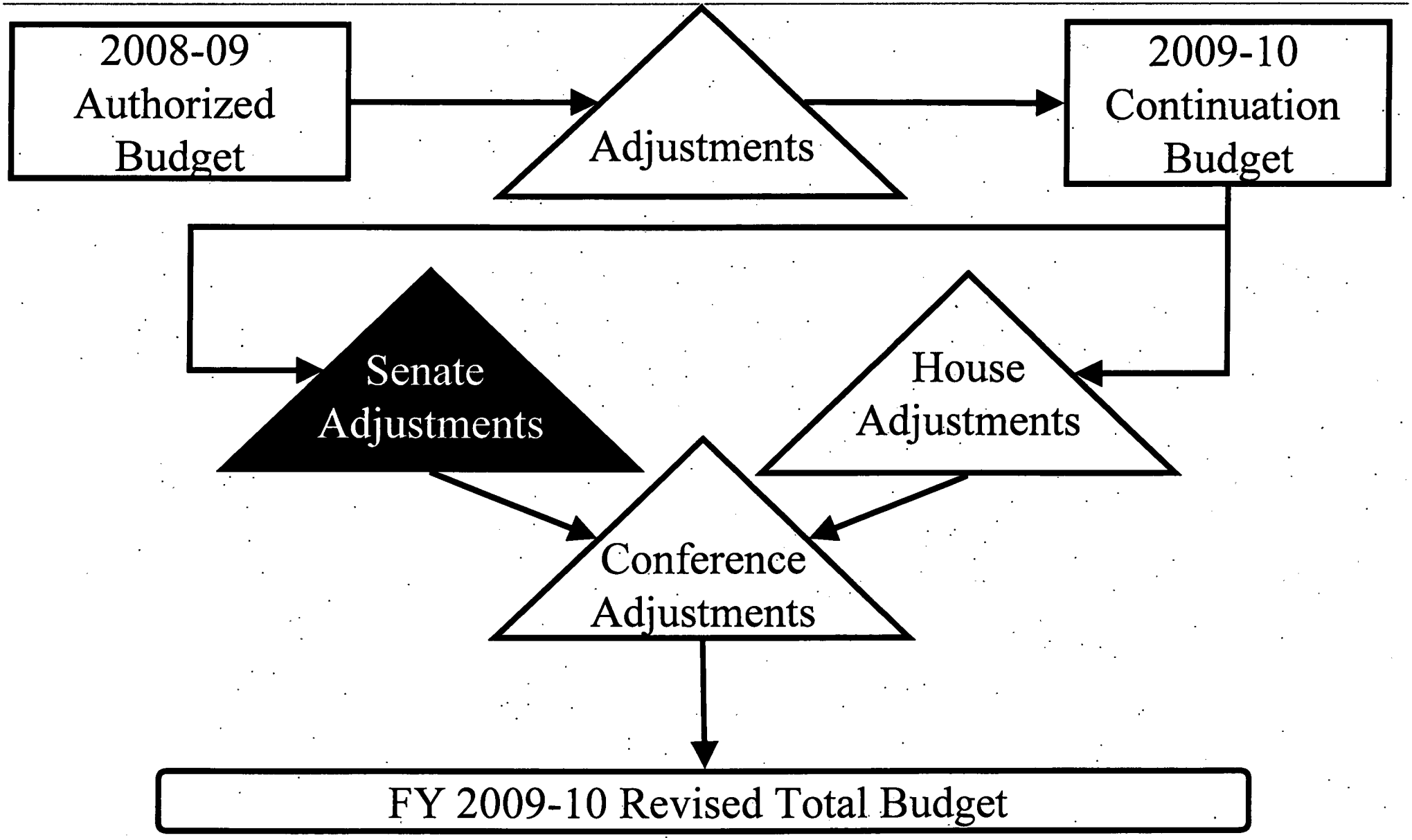
Other Adjustments

- Truth-in-Budgeting ($489,823 net decrease)
  - Colleges – $18.5m increase
  - System Office – $6,500 increase
  - $19.0 m corresponding reduction in Governor's expansion budget

- Adjustments to actual cost or for inflation ($1.26m increase)
  - Personal Services – System Office ($6,764 increase)
  - Equipment – System Office ($17,860 increase)
  - Personal Services – Colleges ($758,141 increase)
  - Books – Colleges ($476,250 increase)

- Transfer to ITS ($254,701 decrease)

How do we get a budget?



What does Senate Budget do to the Continuation Budget?

Senate Adjustments to Continuation Budget	FY 2009-10
Enrollment – Enrollment growth fully-funded and $3 million enrollment reserve funded	13,380,387
Reductions - System Office – Eliminates 7 vacant and 2 filled positions, cost shifts 2 positions, reduces operating budget, management flexibility reserve, 2+2 E-Learning Initiative reduced	(1,824,870)
Reductions - Truth-in-Budgeting – Eliminates increases to continuation budget for Governor's Truth-in-Budgeting effort.	(18,550,204)
Reductions - Colleges - State Aid – Management Flexibility Reduction, eliminates inflation for library books and materials.	(1,499,383)
Reductions - Categorical Programs – Eliminates and reduces funding for a variety of categorical programs.	(9,697,841)
Tuition and Fees – Increases ConEd fees, and eliminates 2 tuition waivers	(15,575,972)
Expansion – Allied Health, Vocational and Tech. Ed, Equipment, NC Military Business Center, Customized Training, NC REAL	21,085,000
Net Adjustments:	**($12,682,883)**

Senate Reductions to Categorical Aid & Other Support to Colleges

Supplemental Instruction and Institutional Support Allocations	FY 2009-10 Cont. Budget
Multi-Campus Center Funding – Self-contained satellites of existing colleges. 26 MCCs received funding in FY 2008-09.	~~$14.1 m~~ **$13.8 m**
~~**Off-Campus Center Funding** – Convenience locations, generally with no services. 41 OCCs received funding in FY 2008-09.~~	~~$1.0 m~~
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Nursing Allied Health – Supplemental funds for faculty, supplies and equipment based on ADN FTE.	$1.0 m
Technical Education – Provides funds based on Tech Ed FTE to place renewed emphasis on Tech Ed programs.	$1.0 m
~~**Compensatory Education** – Supplemental instruction funds for programs for adults with developmental disabilities.~~	~~$1.2 m~~
~~**Community Service Block Grant** – Allocated based by FTE to assist with funding for otherwise self-supported hobby and leisure classes.~~	~~$1.1 m~~

Senate Reductions to Categorical Aid & Other Support to Colleges

Additional Categorical & Special Programs (FY2009-10 Continuation Budget)

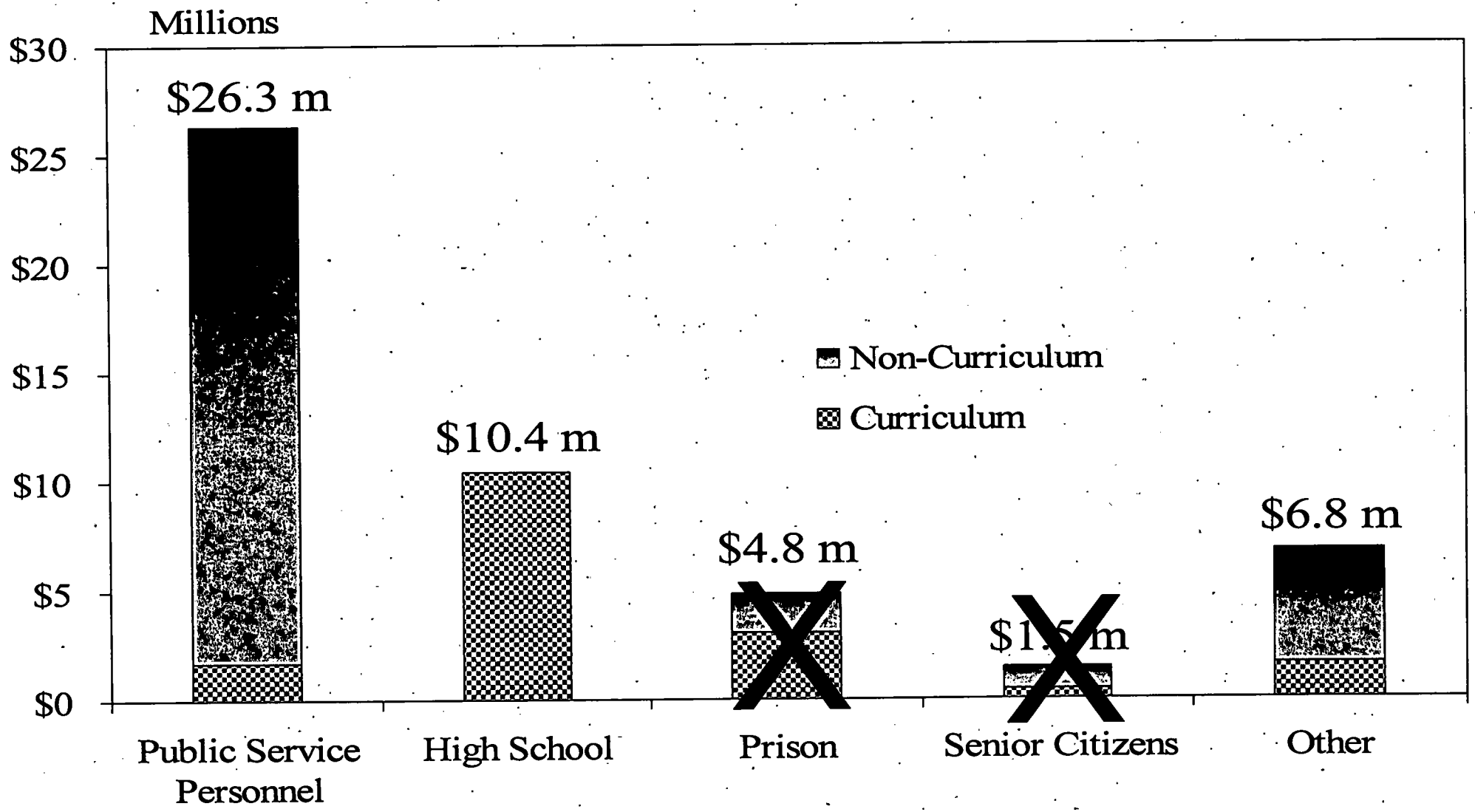
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- Bionetwork ($6.9m / GF ~~$5.8m~~) **$4.3m)**
- Small Business Centers ($5.8m)
- NC Research Campus ($3.3m)
- Child Care Grants (~~$1.9m~~) **($1.8m)**
- High Cost Programs ($1.9m):
  - Truck Driving ($320k)
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Senate Reductions to Categorical Aid & Other Support to Colleges

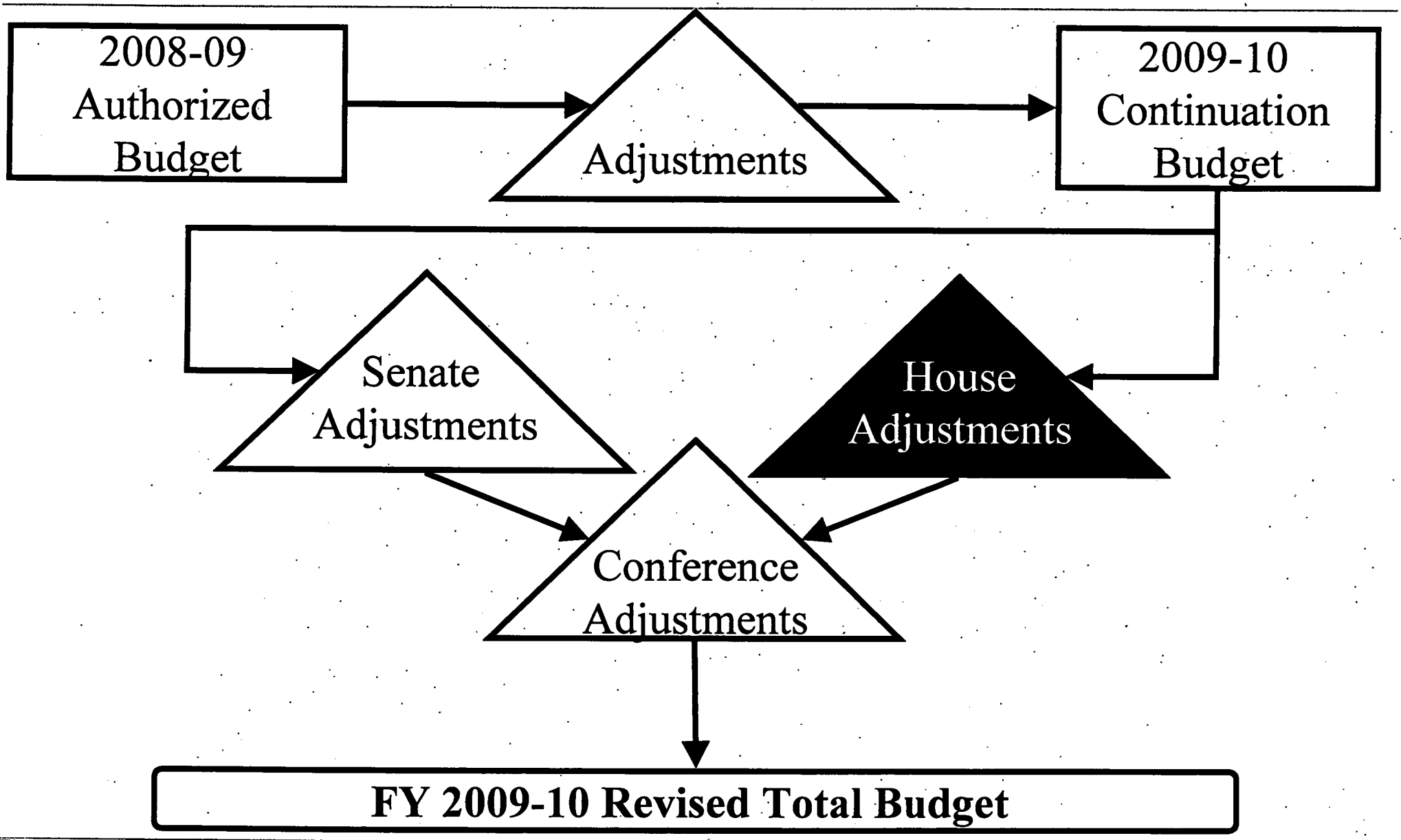
Other Support to Colleges (FY2009-10 Continuation Budget)

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- Online Help Desk ($605k)
- Virtual Computing Lab ($131k)
- Workers Comp and Disability ($1.6m)
- Admin Services ($88k)
- Longevity ($8.8m)
- Unemployment ($1.3m)
- Liability Insurance ($46k)

Senate Reductions to Tuition Waivers (Data from FY 2007-08)



How do we get a budget?



Options for Further Reductions

- Increase curriculum tuition
- Eliminate remaining tuition waivers
- Eliminate remaining categorical funding
- Reduce per student funding

Questions?

andrea.poole@ncleg.net

733-4910

VISITOR REGISTRATION SHEET

House Approp. Ed. — Name of Committee

4/29/09 PM — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Joan Adams	Red Black.nc00
Erin Schuldpelg	UNC-GA
Tony Johnson	NC REMC
Karen Bassenhaus	ASU
Jennifer Willis	NCCCS
Jennifer Haygood	"
Alice Smith	"
Bryan Conrad	OSBM
Paul Holeman	Tribune

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 28, 2009 / PM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DR RENÉE COWARD	NCCAT – Cullowhee NC
Chuck Hawkins	NCCAT
Karen Gale	NCBPTA
Jay Schalin	Pope Center
Ann Maddox	Governor's O/C
Tom McDowell	NCICU

House Pages

Name of Committee Education **Date** 4-29-09 PM

1. Name: Stephen Hutchinson
   County: Wilkes
   Sponsor: Randleman
2. Name: Sarai Whittington
   County: Wilkes
   Sponsor: Randleman
   Name:
   County:
   Sponsor:
4. Name:
   County:
   Sponsor:
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: charles williams
2. Name: James Worth
3. Name:
4. Name:

House Appropriations Subcommittee on Education

Agenda

Thursday April 30, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Rick Glazier, Presiding

I. Welcome

Rep. Rick Glazier

II. Presentation on the University of North Carolina Base Budget

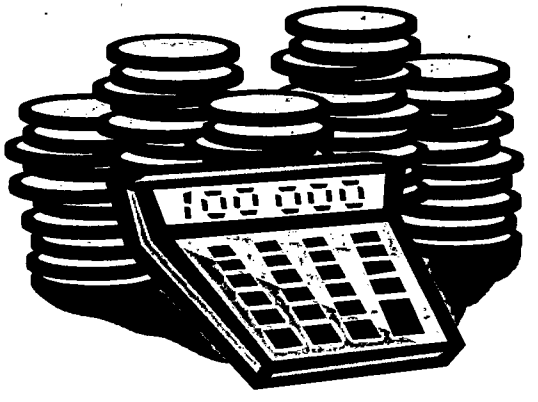
Richard Bostic, Fiscal Research

III. Committee Questions & Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

UNC BASE BUDGET



NC General Assembly
House Appropriations Subcommittee on Education
April 30, 2009

Attachment #1

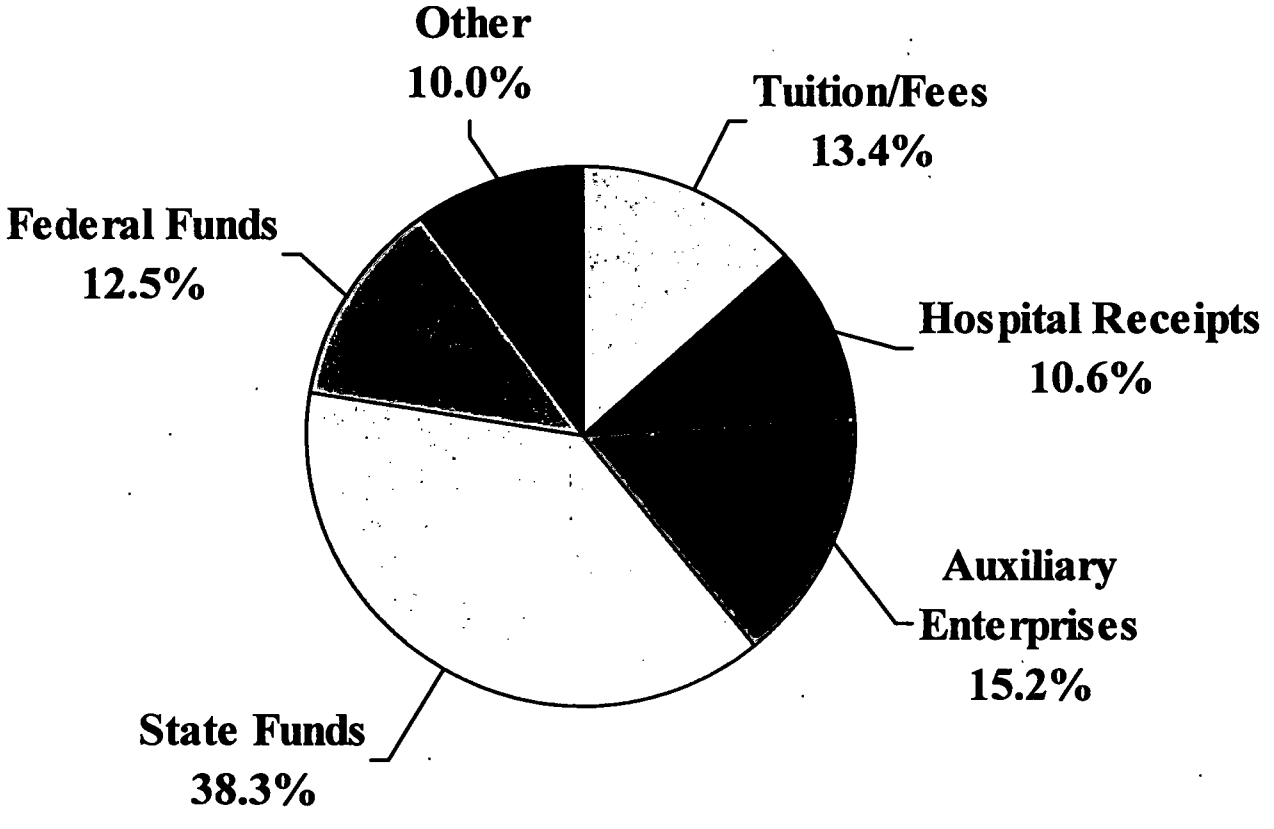
FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Overview of Presentation

- Review UNC budget
- Explain Changes in the Continuation (Base) Budget

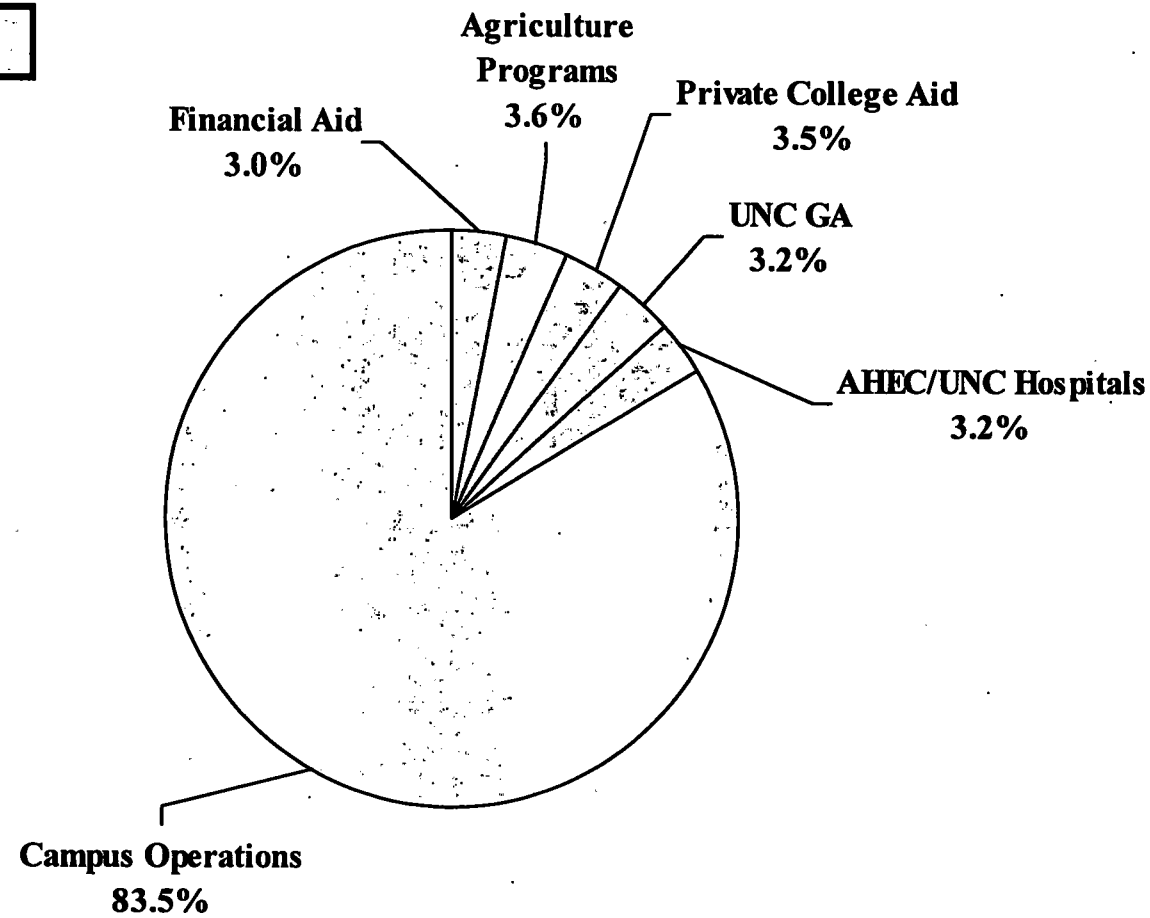
FY 07-08 Actual Operating Revenues

Total: $7.55 Billion



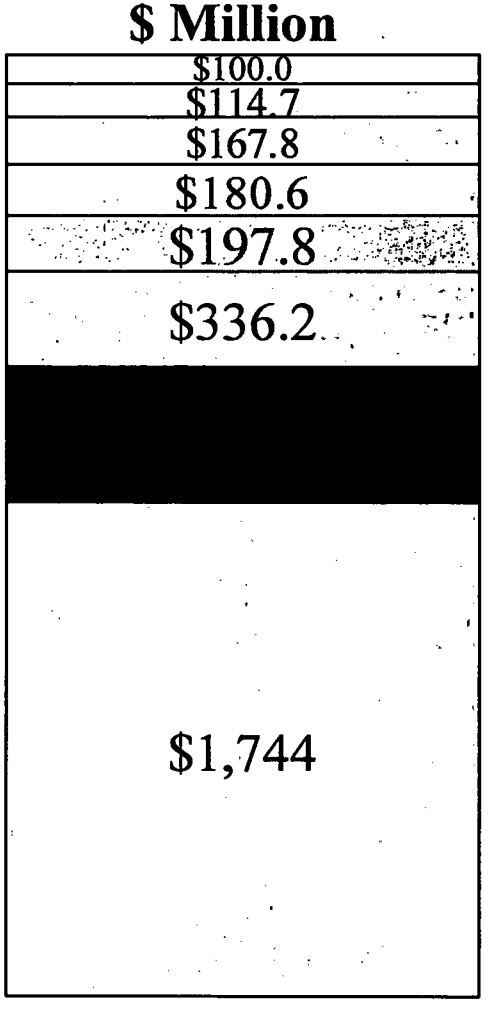
FY 09-10 Proposed GF Budget

Total: $3.0 Billion



Source: Recommended Operating Budget 2009-2011: Education Volume 1

Campus Budget Breakdown
Proposed FY 2009-10



3.0% = Student Services
3.5% = Student Financial Aid
5.1% = Libraries
5.5% = General Academic Support
6.0% = Other
10.1% = Institutional Support
14.3% = Physical Plant Operations
52.6% = Instruction

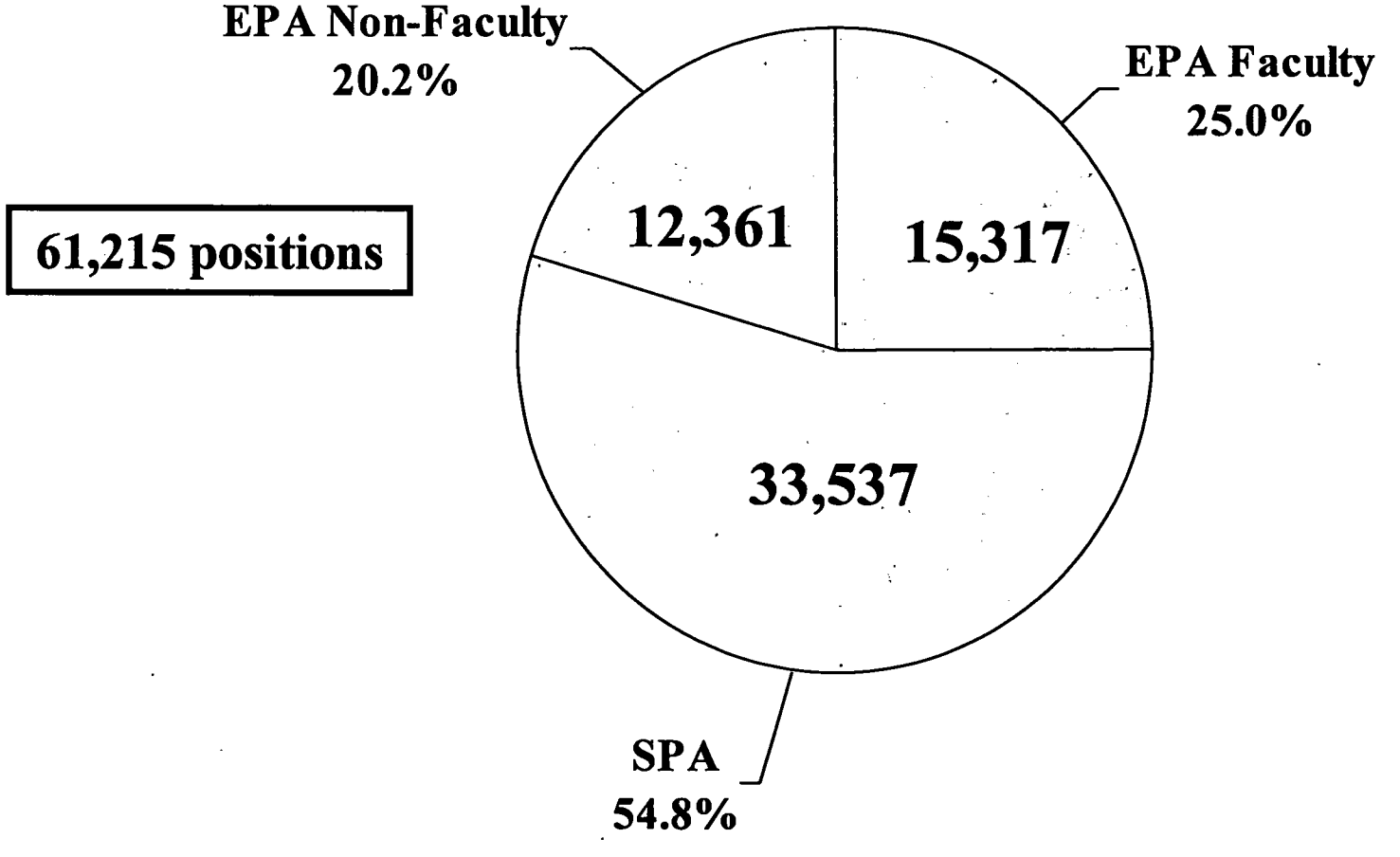
Proposed FY 2009-10 Proposed Budget
Expenditure Detail

• Personal Services	76.7%
• Supplies & Materials	3.1%
• Utilities	4.6%
• Travel, Printing, Ads, etc.	5.2%
• Contractual Services	.5%
• Library Books	1.9%
• Equipment	2.0%
• Financial aid	3.4%
• Facility Reserves	.4%
• Enrollment Growth Reserve	1.8%
• Other	.4%
	100.0%

Proposed FY 2009-10 Proposed Budget
Receipts Detail

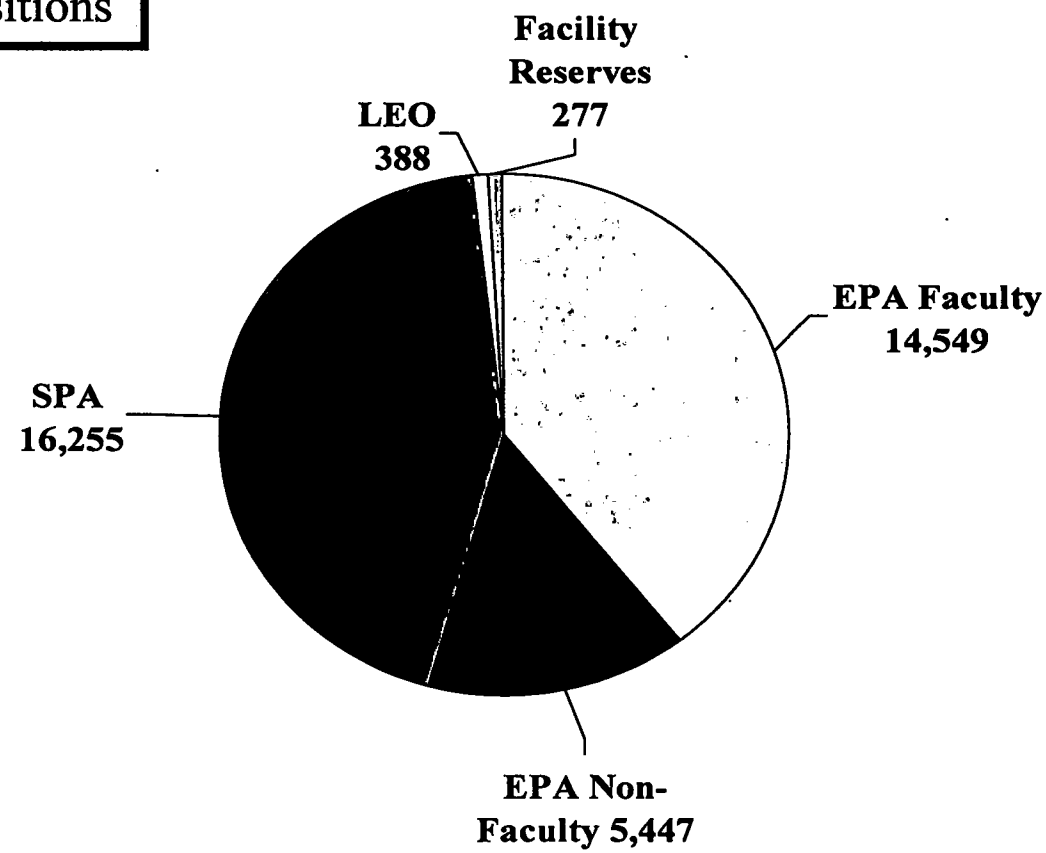
• Tuition	80.8%
• Federal Funds	.1%
• Miscellaneous	19.1%

UNC FY 2008-09 Positions, All Funds

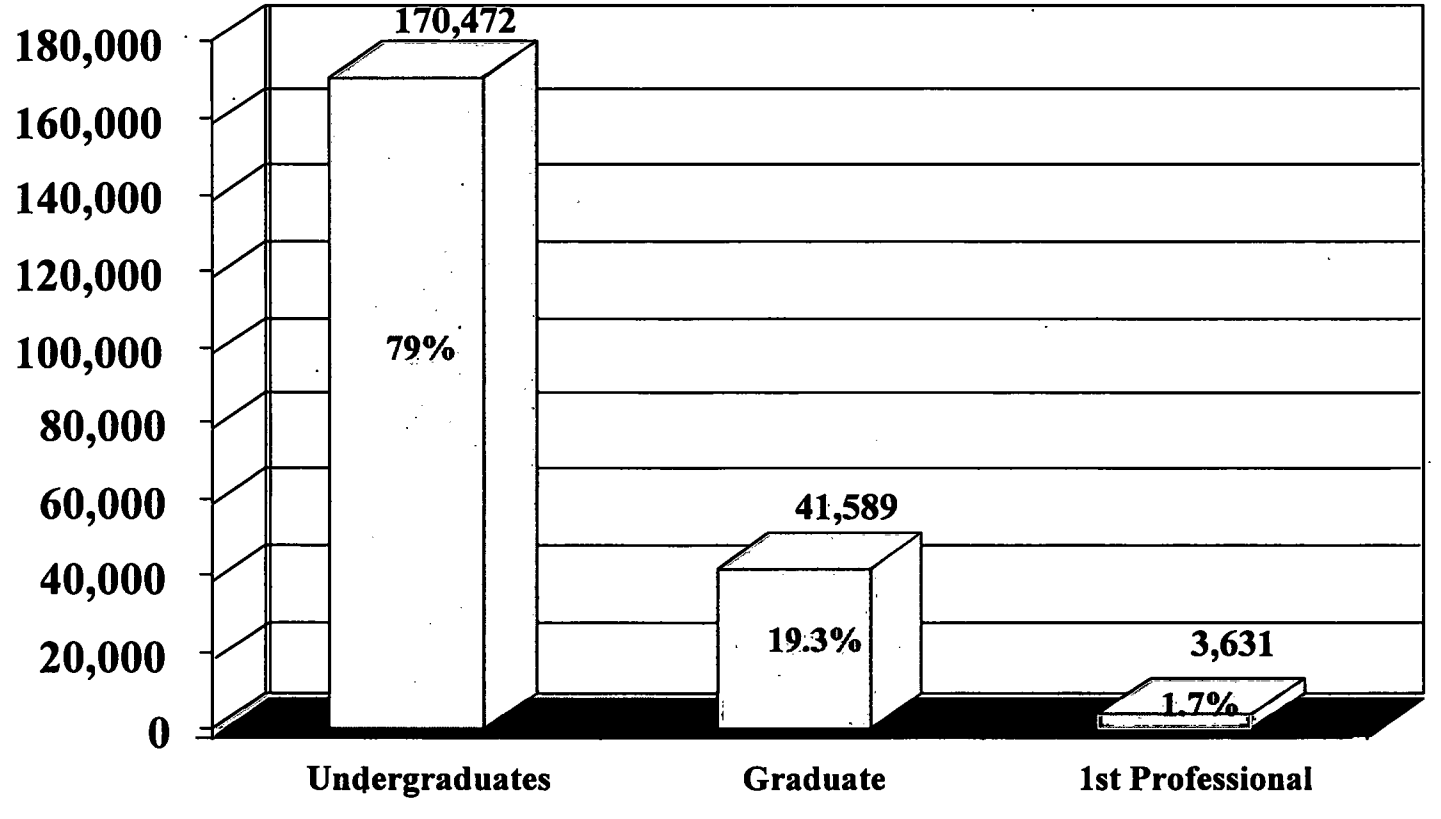


UNC Positions, General Fund
Proposed FY 2009-10

36,916 Positions



Student Headcount
Undergraduate and Graduate, Fall 2008



Source: UNC-General Administration

215,692 Students

UNC Budget Adjustments – FY 09-10

FY 2008-09 Authorized Budget	$2,894,709,782
Remove NR appropriations from FY 08-09	($29,068,000)
Remove PEP from budget	($1,266,170)
Phase out SREB Optometry Program	($221,053)
Remove one-time appropriations for equipment and motor vehicles	($6,082,755)
Make adjustments in financial aid programs in 16012 – Related Ed Programs	($113,433)

UNC Budget Adjustments – FY 09-10

Reduce Aid to private Medical Colleges and Bible Colleges due to drop in enrollment	($185,000)
EARN – second year	$43,775,000
University Cancer Research Fund	$10,061,179
Truth in Budgeting – Overtime Pay, Premium Pay, Shift Premium Pay, Unemployment Comp, Workers Comp, Disability Benefits	$7,757,661
Provide enrollment growth funds for the 16 campuses and the School of Science and Math	$44,197,776

Budget Adjustments - Continued

Add inflationary increases for utilities	$18,636,261
Allow inflationary increases for library books and journals	$14,152,734
Allow inflationary increases for supplies and purchased services, and make adjustments for leases and other contractual services	$610,435
Allow replacement of high mileage vehicles (110,000+ miles) and aging equipment	$8,202,917
Increase operating support for the UNC School of the Arts High School	$201,165

Budget Adjustments - Continued

Adjust Personnel Budget for fringe benefits:	$10,183,517
Fund accreditation expenses at ECSU	$64,850
Allow operating reserves for buildings that will open in FY 09-10 and annualized reserves that were partially funded in FY 08-09	$11,206,113
Adjust revenues for utility revenues, surplus property sales, fees, etc.	($637,324)
FY 09-10 Continuation Budget	$3,026,185,255

One Time Appropriations Removed

$29.1 million in non-recurring funds appropriated by 2008 General Assembly includes:

- Campus Safety ($9 million)
- ECSU Pharmacy space ($43,000)
- Medical School expansion ($1.5 million)
- NCSU Vet School Fund ($200,000)
- FSU Fire Tower ($400,000)
- ECSU Flight School ($300,000)

One Time Appropriations Removed

- Bent Creek Institute ($200,000)
- Distinguished Professors ($4.6 million)
- A+ Schools ($100,000)
- UNC-P Fire truck ($200,000)
- MSEN Pre-College Program ($400,000)
- Williamsdale Farm ($1,250,000)
- Cochlear Implant Programs ($675,000)
- NCSU Advanced Transportation Ctr ($250,000)

One Time Appropriations Removed

- SPICE ($250,000)
- NC in the World ($200,000)
- Perinatal Mortality & Disease ($250,000)
- UNC GA Systems Support ($1 million)
- Nanotechnology school ($1.5 million)
- Research Competitiveness Fund ($1 million)
- WFU Soldier Institute ($4 million)
- LTG Part-time ($1.75 million)

Principals' Executive Program (PEP)

- Placed on Nonrecurring funding after Justification Review in 2007 Session
- UNC Board of Governors recommends restoration of funds
- Governor's budget eliminated $1,266,170 and 14.9 positions
- Senate budget did not restore funds

SREB Optometry

- Began phase-out of 14 Meharry medical and dental student slots in FY 07-08 (2 remaining in 09-10 and 0 in 10-11)
- Will begin phase-out of 76 optometry student slots at UAB, Houston, Penn College of Optometry, and Southern College of Optometry
- Instead of reduction of $221,053 in FY 09-10 and $547,273 in FY 10-11, funds could be transferred to Student Loan Program for Health, Science, and Math

Equipment

- $78.5 million in base budget
- Remove $6.1 million in nonrecurring items
- Add $8.2 million to supplement budget for replacement of motor vehicles (over 110,000 miles) and worn out tractors, lawn mowers, back hoes, etc.
- Written justification must be provided on each equipment request

Financial Aid – Misc. Programs

	FY 09-10
Medical Scholarships	($185,419)
Federal Incentive Grants	*
Dental Scholarships	$31,392
Principal Fellows Program	$34,144
Science & Math Tuition Waiver	$122,450
Coaches Scholarship	($116,000)
	($113,433)

*Equal reduction in appropriation and receipt.

Financial Aid – Private Colleges

- Aid to medical schools at Wake Forest and Duke reduced by $75,000
- Aid to Bible Colleges reduced by $110,000
- Both reductions due to drop in enrollment
- No change in Legislative Tuition Grant and State Contractual Scholarship Fund

Financial Aid – Private Colleges

	FY 09-10
Private Medical School Aid	$1,692,000
State Contractual Scholarship Fund	$44,058,375
Legislative Tuition Grant	$58,735,605
Bible College Grant	$339,300
Teaching grants *	$63,635
	$104,888,915

*Wake Forest Univ. and Salem College

EARN

- EARN = Education Access Rewards North Carolina

- Eligible students are from families with incomes less than 200% of the federal poverty level (2009):
  - Family of 3 = $36,620
  - Family of 4 = $44,100
  - Family of 5 = $51,580

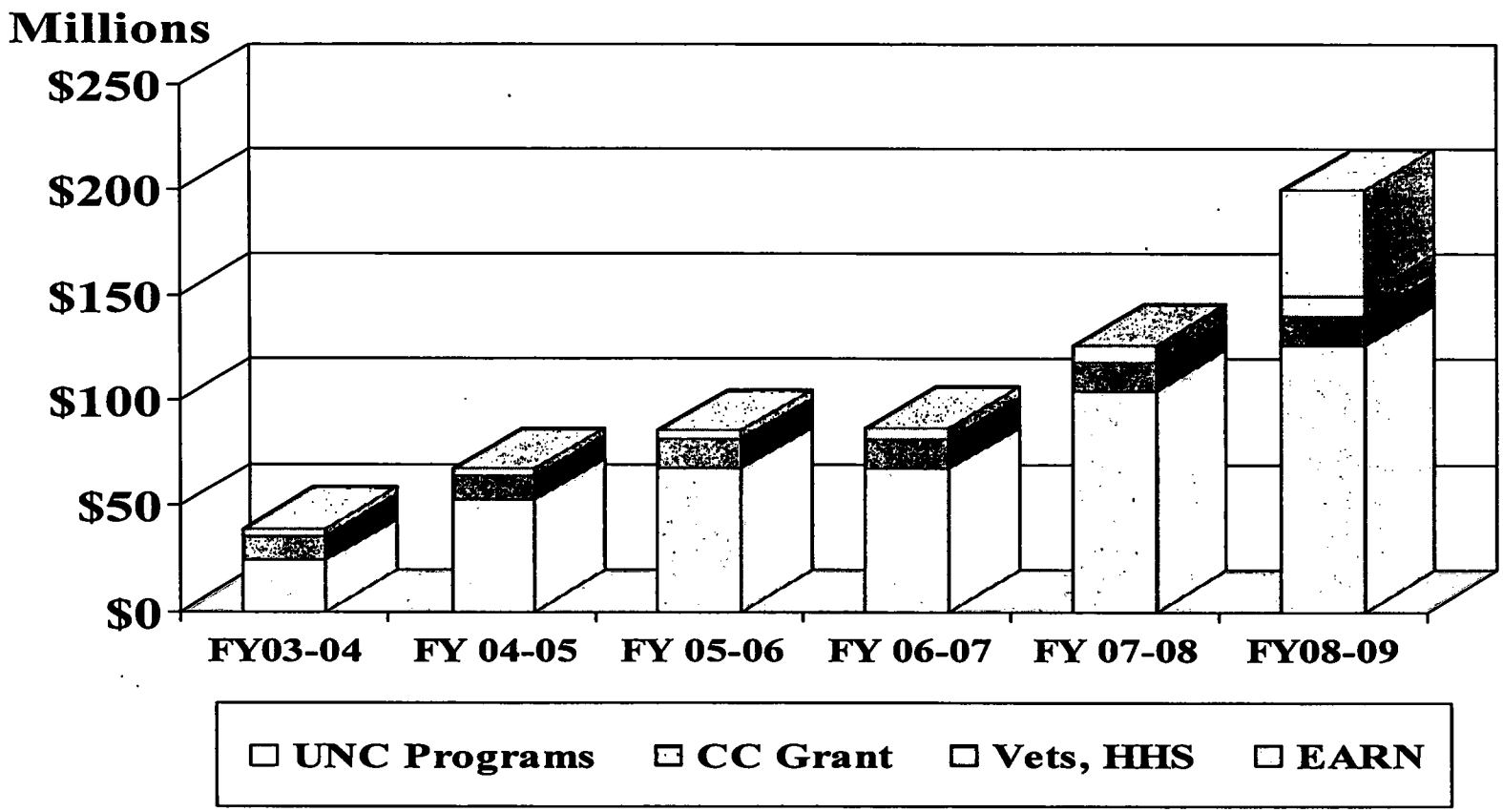
EARN

- 11,979 students received the $4,000 grant in FY08-09:
  - 5,170 UNC students
  - 4,937 Community College students
  - 1,872 Private College students
- The EARN grant is meant to replace the average Stafford federal loan
- A student will receive the grant for only two years
- Students are expected to work 10 hours a week either on or off campus

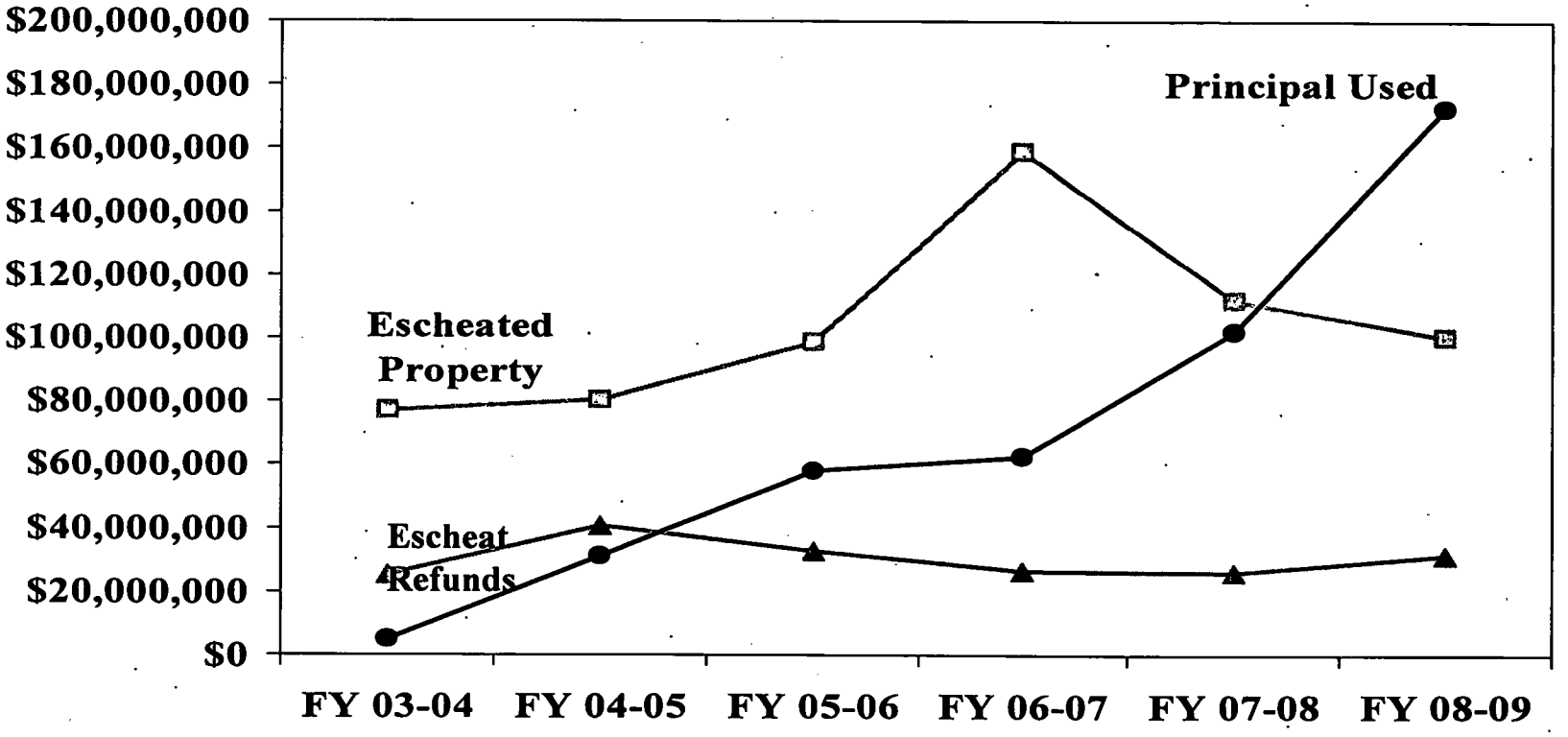
EARN

- 26,857 students will receive the grant in FY09-10:
  - 10,725 UNC students
  - 12,197 Community College students
  - 3,935 Private College students
- The FY 09-10 cost will be $99.8 million
- The cost will be split 60% General Fund and 40% Escheat Fund

Escheat Fund - Principal and Interest

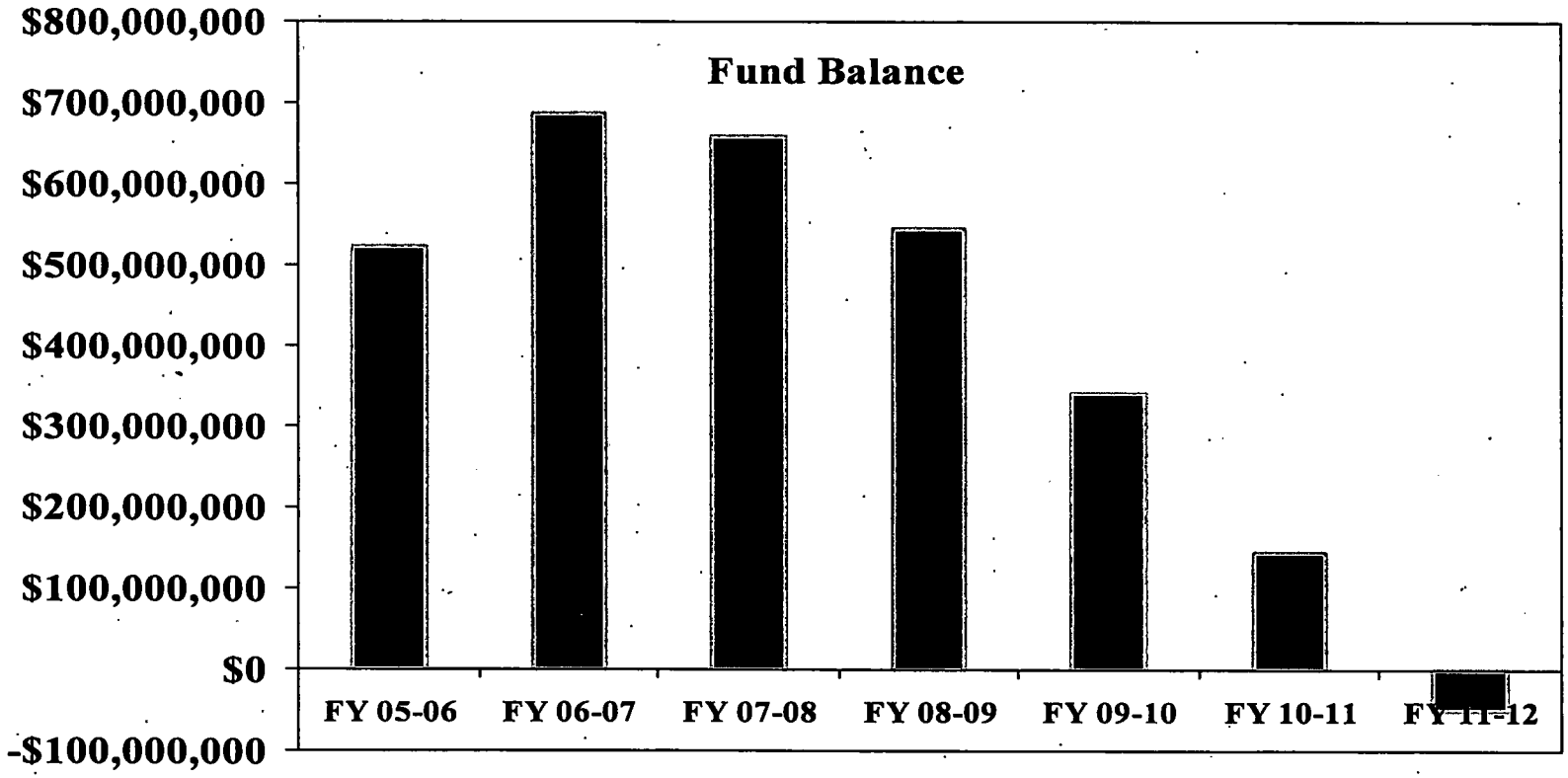


Escheat Fund - Payments Exceed Income



Source: NC Treasurer's Office

Escheat Fund - Deficit by 2012



Source: NC Treasurer's Office

University Cancer Research Fund

- Created in 2007
- $25 million in FY 07-08, $40 million in FY 08-09
- $10 million added to base to meet commitment for $50 million per year
- $8 million Tobacco Trust Fund, $25.5 million General Fund, and $16.5 million from tax on tobacco products other than cigarettes

Truth in Budgeting

- Governor recommended $55 million cut in salaries (2% campuses and 3% UNC General Administration)
- Added $7,757,661 to base for personnel lines typically under budgeted such as workers comp and overtime pay
- Senate rejected Truth in Budgeting

Enrollment Growth

- $44.2 million in FY 09-10 and additional $53.4 million in FY 10-11
- Funds 3,985 undergraduate FTE, 627 graduate FTE, and 10 Science & Math students in FY 09-10
- No increase in enrollment for NC A&T, NCCU, UNC-A, and UNC-SA
- Distance Ed = 34.1% undergraduate FTEs and 94.4% graduate FTEs
- Funding sufficient to hire 301 faculty positions in FY 09-10 and additional 327 in FY 10-11

Enrollment Growth Model

- Enrollment growth funding model in use since 1998
- Funds regular term and distance education estimated student credit hours by campus
- Does not include UNC-SA, Science & Math, professional schools (funded on FTE basis)
- Does not fund summer school, noncredit courses, or distance education classes delivered outside of NC to nonresident students
- Provides additional support to smaller campuses through "undergraduate factors"

Enrollment Funding Model

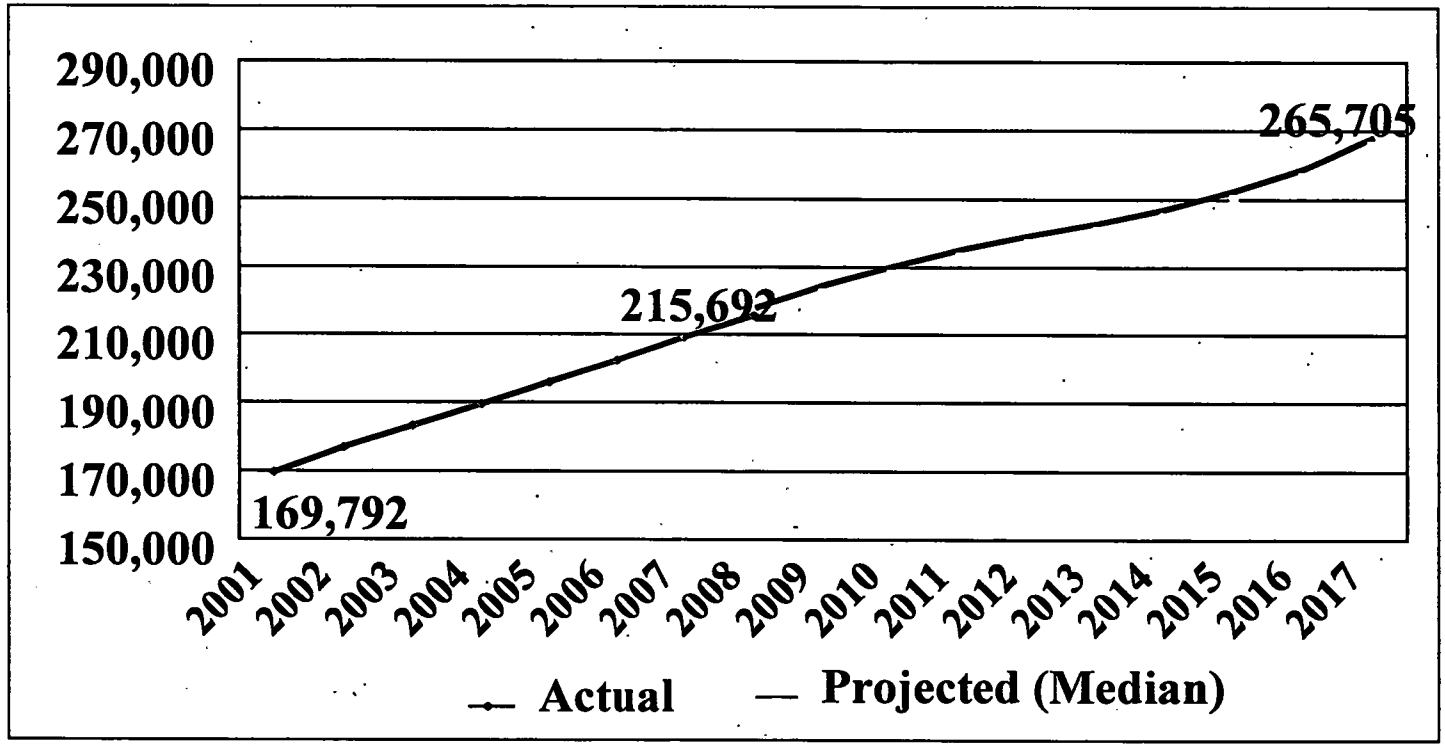
Campus: UNC-W

Program Category	Student Credit Hours (SCH)			SCH per Instructional Position			Instructional Positions Required		
	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral
Categ. I	494	-747	0	708.64	169.52	115.56	0.697	-4.405	0.000
Categ. II	-2,090	-963	0	535.74	303.93	110.16	-3.902	-3.168	0.000
Categ. III	2,381	1,583	223	406.24	186.23	109.86	5.862	8.502	2.028
Categ. IV	1,095	-96	0	232.25	90.17	80.91	4.716	-1.070	0.000
	1,880	-223	223				7.373	-0.141	9.260
							Campus UGr Cost Factor	10.0%	0.737
			1,880				**Total Positions Required**		
	9.997								

Calculation of Appropriation Request

Requirements Generated by SCH Model $708,979			$1, 700,490	Instructional Salary Rate of Campus	$70,917
Tuition Revenue:				Instructional Salary Amount	
In-State U/G FTEs	*21*	2,221	46,641	Other Academic Costs 44.89%	$318,294
Out-of-State U/G FTEs	(47)	12,156	(571,332)		
Res per GS116-143.6 U/G FTEs	35	2,221	77,735	**Total Academic Requirements**	**$1,027,273**
In-State Grad FTEs	*30*	2,522	75,660		
Out-of-State Grad FTEs	-	12,359	0		
				Library Rate 11.48%	
Total Expected Revenue			(371,296)	Library Amount	$117,978
Request Amount			***$2, 071,786***	Gen'l Instit. Support Rate 54.05%	
				Gen'l Instit. Support Amount	$555,239
				Total Requirements at UNC-W	**$1,700,490**

UNC Fall Headcount Enrollment Actual (through 2008) and Projected



Source: UNC-General Administration February 6, 2009

Inflationary Increases

- Utilities:

	FY 09-10	FY 10-11
Water and sewer	8.7 %	12.5%
Electricity	7.0%	7.0 %
Natural gas/propane	25.3%	25.1%
Diesel/#2 Fuel oil	$2.06/gal	$2.51/gal

These inflations factors are applied to FY 2007-08 actual expenditures.

Inflationary Increases

- Library books:
  - The allowed inflation rate is 17.1% in FY 09-10 and 26.8% in FY10-11.
  - These inflations factors are applied to FY 2007-08 actual expenditures.
  - Rates are taken from The Library and Book Trade Almanac 2008 that includes hardcover, trade, paperback and electronic books.

Inflationary Increases

- Other:

	FY 09-10	FY 10-11
Educational Supplies	6.1 %	12.5%
Medical Care	6.9%	9.7 %

These inflations factors are applied to FY 2007-08 actual expenditures.

School of the Arts High School

- $201,165 is added for the resident student portion of increased operating cost of the high school program

- In 2001 the General Assembly eliminated the tuition, fees, room, and board costs for in-state students

- Nonresident students pay the following:

  $7,562 tuition

  $4,234 room

  $3,378 meals

Personnel

- Personnel - fringe benefits:

Social Security	7.65%
TSERS *	8.14%
UNC Optional Retirement	11.46%
Law Enforcement Retirement	13.14%
Health Benefit	$4,157/year
Workers' Comp	varies

* Teachers and State Employees Retirement System

Facility Reserves

- The Base Budget includes $11.75 million in FY 09-10 and $29.77 million in FY 10-11 for the following facility reserves:
  - 21 renovations
  - 31 new buildings
  - 5 infrastructure projects
  - A model is used to determine the cost of maintaining and operating new and renovated facilities

Facility Reserves

- Buildings have been authorized as follows:
  - 2000 Bond Bill
  - Self-liquidating bills
  - Certificates of Participation (COPs)
  - Appropriations bills

2000 Higher Education Bond

- Voters approved $2.5 billion in UNC bonds in 2000
- Bonds have funded 319 projects on all campuses plus UNC-TV, NC Arboretum, and School of Science and Math
- Bond projects broken down into 570 project bid packages
- As of January 2009, the status of the bid packages was as follows:
  - 3 were in design phase (.6%)
  - 20 were in construction phase (3.6%)
  - 547 were complete (95.8%)

Facility Reserve Model

- Personnel
- Supplies
  - Housekeeping
  - Repair
  - Police
  - IT
- Utilities
- Communications
- Moving Costs
- Maintenance Contracts
  - Elevators
  - Pest Control
  - Garbage Removal
  - Fire Alarm/Sprinkler System
  - Uniforms
  - Chillers
- Insurance
  - Real Property
  - Vehicles
- Equipment
  - Vehicles
  - Other

Facility Reserve Model - Positions

- New Positions(123.3 in FY 09-10 and 340.7 in FY 10-11)
  - 1 housekeeper for every 18,000 square feet
  - 1 supervisor for every 12 housekeepers
  - 1 Mechanical technician for every 25,000 sq. ft.
  - 1 Police Officer for every 100,000 sq. ft.
  - 1 Trades technician for every 57,000 sq. ft.
  - 1 EHS technician for every 300,000 sq. ft.
  - 1 IT (Infrastructure) for every 250,000 sq. ft.
  - 1 IT (Classroom Support) for every 15 classes

Receipts

- The total change in receipts equals $637,324 in FY 09-10 and $352,801 in FY 10-11
- The major sources of increased receipts is Utility Service Revenue ($630,074 in FY 09-10 and $700,782 in FY 10-11)
- The increased receipts are at ECU and UNC-G

Senate Base Budget Adjustments

- Removed Truth in Budgeting Personnel Costs
- Reduced Facility Reserves due to delays
- Removed Library Inflation
- Adjusted Utilities for residual fuel oil and errors
- Reduced University Cancer Research Fund due to higher tax projections
- Reduced reserves for Distance Ed and Technology by 10%

Senate Base Budget Adjustments

- Reduced Strategic Initiative Reserve
- Abolished Legislator Schools at WCU/ECU
- Eliminated Focus Growth Reserve
- Phased out Tuition Waiver for Science and Math grads
- Reduced funding of Future Teacher Scholarship
- Replaced Bowles Center funding with receipts
- Corrected NCCU salary error

Questions

- For more information on the UNC budget contact Richard Bostic at 733-4910 or Richardb@ncleg.net

Sample Consolidation Calculation

Example Scenario: Make Pamlico CC a multi-campus of Craven

Assumptions:

Formula and categoricals are funded at current funding levels.		
There are no change in allocation formulas.		
Pamlico FY 2008-09 BFTE		
Curriculum		337
Con Ed		109
Basic Skills		90
Total		536
Craven CC FY 2008-09 BFTE		
Curriculum		2,165
Con Ed		347
Basic Skills		188
Total		2,700
Curriculum Equivalent Values		
<=500	$	4,048.85
>500	$	3,378.80
Con Ed Equivalent Values		
<=500	$	2,964.23
>500	$	2,479.82
Institutional Support Enrollment Allotment Rate per FTE >750	$	1,371
FICA Rate		7.65%
Retirement Rate		8.14%
Health Insurance Rate	$	4,100

Adjustments:

Reductions:

President's Salary	$	(117,840)
President's Benefits (FICA, Ret, Health Insurance)	$	(22,707)
Curriculum Instruction	$	(225,807)
Con Ed Instruction	$	-
Basic Skills Base	$	(20,000)
Institutional Support Base	$	(2,034,861)
Community Service Allotment	$	(9,779)
Faculty Upgrade Base	$	(6,000)
Small Business Center Base	$	(88,724)
Compensatory Education Base	$	(10,000)
Child Care Grant Base	$	(20,000)
Equipment Base	$	(100,000)
Instructional Resources Base	$	(25,000)

Additions

Institutional Support Enrollment Allotment	$	734,856
Multi-Campus Funding	$	575,000
	$	(1,370,862)

To Increase Tuition by $200/year Maximum per Student:

Option 1 – Increase cost per credit hour by $6.25/credit hour across the board.		
Cost savings	**$**	**23,846,003**
Revised In-State Tution/Credit Hour	$	48.25
Revised Out-of-State Tuition/Credit Hour	$	239.55
Maximum Annual Increase for Full-Time Student In-State	$	200
Maximum Annual Increase for Full-Time Student Out-of-State	$	200

Option 2 - Increase cost per credit hour by 15%.		
Cost savings	**$**	**26,308,060**
Revised In-State Tution/Credit Hour	$	48.30
Revised Out-of-State Tuition/Credit Hour	$	252.43
Maximum Annual Increase for Full-Time Student In-State	$	202
Maximum Annual Increase for Full-Time Student Out-of-State	$	1,054

To Generate $25 Million in Savings:

Option 1 – Increase cost per credit hour by $6.55/credit hour across the board.		
Cost savings	**$**	**25,000,000**
Revised In-State Tution/Credit Hour	$	48.55
Revised Out-of-State Tuition/Credit Hour	$	239.85
Maximum Annual Increase for Full-Time Student In-State	$	210
Maximum Annual Increase for Full-Time Student Out-of-State	$	210

Option 2 - Increase cost per credit hour by 14.25%.		
Cost savings	**$**	**25,000,000**
Revised In-State Tution/Credit Hour	$	47.99
Revised Out-of-State Tuition/Credit Hour	$	250.79
Maximum Annual Increase for Full-Time Student In-State	$	192
Maximum Annual Increase for Full-Time Student Out-of-State	$	1,001

House Pages

HOUSE APPR.

Name of Committee: Ed Date: 4-30-09

1. Name: Abraham Barron
   County: Yadkin
   Sponsor: Jim Gailly
2. Name: _____
   County: _____
   Sponsor: _____
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Charles Williams
2. Name: EARL COKER
3. Name: _____
4. Name: _____

VISITOR REGISTRATION SHEET

4-30-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jolinn Morris	Public Sch Forum
Rebecca Troutman	NCACC

VISITOR REGISTRATION SHEET

4-30-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Doug Lassiter	NCSTA
Rocke Windham	NCSSM / WMC
DAVID RICCI	MANNING FULTON
Trishana Jones	YAIO
Jorden Schrader	Asheville Citizen-Times

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — April 30, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Philip Rogers	ECU
Stana Huggins	NCCU
Erin Schaffer	UNC-GA
Ginger Burks	UNC-GA
Rob Nelson	UNC-GA
James D. Smith	UNC-GA
Lorin Baumhover	ASU
Tony Johnson	NC REAL
Joyce Wallace	OSBM
Anita Watkins	UNC GA
Kevin Howell	NCSU

VISITOR REGISTRATION SHEET

4-30-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Grossenbacher	OSBM
Ann Maddock	Governor's Ofc.
Dr. Penn Coward	NC Ctr Adv. of Teaching
Meredith Henderson	CIU
Jay Schalin	Pope Center
Chris Minard	State Bd of Ed
Chuck Williams	NCGA
[illegible]	EGHS
B. Lubker	Civitas Institute
Bin Lewis	NCAE
Brendan Boroh	Dem Party

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Tuesday, May 5, 2009**

TIME: **8:30 AM**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

Discussion of Nonprofits

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **12:00 PM** on **April 29, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Susan Burleson (Committee Assistant)

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, May 5, 2009, 8:30 a.m.

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building on Tuesday, May 5, 2009 at 8:30 a.m. Representative Marian McLawhorn, Co-Chair, was slated to preside over the meeting, however Representative Glazier chaired the meeting instead. The following House members were present: Representatives McLawhorn Glazier and Rapp, Co-Chairs, Representatives Bell, Lucas, Parmon, Tarleton, Vice-Chairs, Representatives Blackwell, and Hilton. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages, Sergeant at Arms, and staff who attended and assisted the meeting.

Representative Glazier stated that the purpose of the meeting was to give the non-profit agencies in the education budget a chance to speak to the committee members. The following agencies were called on to speak to the committee:

- WSGE/Gaston College – Cathis Hall, Station Manager (See Attachments 1 & 2)
- WNCW/Isothermal Community College – Dana Whitehair (See Attachment 3)
- Public Radio East – Charles Wethington, Station Manager (See Attachment 4)
- All Kinds of Minds – John Denning (See Attachment 5)
- Communities In Schools – Linda Harrill, President and CEO (See Attachment 6)
- Tarheel Challenge – Major General William Ingram, Jr. (See Attachments 7 & 8)
- ExplorNet – Dave Boliek (See Attachment 9)
- Gateway Technology Center – John Gessaman, President (See Attachments 10, 11, and 12)

Representative Glazier stated that the rest of the agenda would be completed in a meeting following Session. With there being no further business, the meeting adjourned at 9:50 a.m.

Respectfully submitted,

Marian McLawhorn
Representative Marian McLawhorn

Susan Burleson
Susan Burleson, Committee Assistant

House Appropriations Subcommittee on Education

Agenda

Tuesday May 5, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Marian McLawhorn, Presiding

I. Welcome

Rep. Marian McLawhorn

II. Presentations from Education Programs

WSGE, Gaston College	TBD
WNCW, Isothermal CC	TBD
Public Radio East, Craven CC	TBD
All Kinds of Minds	John Denning
Communities in Schools	Linda Harrill
ExplorNet	Dave Boliek
Gateway Technology Center	Marilynn Ansel
Kids Voting	Daintry O'Brien & Donna Rewalt
NC Literacy Connection	Elaine Foster & Deb Gooch
NC Network	Alan Teasley
NC Science, Math, and Technology Ed. Center	Dr. Sam Houston & Jason Painter
NC Teacher Cadet Program	Dr. Kelvin Spragley & Lina Drinkard
NCPTA – Parental Involvement Initiative	Debra Horton
Tarheel ChalleNGe	Major General Ingram
Teach for America	Erin Swanson Oschwald

III. Committee Questions & Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Attachment 1

THE HOUSE EDUCATION APROPRIATIONS SUBCOMMITTEE
WSGE RADIO REPORT
MAY 5, 2009

GOOD MORNING, I'M CATHIS HALL, STATION MANAGER OF GASTON COLLEGE'S RADIO STATION, WSGE. I'VE SERVED IN THIS POSITION FOR THREE YEARS, AND I TRULY APPRECIATE THE OPPORTUNITY TO ADDRESS THE COMMITTEE ABOUT THE NEED TO CONTINUE FUNDING FOR ~~COMMUNITY COLLEGE~~ PUBLIC RADIO STATIONS. IN the community college system
I'VE DISTRIBUTED A HANDOUT THAT SPECIFICALLY ANSWERS SOME OF THE QUESTIONS YOU MAY HAVE ABOUT WSGE RADIO AS WELL AS COPIES OF THE STATION'S PROGRAM GUIDE. I'D LIKE TO HIGHLIGHT A FEW POINTS THAT MAY HELP YOU BETTER UNDERSTAND WHY WSGE' FUNDING SHOULD BE CONTINUED.

IN 2002, GASTON COLLEGE RECEIVED ITS INITIAL ALLOCATION OF $191,333 ~~FROM THE STATE~~ TO SUPPORT THE RADIO STATION. AS A RESULT OF THIS FUNDING, THE COLLEGE WAS ABLE TO REINSTATE THE BROADCAST PRODUCTION TECHNOLOGY PROGRAM THAT HAD BEEN SUSPENDED DUE TO NON-PROFESSIONAL STAFF AND INADEQUATE FACILITIES.

AS A GRADUATE OF A NC UNIVERSITY THAT HAS A RADIO STATION, I CAN READILY ATTEST TO THE IMPORTANCE OF HAVING A COLLEGE BROADCAST FACILITY WITH STATE-OF THE-ART TECHNOLOGY. HOWEVER, STUDENTS WILL NOT BENEFIT FROM THIS TECHNOLOGY UNLESS PROFESSIONAL STAFF IS IN PLACE TO PROVIDE THE NECESSARY TRAINING AND SUPERVISION. AS A STUDENT, I WORKED IN MY COLLEGE RADIO STATION FOR THREE YEARS, AND THE KNOWLEDGE AND EXPERIENCE I ACQUIRED HELPED TO LAUNCH A CAREER IN BROADCASTING THAT HAS LASTED APPROXIMATELY 30 YEARS.

CONTINUED FUNDING FOR WSGE WILL ENSURE THAT THE 37 STUDENTS PRESENTLY ENROLLED IN THE BROADCAST PRODUCTION TECHNOLOGY PROGRAM AND THOSE TO COME WILL HAVE THE OPPORTUNITY TO EXPERIENCE A PROFESSIONAL RADIO STATION ENVIRONMENT. I AM REMINDED OF A RECENT GRADUATE OF THE PROGRAM WHO SERVED AS THE STATION'S PRODUCTION INTERN. AFTER HIS CLASS REQUIREMENTS WERE MET, HE SERVED AS AN ON-AIR VOLUNTEER FOR ALMOST A YEAR. CURRENTLY, HE IS THE MORNING DRIVE ANNOUNCER FOR A BLUE GRASS STATION IN LENOIR, N.C. SINCE BROADCAST MEDIA IS VERY COMPETIVE, IT IS IMPORTANT

TO ENSURE THAT STUDENTS INTERESTED IN PURSUING CAREERS IN THIS INDUSTRY ARE GIVEN EVERY OPPORTUNITY TO BE SUCCESSFUL.

WSGE HAS THE UNIQUE POSITION OF BEING THE ONLY FM STATION AND THE ONLY LOCALLY OPERATED NONCOMMERCIAL STATION IN GASTON COUNTY. THEREFORE, NON-PROFIT AGENCIES IN GASTON AND LINCOLN COUNTIES COMMONLY PROMOTE THEIR COMMUNITY EVENTS THROUGH WSGE'S WEEKLY PUBLIC AFFAIR PROGRAMS AND VIA OUR PUBLIC SERVICE ANNOUNCEMENTS. THE FOLLOWING NON-PROFIT ORGANIZATIONS ARE ONLY A SMALL SAMPLE OF ONES THAT HAVE BENEFITTED FROM THE STATION: GASTON COUNTY RELAY FOR LIFE, THE HOUSE OF MERCY – ANNUAL AIDS WALK, HABITAT FOR HUMANITY OF GASTON COUNTY, AND THE LINCOLN COUNTY HISTORICAL SOCIETY.

WSGE'S MUSIC PROGRAMMING IS A VIABLE ALTERNATIVE TO WHAT IS BEING OFFERED BY COMMERCIAL AND NONCOMMERCIAL STATIONS IN THE AREA. WSGE'S PRIMARY FORMAT IS ADULT ALBUM ALTERNATIVE. HOWEVER, BLUES, BEACH/SHAG BIG BAND AND JAZZ ARE SPECIALTY MUSIC BLOCKS THAT ARE EXTREMELY POPULAR AND GARNER FINANCIAL SUPPORT DURING OUR FUND DRIVES. IN ADDITION, WSGE HAS HELPED A NUMBER OF LOCAL MUSICIANS LAUNCH THEIR CAREERS. AS A RESULT, WSGE WAS RECOGNIZED BY A CHARLOTTE AREA PUBLICATION FOR ITS SUPPORT OF LOCAL MUSIC.

FUNDING RECEIVED FROM THE STATE HAS HELPED THE STATION IN A NUMBER OF SIGNIFICANT WAYS. THEY ARE AS FOLLOWS:

- A POWER INCREASE – WSGE CURRENTLY HAS AN EFFECTIVE RADIATING POWER OF 7,500 WATTS, WHICH ALLOWS THE STATION'S COVERAGE AREA TO INCLUDE 1.2 MILLION RESIDENTS. HOWEVER, WSGE HAS A WEEKLY AUDIENCE OF APPROXIMATELY 18,000 PEOPLE. THIS COVERAGE AREA WOULD NOT BE POSSIBLE WITHOUT THE ABILITY TO LEASE SPACE FOR THE STATION'S ANTENNA ON A COMMERCIAL TOWER. THE LEASE IS $48,000 A YEAR (THE LEGISLATIVE ALLOCATION IS OUR ONLY WAY TO FUND THIS EXPENSE)
- INTERNET STREAMING – WSGE CAN NOW BE HEARD INTERNATIONALLY. THIS HAS ALLOWED THE STATION TO BUILD AN AUDIENCE BEYOND OUR BROADCAST SIGNAL. DURING THE FALL FUND DRIVE, A LISTENER FROM ENGLAND CALLED IN TO PLEDGE $120 DOLLARS IN SUPPORT OF OUR BIG BAND PROGRAM. WE'VE ALSO RECEIVED DONATIONS FROM LISTENERS WHO RESIDE IN A NUMBER OF STATES THROUGHOUT THIS COUNTRY.
- PROFESSIONAL STAFF – THREE TO FOUR POSITIONS ARE ~~PRIMARILY~~ commonly FUNDED BY THIS APPROPRIATION (MEMBERSHIP COORDINATOR,

STATION MANAGER, PRODUCTION DIRECTOR AND MUSIC DIRECTOR - PART-TIME). THIS IS A SMALL STAFF, BUT IT DOES ALLOW THE STATION TO PROVIDE THE TRAINING AND SUPERVISION NEEDED TO EFFECTIVELY OPERATE.

- ASSOCIATED PRESS NEWS – WSGE CAN NOW AIR LIVE NATIONAL NEWSCASTS FROM THIS CREDIBLE SOURCE.
- EQUIPMENT ACQUISITION AND REPAIRS – ONE OF THE MOST IMPORTANT PIECES OF EQUIPMENT PURCHASED WAS THE IMEDIA TOUCH AUTOMATION SYSTEM THAT PERMITS WSGE TO BROADCAST TWENTY-FOUR HOURS A DAY (WITHOUT SIGNIFICANT VOLUNTEER SUPPORT)

AS YOU CAN SEE THIS FUNDING HAS BEEN INSTRUMENTAL IN THE DEVELOPMENT OF ALMOST EVERY ASPECT OF THE STATION'S OPERATIONS. THE STATE ALLOCATION IS APPROXIMATELY 61% OF WSGE'S TOTAL BUDGET.

IN CLOSING, IT IS IMPORTANT TO UNDERSTAND THE DEVASTATING EFFECT THE LOST OF FUNDING WILL HAVE ON STUDENTS IN THE BROADCAST PRODUCTION TECHNOLOGY PROGRAM. IN GENERAL, THE COLLEGE AND ITS STUDENTS WILL LOSE THE AUSPICIOUS POTENTIAL THAT WSGE HAS CREATED THROUGH SEVERAL YEARS OF SPECIAL LEGISLATIVE FUNDING. MOREOVER THE LOST OF FUNDING WILL REDUCE THE HUMAN AND TECHNICAL SUPPORT NEEDED TO MAINTAIN THIS BROADCAST FACILITY. WITHOUT THE $191,333 SPECIAL LEGISLATIVE ALLOCATION, THE FUTURE OF THE ~~STATION~~ IS IN ~~SERIOUS~~ JEOPARDY! Extremely Uncertain WSGE

I ASK THAT YOU STRONGLY CONSIDER CONTINUING FUNDING FOR COMMUNITY COLLEGE PUBLIC RADIO STATIONS, WSGE, WNCW AND WTEB. AGAIN, I'D LIKE TO THANK YOU FOR ALLOWING ME THE OPPORTUNITY TO SHARE ~~OUR~~ POSITION WITH YOU.

concerns

Attachment 2

Why continue funding for Gaston College's WSGE Radio Station?



Who does WSGE serve?

WSGE is a community radio station that provides an alternative to commercial radio stations owned by media conglomerates. It is the only FM station and the only locally operated noncommercial station in Gaston County. It primarily serves Gaston, Lincoln, Cleveland, Catawba and Mecklenburg counties. The station has a weekly audience of approximately 18,000 persons.

How is WSGE unique?

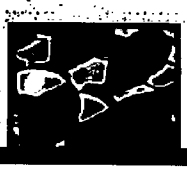
WSGE provides the only Adult Album Alternative format in the area. This is the station's primary format. The following specialty music blocks are also provided: Blues, Big Band, Beach/Shag and Jazz. These formats target an underserved population of listeners and are extremely popular. WSGE is the only station that provides a consistent vehicle for Gaston and Lincoln non-profit agencies to promote community events. Representatives from a number of these agencies have appeared as guests on the station's weekly public affairs programs. WSGE has also been the springboard for many local musicians who would have had no other venue to become known. Moreover, WSGE has received an award from a Charlotte area publication for its support of local music.

How did WSGE survive for 22 years without the special legislative allocation funds?

WSGE, 91.7 FM began broadcasting on October 2, 1980 as a 3,000 watt station. It operated for twenty-two years with one or two paid employees and 40 volunteers. Its equipment was antiquated, the broadcast signal was weak, the broadcast facilities were inadequate, and the station was often not in compliance with ever-changing FCC regulations. The huge investment of time and talent from hundreds of community volunteers and students over 22 years did promote a real sense of community integration and volunteer pride. The station survived, but it did not flourish. It could have possibly been labeled an "underground radio station" with unique local programming. However, many difficulties and problems arose as a result of non-professional staffing. As WSGE grew, more public attention was focused on its operations, and FCC violations were cited. The lack of professional staff hampered the supervision of students and volunteers. In the mid 1990s the affiliated curriculum program was suspended by the college administration. It was reinstated in 2002 after Gaston College began receiving special legislative funding. As a result of this funding, the college hired industry professionals to oversee the total volunteer operation. The legislative allocation was also used to increase the station's operating power to 7,500 watts. Currently, the station has a broadcast footprint that covers an area with 1.2 million residents.

Does WSGE have an affiliated college academic program?

Gaston College's Broadcast Production Technology program has a healthy enrollment of 37 students. The students are prepared in several types of media technology. Yet, WSGE is the primary media outlet used by the students to acquire practical experience in all facets of radio station operations. The program will not remain a viable radio technology training program without WSGE.



How important is WSGE to Gaston College marketing efforts?

WSGE markets its programs and services to persons in Gaston, Lincoln, Mecklenburg and surrounding counties. WSGE is the "signature" of Gaston College marketing, similar to signature athletic programs at other colleges. It promotes a positive image of Gaston College. The station recruits students and promotes the successes of its students, faculty and staff.

How have the Special Legislative Funds improved WSGE?

Unlike the other two public radio stations affiliated with community colleges in NC that received special funding since the 1980's, WSGE started receiving special legislative funds in 2002. These allocations, which currently provide 61% of WSGE's annual operating budget, have been crucial for upgrading the station's capabilities and professionalism. Gaston College could have developed into a more "mature" operation that could self-sustain if it had received special allocations since the 80's, but now WSGE would essentially collapse without continuing legislative support during its "growth spurt" of the last seven years. The special allocation has been used to upgrade broadcast and production studios, to purchase automated equipment crucial to 24 hour operations, to purchase equipment necessary the strengthen the broadcast signal and to rent space on a 800 foot tower. (The yearly tower lease agreement alone costs $48,000, and it will increase next year.) Internet streaming capabilities have been installed to meet the needs of the modern radio listener. Most importantly, funds have been used to pay the salaries of the station manager, membership coordinator, production director (part-time), and music director (part-time). This is the very minimum paid staff necessary to have professional programming, public affairs productions, fund raising, underwriting and supervision of 36 volunteer announcers and numerous students. The special legislative allocation has grown WSGE's excellent operations into the adolescence c sustainability. Uninterrupted funding will grow the station into the adulthood of self-sufficiency.

Who loses if WSGE's special legislative allocation evaporates?

Losers would be all of the occasional listeners in the WSGE broadcast footprint covering 1.2 million people and the 18,000 regular WSGE listeners. The 37 students currently enrolled in the Broadcast Production Technology program would be big losers because they would have no on-campus station at which to earn valuable work and educational experiences, and the program may be forced to fold. The area's only local public affairs and community service radio programs would be lost. All local non-profit community service agencies will lose their only chance for mission promotion and community education. Prospective students and their parents will lose the opportunity to learn about "open access" to the available programs and services available to them at their local community college. Gaston College would not be able to maintain WSGE's hard-fought-for quality. WSGE's demise would be a tragic loss for Gaston College students, WSGE's listeners and the citizens of Gaston and Lincoln Counties.

91.7 fm
WSGE

Attachment 3

WNCW-FM - Isothermal Community College's National Public Radio affiliate - is ~~celebrating~~ IN its 20th year of providing ~~public~~ service to the citizens of Western North Carolina (and beyond). It's services include regional, national and international news & information ~~programming;~~ extensive coverage of ~~regional~~ THE REGION'S music, culture, and ~~the arts~~ ARTS; ~~as a partner~~ PARTNERING with the region's tourism development authority; and ~~as~~ SERVING AS a crucial regional link ~~to~~ TO the ~~national~~ EAS OR Emergency Alert System ~~(also known as EAS).~~

WNCW ~~also~~ fulfills a crucial educational role as an academic training facility for ~~Isothermal Community College~~ students enrolled in the school's Broadcast Production Technology curriculum. Station staff – in cooperation with college instructors – serve to bring "real world" ON-AIR experience and professional expertise to ~~aspiring~~ students ~~hoping to pursue~~ PURSUING a career in broadcasting.

The station is widely recognized within ~~the~~ public radio ~~system~~ as A ground-breaking, award-winning, creative, AND progressive ~~and~~ uniquely-qualified to reflect Western North Carolina's rich cultural diversity and serve the ~~significant~~ GROWING population ~~living~~ within its coverage areas.

In addition to covering Western North Carolina, WNCW serves Boone, a significant portion of Charlotte, Upstate South Carolina, parts of Eastern Tennessee and is about to expand its service to Wilkes County. Within the next two weeks, Wilkes Community College will transfer its FCC license to WNCW and – soon – WNCW will commence operations to yet another underserved area of the state.

In keeping with the mission mandated by the North Carolina General Assembly and by Isothermal Community College, WNCW delivers a public radio signal featuring relevant, intelligent programming to a substantial number of underserved or otherwise unserved North Carolinians.

For twenty years, listener and members, business supporters, Isothermal Community College, volunteers and WNCW's staff have partnered with the State of North Carolina in creating a one-of-a-kind, [redacted] public service. State funding is critical and directly supports the salaries of five, key full-time staff members and helps to replace aging, failing and/or obsolete equipment. It is particularly important during an

economic crisis that has adversely affected WNCW's other funding resources ~~[illegible]~~ in part ~~[illegible]~~ WNCW's listeners have come to depend. ON THIS SERVICE

In closing, I wish to add that WNCW stands for "Western North Carolina Window." The management and staff of WNCW take extreme pride in embracing that motto and ~~[illegible]~~ along with the station's many other stakeholders consider the station to be a ~~recognized~~ VALUED regional asset; an essential, increasingly ~~valuable~~ EFFECTIVE and relevant public service; and a compelling, broadcast-based "window" both *from* the region looking out to the world, and *to* the region... allowing the world to discover and appreciate Western North Carolina.

Thank you for your time and for the opportunity to speak with you today.

- 8:30 AM
RM. 421 LEGISLATIVE OFFICE BUILDING
HOUSE EDUCATION APPROPRIATIONS SUB-COMMITTEE

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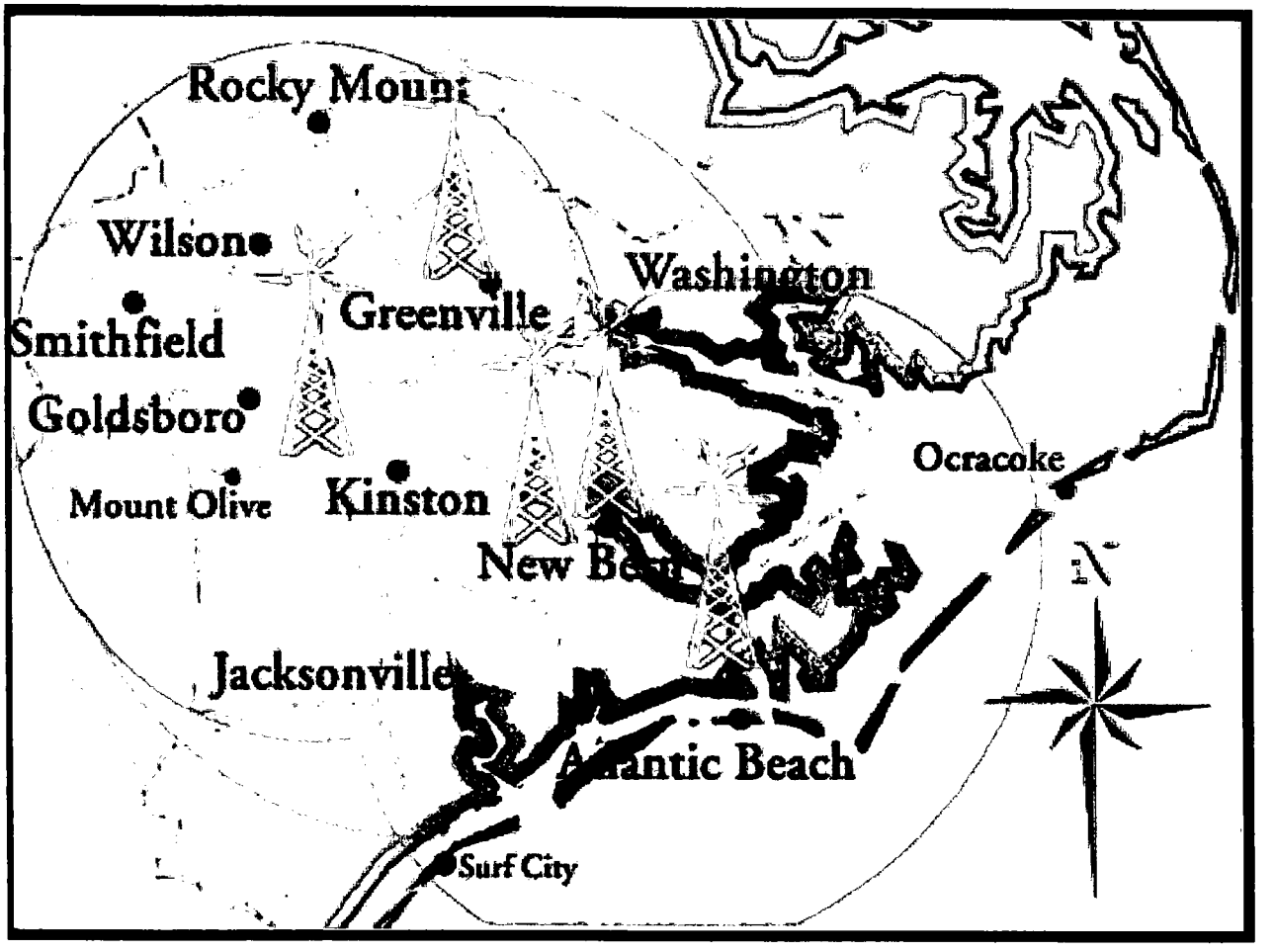
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Thank you for your time and for the opportunity to speak with you today.

-8:30 AM
RM. 421 LEGISLATIVE OFFICE BUILDING
HOUSE EDUCATION APPROPRIATIONS SUB-COMMITTEE

Public Radio East

Serving eastern North Carolina
with two diverse networks.



The News and Ideas Network
88.5 WZNB / 90.3 WKNS / 91.5 WBJD/ 88.1 Greenville

Served by both Networks

The News and Classical Music Network
89.3 WTEB

PUBLIC RADIO EAST

THE NEWS AND IDEAS NETWORK
88.5-WZNB/WHYC 90.3-WKNS 91.5-WBJD 88.1

	Monday - Friday	Saturday	Sunday
5a	Morning Edition	BBC World	BBC World
6a			Parents Journal
7a	Morning Edition	Only A Game	Book Guys
8a		Weekend Edition	
9a	BBC Newshour		
10a	The Diane Rehm Show	Car Talk	Travel w/Rick Steves
11a		Wait, Wait, Don't Tell Me	Car Talk
12n	Here and Now ✻	✻/The Treatment	A Prairie Home Companion
1p	Fresh Air	Chef's Table	
2p	Talk of the Nation	Splendid Table	Bluegrass Breakdown
3p		You Bet Your Garden	This American Life
4p	All Things Considered	Fresh Air	Living On Earth
5p		Weekend All Things Considered	
6p	All Things Considered	A Prairie Home Companion	An Evening with Tom the Jazzman
7p	The Sound	E - Town	
8p			
9p		Bluegrass Breakdown	
10p			
11p		BBC World	Jazz Inspired
12m	BBC World		BBC World
			BBC World
5a			

THE NEWS AND CLASSICAL MUSIC NETWORK
89.3-WTEB & online @ www.publicradioeast.org

	Monday - Friday	Saturday	Sunday
5a	Early Classics	Early Classics	Early Classics
6a			
7a	Morning Edition		Sunday Best
8a		Weekend Edition	
9a			
10a	Classical Music	Car Talk	Classics and Trivia
11a		Wait, Wait, Don't Tell Me	
12n	✻	New Directions	
1p		The Metropolitan Opera/ Classical Music	
2p			Pipedreams
3p	The 3 O'Clock Mix		Choral Tradition
4p			Harmonia
5p	All Things Considered		Thistle & Shamrock
6p	Exploring Music	A Prairie Home Companion	An Evening with Tom the Jazzman
7p	Adagio		
8p		Thistle & Shamrock	
9p		Swingin' Down the Lane	
10p		Late Night Jazz	
11p	Classical Overnight	Late Night Jazz	Classical Overnight
12m		Classical Overnight	
5a			

Public Radio East's regional news magazine program *The Down East Journal* airs each Friday at Noon on both networks. The program is repeated on Saturday at Noon on *The News & Ideas Network.

July 2008

Denotes Broadcasts on Both Networks

Denotes Programming Unique to That Network

Public Radio East

- Public Radio East provides diverse News, Information and Entertainment programs to our listening area.

- Public Radio East provides Radio Reading Service Broadcasts to visually impaired individuals in Eastern North Carolina. These Broadcasts include daily reading of the Greenville Daily Reflector, the New Bern Sun Journal, The News and Observer, as well as many other regional and national publications. These broadcasts are heard on special receivers that are provided free of charge to visually impaired individuals.

- Public Radio East has developed an infrastructure that will allow us continue broadcasting during prolonged power outages. With the conversion of television to digital in June of this year, older analog battery operated televisions will cease to work and radio will be the primary media to disseminate critical public safety information to areas without power.

- Public Radio East is working with a decreased budget, eliminating two (2) positions this year through attrition (reducing staffing to 8 full time employees). Elimination of State Funding would have an adverse affect on an already undersized staff.

Public Radio East
Mission Statement...

It is the mission of Public Radio East to serve Eastern North Carolina by providing news, fine arts, and informational programming that challenges, stimulates, educates and entertains an intellectually curious audience.

NPR AUDIENCE PROFILE



National Public Radio attracts an audience notably distinguished by its educational excellence and professional success. Listeners are your choice consumers, savvy business leaders, and influentials who are active in their communities.

Demographics

55% **men**
45% women

56% **aged 25 to 54**
22% aged 18 to 34
41% aged 35 to 54

64% **college degree or beyond**
29% post graduate degree

75% **HHI $50,000+**
56% HHI $75,000+
mean HHI: $92,971

63% **married**
22% never married

75% **employed**
32% professional

10% top management

26% involved in business purchases of $1,000 or more
58% view job as a "career"

Lifestyles*

93% **public activities**
68% vote
26% fund raising

28% **consider self conservative or very conservative**
27% middle of the road
32% liberal or very liberal

48% **theatre/concert/dance attendance**
35% went to zoo or museum
64% dine out
56% read books

56% **regular fitness program**
24% swim
41% walk for exercise

40% **own financial securities**
21% own stock or bond mutual funds
16% own common or preferred stocks

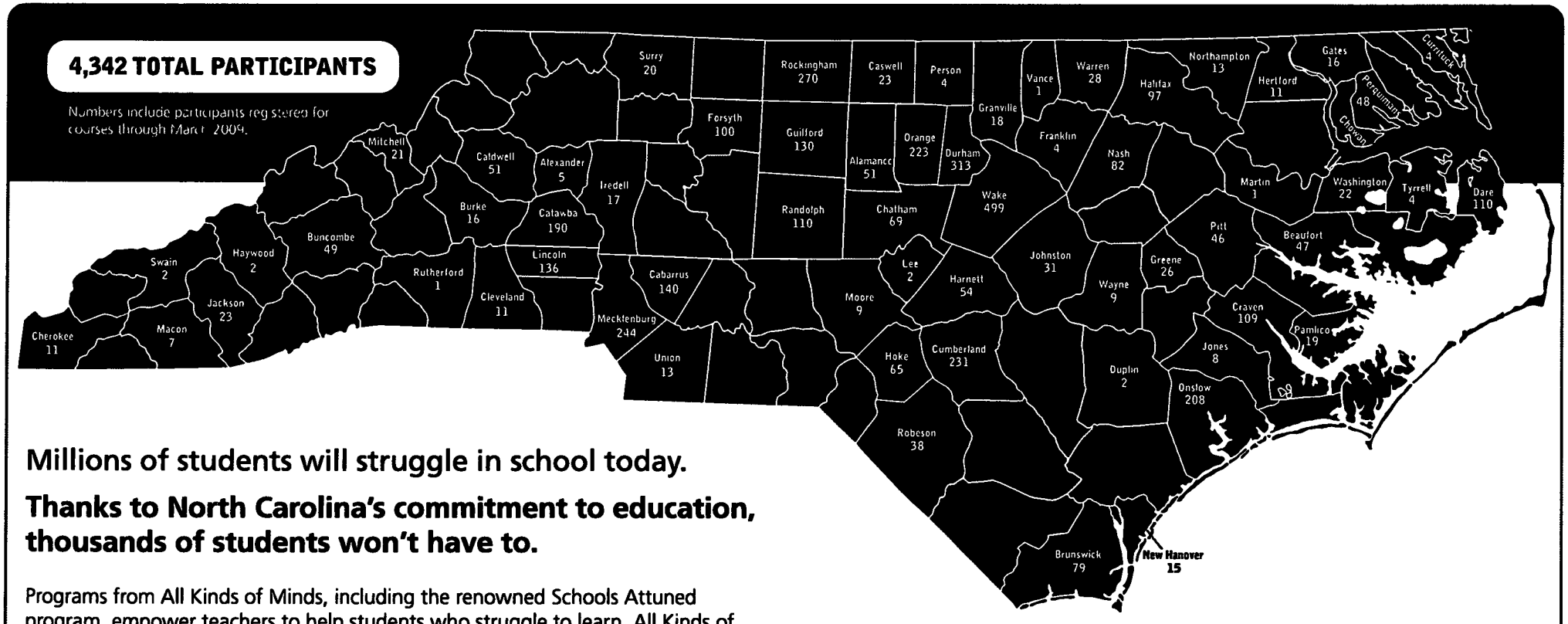
71% **domestic travel**
41% foreign travel over past three years

BASE: Adults 18+ who listen to a public radio station.
SOURCE: Mediamark Research, Doublebase 2008
* past year activities

Public Radio East

SCHOOLS ATTUNED®
NORTH CAROLINA NETWORK OF TRAINED PARTICIPANTS

All Kinds of Minds®



Millions of students will struggle in school today.

Thanks to North Carolina's commitment to education, thousands of students won't have to.

Programs from All Kinds of Minds, including the renowned Schools Attuned program, empower teachers to help students who struggle to learn. All Kinds of Minds is a Durham-based, national nonprofit dedicated to translating the latest research about how students learn into training and tools that equip educators to better reach all students — including the estimated 20 percent who struggle with some aspect of school because of learning differences.

Thanks to a decade of support from the State of North Carolina, more than 4,300 educators in more than 500 schools and 64 LEAs have participated in Schools Attuned and other professional development programs from All Kinds of Minds. With this support, students and educators in classrooms across North Carolina are reclaiming hope and confidence.

> **"Schools Attuned is about educators promoting learning about learning... It's the best professional development program we've ever worked with. This is a process that works well with the other programs we are trying to implement in our school."**
>
> – BRUCE SHEPARD, ASSISTANT PRINCIPAL, DARE COUNTY PUBLIC SCHOOLS

Attachment 5

All Kinds of Minds®

All Kinds of Minds and Schools Attuned Support North Carolina's Educational Priorities

- **Academic achievement:** Studies show gains in course grades and standardized test scores among students whose teachers have been through Schools Attuned.
- **Graduation rates:** Studies also indicate the training has positive effects on student behavior, attitudes about school, and engagement in learning – all factors that help keep kids in school.
- **Teacher performance:** All Kinds of Minds' programs have been proven to increase teachers' understanding of student learning and strategies to overcome barriers to learning – requirements of the state's new teacher evaluation instrument.
- **Teacher satisfaction and retention:** Teachers in schools implementing Schools Attuned report greater satisfaction with the professional development they receive, according to the most recent Teacher Working Conditions survey.
- **School-wide improvement and reform:** All Kinds of Minds has partnered with DPI to do targeted delivery of professional development to middle schools that feed into several Turnaround high schools. In addition, Schools Attuned is part of the Public School Forum's five-district Collaborative Project.

A summary of research findings that confirm the impact of All Kinds of Minds' programs is attached to this page.

> **"The greatest benefit of the All Kinds of Minds training is the awareness of how our brains function and learn. I have been able to use the information in building relationships with parents, in talking with them about their children... [It] gave me the tools and training to de-mystify problems as well as offer some solutions for coping with difficulties at school and home."**
>
> – DEBORAH JUNG, MEDIA/INFORMATION SPECIALIST CHARLOTTE-MECKLENBURG SCHOOLS

Students in North Carolina Need Teachers Who Understand How They Learn

- **In today's competitive economy, North Carolina can't afford to let any students fail to reach their full promise.** Programs like those from All Kinds of Minds, which provide educators with professional knowledge drawn from the latest research on learning and neuroscience, are essential to preparing all students to meet the demands of the 21st century.
- **All Kinds of Minds programs build the capacity of teachers and schools to achieve better results with the resources they have and with other programs and initiatives they are implementing.** Developing teachers' effectiveness in reaching the 20 percent of students who struggle academically helps protect the dollars that are invested in educating those students — an estimated $2.3 billion in North Carolina — and helps decrease the social and economic costs associated with students who become disengaged and drop out of school.
- **North Carolina is a national leader in education innovation and excellence,** and its investment in Schools Attuned serves as a national model for how a state can ensure its educators have access to cutting-edge, research-based professional development that equips them to better understand and manage student learning differences.

To learn more about All Kinds of Minds, visit **www.allkindsofminds.org**

For information and updates, sign up for *Connecting Minds*, the monthly eNewsletter from All Kinds of Minds
www.allkindsofminds.org/contactform.html

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> **"The quality and depth of the staff development offered from All Kind of Minds is by far some of best professional development ever offered to our teachers... [Participants] immediately began to change the way they view, teach, and relate to their students. Many told me that they went home and changed their lesson plans the weekend after the professional development."**
>
> – DR. MORGEN HOUCHARD, DIRECTOR OF PERSONNEL AND CURRICULUM, MITCHELL COUNTY PUBLIC SCHOOLS

The Impact of the Schools Attuned® Program

A Snapshot of Research Results

All Kinds of Minds®

All Kinds of Minds is committed to the use of objective and focused outcomes research to inform the development of our programs for K-12 educators. Our R & D team is fully engaged in understanding and nurturing the educational needs of all children by translating new knowledge and research into practice. Research guides every aspect of our work:

- The content of our programs is based on the latest advances in educational, psychological, medical, and clinical knowledge;
- The design and delivery of our programs is based on research on professional development that changes teaching practice and has a positive impact on student outcomes; and
- Our comprehensive research agenda includes internally conducted evaluation as well as rigorous independent research designed to examine the impact of our programs on students, teachers, families, schools, and educational policies.

Since 2000, we have supported more than a dozen high quality research studies to examine the impact of the Schools Attuned program across a variety of states and regions. In addition, many individual schools and districts have collected their own internal data on the impact of the program in their locales.

Considered as a whole, these studies provide a substantial and compelling body of evidence that Schools Attuned is an effective program to help students succeed and has positive impacts on teachers and schools.

Results for Students – Predictors of Academic Success

> ***More positive attitudes about school*** – 91% of teachers in UMASS (University of Massachusetts) study and 100% of teachers in the New York City Project reported improved student attitudes. WestEd study SA (Schools Attuned) educators reported improvements in students' attitudes toward school that would enhance long-term positive outcomes for students.

> ***Increased confidence in abilities and self-understanding*** - 84% of SA students in Oklahoma study reported increases in their confidence and self-understanding. 91% of teachers in UMASS study attributed improved student self-confidence to SA.

> ***Increased engagement in learning*** – Students of SA-trained teachers in Westat study had significantly higher engagement scores than those of their peers, and showed significant growth in participation during class.

> ***Improved behavior in class*** - 74% of teachers in NYC Dept. of Ed study reported increased time on-task among students. Schools in Texas and New Jersey elementary studies reported 30-45% decreases in disciplinary referrals due to SA.

Results for Students – Academic Skills, Test Scores, and Grades

> SA teachers in the Westat study reported statistically significant gains for students in Reading/Language Arts, Mathematics, and Critical Thinking.

> 3rd – 6th grade SA students in the Fort Worth District study showed statistically significant higher gains than non-SA students on Reading and Math standardized test scores.

> 79% of teachers surveyed in the UMASS study reported small positive effects on student course grades and standardized test scores due to SA.

> Course grade improvements were documented for students in the North Carolina study in reading (59% improvement), Language Arts (57% improvement), and mathematics (47% improvement).

Results for Teachers – Finding Pathways to Student Success

> ***Better understanding of students as learners*** – 80 –100% teachers across NYC Dept of Ed, Montecito School District, and Park Tudor School studies reported increased understanding of their students due to SA.

> ***Greater efficacy to work with diverse learners*** – SA trained teachers in the Westat study scored above comparison teachers on self-efficacy for instructional strategies (+.18) and classroom management (+.10). In classroom observations, WestEd study researchers rated SA teachers as using significantly more instructional tools for working with diverse learners than non-SA teachers.

> ***Improved use of strategies to overcome barriers to student learning*** – 80 - 91% of teachers in NYC Dept of Ed and New York Jewish Day School studies reported increases in their ability to create educational plans and select strategies to improve academic achievement of their students. SA-trained teachers in WestEd study were statistically significantly more likely than non-SA teachers to initiate assistance or help to students, provide clear expectations to students, encourage active participation from all, and better manage disruptions in the classroom.

Results for Schools – In-School Practices, Teacher Collaboration, and Alliances with Families

- > ***Improved school-wide collaboration*** – 75% of teachers in Westat study reported using SA to collaborate with colleagues on student learning. SA training provided schools in the WestEd study with a common language and a way to describe children that all staff members understood, and improved teachers' communication and collaboration around student learning.
- > ***Improved use of special education resources*** – 98% of teachers in Sulphur Springs District study reported that SA has made them more willing to teach students with learning disabilities and learning needs. Results in this same study showed a 78% decrease in pull-out services – when students leave their classrooms to get assistance from a special education teacher, and special education placement accuracy increase from 63% to 97%, meaning that special education assessments were being directed more accurately to the students who need special services most. 50 – 72% decreases in special education referrals were seen across other schools in Texas, California, New Jersey and Ohio.
- > ***Stronger alliances between schools and families*** – 87% of teachers in UMASS study reported improved parent-teacher relationships through the use of SA. SA teachers in WestEd study had statistically significantly higher ratings for parent and community involvement than non-SA teachers, including collaboration with parents around strategies to use at home.

What does this mean?

Results of studies highlighted in this document reveal that the Schools Attuned Program is positively impacting students, teachers, schools and families within the specific areas detailed above. *See study references.* >

To learn more about the individual studies and/or entire body of research

Comprehensive materials about these research studies are available via our Web site at **www.allkindsofminds.org/Research/independent.aspx**.

For more information on programs from All Kinds of Minds:

Phone: 1.888.829.5995 E-mail: sa@allkindsofminds.org

To view program offerings or register for a course, visit:

www.allkindsofminds.org/pd/info



All Kinds of Minds®

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Attachment 5

Communities In Schools and The Model of Integrated Student Services:

A Proven Solution to America's Dropout Epidemic



Communities In Schools

HELPING KIDS STAY IN SCHOOL AND PREPARE FOR LIFE

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Board of Directors, Communities In Schools of NC, Inc	**14**



Did you know . . . . . .

- A dropout is four times more likely to be in jail or prison than a person with at least a high school diploma;
- A dropout will earn $12,000 less per year than a high school diploma graduate ;
- North Carolina has a higher proportion of inmates entering prison with less than a high school diploma or GED compared to national state prison figures ;
    - Some 68.3%, or 25,400 of North Carolina DOC inmates were high school dropouts in March 2008
    - These dropout inmates cost the state $635 million last year ;
- A 40-year-old college graduate has approximately the same health condition as an 18-year-old with less than 10 years of education ;
- Female dropouts are three times more likely to become unwed mothers ;
- Dropouts are twice as likely to be unemployed at any time in their lives, and over three times more likely to be unemployed one year after leaving school ?

A Message From . . .

the CIS of North Carolina President

Communities In Schools
HELPING KIDS STAY IN SCHOOL AND PREPARE FOR LIFE | North Carolina

September 1, 2008

America's young people are dropping out of school in record numbers. Yet much of the public discourse on this issue focuses solely on problems.

For more than 30 years, Communities In Schools has been working on solutions to America's dropout problem – through community-based, integrated student services. These services are interventions aimed at improving student achievement by connecting community resources with both the academic and social-service needs of students.

Our nation's dropout crisis is a complex issue, and requires an understanding of the underlying reasons why kids are leaving school without a high school diploma. In a country of such vast wealth, we have large numbers of students who face incredible environmental hurdles every day – poverty, unstable or disengaged family situations, neighborhoods that are unsafe – putting them at high risk of dropping out. Communities In Schools addresses these underlying risk factors, bringing community resources directly to the students who need them the most.

At CIS, we believe that children can and should have access to what they need to succeed in school and in life, whether it's academic support through tutoring and after-school enrichment programs; social support through mentoring and family strengthening activities; or other essential human services, such as nutritious meals and health-care services for students who would otherwise go without.

This report demonstrates the continued success of the CIS Model of community-based, integrated student services. It documents the positive academic and behavioral outcomes that the CIS network has seen among students who are most at risk of dropping out.

Warmly,

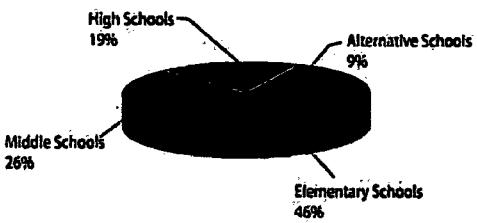
Linda R Harrill

Linda Harrill
President and Chief Executive Officer
Communities In Schools of North Carolina

CIS Connects Students with Services

In academic year 2007-08:

- 39 operational local affiliates
- 469 school sites
- 275,074 students are enrolled in schools in which CIS has a presence and have access to services
- 163,928 are directly connected with services through CIS



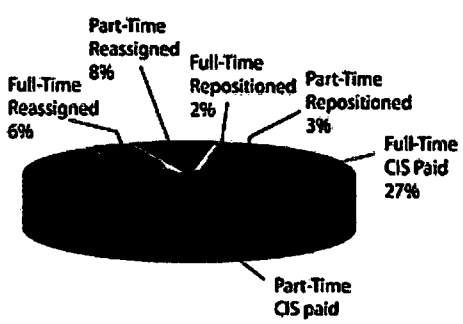
CIS Succeeds Through Collaboration

CIS in North Carolina uses a combination of public and private resources – proof of the collaborative nature of the CIS process.



CIS Leverages Human Capital to Help Kids

In North Carolina, 21,205 individuals and 3,575 community partners contribute to the success of CIS; 20,422 volunteers and 783 board members contributed 397,836 hours of service. The following chart shows the proportion of individuals who contribute to the success of CIS.



CIS Gets Results

CIS identified a very specific group of students for needed assistance in one or more of seven areas – *attendance, behavior, suspensions, school achievement, promotion, graduation, and staying in school.* The results achieved by CIS affiliates are even more remarkable when the greater challenges faced by the CIS-tracked student population are considered. These are young people who, without the intervention of CIS, would likely fall far below the national average for student success. Following are the outcomes of CIS in North Carolina:

Remained in School

- *98 percent* of the 4,283 CIS students tracked as potential dropouts remained in school at the end of the academic year.

Improved Attendance

- *86 percent* of the 6,252 students tracked for attendance problems showed improvement in attendance.

Improved Behavior

- *85 percent* of the 4,322 students tracked for behavior problems showed improvement in behavior.

Fewer Suspensions

- *91 percent* of the 1,246 students tracked for suspensions had fewer suspensions.

Improved Achievement

- *84 percent* of the 11,919 students tracked for academic performance showed improvement in achievement.

Promotion Rate

- *93 percent* of the 12,428 students tracked for promotion risk were promoted to the next grade.

Graduation Rate

- *90 percent* of the 881 eligible seniors graduated.

The Path to College

Nineteen-year-old Jasmine Mann is a bubbly, energetic freshman at North Carolina Wesleyan College in Rocky Mount. She is majoring in business administration, and is interested in marketing, fashion and modeling.

Not always a high achiever, Jasmine attributes her success to the caring adults and College Access Program that Communities In Schools of the Rocky Mount Region connected her with when she was a student at Parker Middle School. An only child, Jasmine was raised by a single mom who worked hard and had high expectations for her daughter.

"Jasmine was a shy girl growing up," said Jeri Mann, Jasmine's mom. By middle school, Jasmine lacked confidence and motivation, and her mom felt that she needed personalized attention. Edith Penny, the CIS site coordinator for Parker Middle School, recruited Jasmine for the College Access Program, which identifies students who have academic potential, but may not be performing well due to peer, social or home-life issues.

To improve her self-esteem, Jasmine attended CIS life skills classes. Penny also arranged for Jasmine to meet with a mentor once a week and receive academic tutoring. In addition, Penny became Jasmine's "school mom," and helped her with homework when Jasmine's mother frequently had to work late.

During high school, Jasmine was introduced to various resources for college. She obtained scholarships and grants, and chose to attend North Carolina Wesleyan because it's close to home and family.

"Before CIS, I didn't think I would go to college," Jasmine said. With the help of CIS services, Jasmine admits she gained the confidence to want to achieve, and taking the path to higher education was the logical next step.

Jeri Mann is very appreciative of what CIS has done for her daughter. "The CIS staff cared about Jasmine as a whole person, showing concern and encouraging her along the way. They helped her become more outgoing, and opened her mind to being her own person and approaching things she wanted.



Jasmine Mann

Background



Communities In Schools, Inc. (CIS) is the nation's largest dropout prevention organization. Founded in 1977, CIS operates in 27 states and the District of Columbia, serving 1.2 million elementary and secondary students in 3,200 schools. CIS provides services for students inside schools, with resources that most often already exist within a community. A CIS site coordinator brings in, and sometimes provides, resources requested by schools and parents. Whether a student needs eyeglasses, help with homework, a nutritious meal, assistance with college applications, or just a safe place to be, CIS finds the resources and delivers them inside schools, where students spend their days.

Communities In Schools was founded on the concept that students can and will achieve academically, when resources to address their academic and social service needs are tailored, coordinated and accessible. *That premise has evolved into what we now call* ***community based, integrated student services,*** *which are interventions that improve student achievement by connecting community resources with both the academic and social service needs of students. Such interventions focus programmatic energy, resources and time on shared school and student goals. Through the efforts of a single point of contact, individual student needs are assessed, and research-based connections are made between students and targeted community resources.*

A National Educational Imperative: Support for Community-Based, Integrated Student Services in the Reauthorization of the Elementary and Secondary Education Act

In January 2007, CIS published a document by this title that identified the following key facts relevant to federal and state education policy initiatives designed to address student dropout and achievement issues:

1. The dropout "epidemic" and the pervasive achievement gap, both of which disproportionately affect low-income and minority students, are the central, unmet challenges facing public education in America.

2. The failure to comprehensively address the dropout epidemic and the corresponding achievement gaps among students will result in continuation of the status quo—with adverse consequences affecting America's economic prosperity and national security interests.

3. The American public has identified the need to improve schools and student performance as a national priority.

4. Efforts to eliminate the epidemic of students dropping out of school and the pervasive achievement gaps among students will succeed only if they are comprehensive and student-centered. In addition to classroom-based reforms, schools must ensure that a definable range of community-based, integrated student services are provided.

5. Community-based, integrated student services, which provide vital support in mitigating the risk that students will drop out of school and in improving student achievement, permit school and district officials to focus their energies on issues central to classroom learning.

6. Well-designed and implemented community-based programs effectively leverage non-public resources and are cost effective.

See the entire document at http://www.cisnet.org/media/pubs.asp.

An Established Model

The cornerstone of the CIS Model is the provision of widely accessible prevention services and resources that are available to entire school populations ("school wide prevention services"), which are paired with the coordinated, targeted and sustained intervention services and resources for that subset of students who are most at-risk of dropping out of school ("targeted and sustained student intervention services"). This blended prevention and intervention model is validated by and based on a widely accepted public health model, and it has been at the core of CIS' work for three decades.[1] Indeed, CIS has a documented, 30-year history of producing positive educational outcomes at both the student level and school level.[2]

Background

This model of integrated student services is being recognized as a critical component of comprehensive school reform by leaders in the education and public policy sectors. For example, the Keeping Parents and Communities Engaged Act (Keeping PACE Act, introduced in the United States Senate in 2007) recognizes that "[I]ntegrated services and comprehensive supports . . . are necessary components of effective, school-based efforts to dramatically affect dropout prevention rates, increase graduation rates, and improve student achievement."[3] In addition, the National Research Council and Institute of Medicine have recognized the importance of access to and coordination of community-based student services that contribute in vital ways to student growth and success.[4]

The CIS National Evaluation

Initial Results

The first results from the Communities In Schools National Evaluation (an independent, third-party evaluation) are based on an in-depth analysis of 1,766 CIS schools and comparative analysis of outcomes for more than 1,200 CIS and non-CIS comparison schools over a three-year period. The CIS National Evaluation concludes that:

- Among dropout prevention programs using scientifically-based evidence, the CIS Model is one of a very few in the United States proven to keep students in school and is the *only* dropout prevention program in the nation with scientifically-based evidence to prove that it increases graduation rates.

- When implemented with high fidelity, the CIS Model results in a higher percentage of students reaching proficiency in fourth- and eighth-grade reading and math.

- Effective implementation of the CIS Model correlates more strongly with positive school-level outcomes (i.e., dropout and graduation rates, achievement, etc.) than does the uncoordinated provision of service alone, resulting in notable improvements of school level outcomes in the context of the CIS Model.

The CIS National Evaluation is being conducted by ICF International, known for its high standards of rigor and comprehensive research designs. ICF has completed the second phase of a three-part evaluation of CIS, designed to provide conclusive evidence regarding the effectiveness of the CIS Model in affecting student achievement and related school outcomes.

This report of the CIS National Evaluation documents the linkage between well-designed and implemented community-based programs and significant improvements in student and school performance.

The CIS National Evaluation's *school-level analysis* features several studies, including a comparison study of CIS and non-CIS schools on relevant outcomes such as dropout and graduation rates, and reading and math proficiency. This comparative analysis is supported by surveys that detail how the CIS model is implemented at the school level. The school-level studies meet the highest levels of rigor and, therefore, credibility. By identifying highly comparable matching sites, there is great confidence that any difference in outcomes after CIS implementation is due to the positive impact of the CIS Model.

Strong, Positive School-Level Results

Results from the student-level studies of the CIS National Evaluation provide external, empirical affirmation of the strong positive relationship between the CIS Model of integrated student services and school-wide outcomes. Further, results show that it is the CIS Model of services delivery that yields the strongest, most positive educational outcomes.

Three Student-Level Studies. These results are based upon three distinct but complementary studies.

Conducted during phase one, the first study involved a survey of more than 1,500 CIS schools to determine the level of CIS implementation taking place at each school. Based on the survey results, the schools were given a score from 1-100, based on their degree of fidelity to core components of the CIS Model. When scores were correlated with school-level outcomes, the cohort of sites scoring 70 or higher showed the most positive outcomes.

This established the relationship between outcomes and the level of implementation of the CIS Model. The group, referred to as "high implementing schools," represents 47 percent (710) of total sample sites. The remaining 808 sites, referred to as "partial implementing schools," implemented the CIS Model to a lesser degree.

In the second study, ICF sought to determine the extent to which positive student outcomes could be attributed to implementation of the CIS Model. In that study, ICF conducted a quasi-experimental evaluation, matching 602 CIS schools against 602 comparison schools.[5] For the comparative analysis, the baseline was set one year before CIS became active in a school, allowing the CIS site and the comparison site to have the same starting point for the evaluation of CIS' impact over the course of three years.

In the third study, 368 CIS schools identified by the quasiexperimental study as having the strongest outcomes were studied more intentionally for promising practices.

Interpreting the Magnitude of the Results. The study results can be best interpreted in the context of two nationally recognized measures—"effect size" and "improvement index." These two indicators help provide a context for interpreting the strength of percentage improvements reflected in the school-level results reported by ICF.

- ***Effect size.*** To determine the relative effectiveness of different educational initiatives, the U.S. Department of Education uses a measure called "effect size" to compare the strength and magnitude of outcomes for various programs on a common scale. By using "effect size," outcomes from multiple studies can be compared, even if the measurement methodologies are different. According to Department of Education standards, an effect size of .25 or higher represents a very positive outcome.[6]
- ***Improvement index.*** The improvement index is a U.S. Department of Education indicator that can be used to project the relative improvement in a student's schoolwide outcome rankings and, by extension, the improvement in a school's statewide ranking on relevant outcomes. The improvement index, therefore, provides a means of using findings from the CIS National Evaluation to predict the extent to which CIS's presence in a school can improve that school's statewide ranking (compared to other schools) on important outcomes, such as graduation rates.[7]

The CIS National Evaluation: An Overview of the Five-Year Study

Phase One: Implementation Study. The first year of the CIS National Evaluation focused on collecting detailed information on the work of CIS in schools, providing a comprehensive picture of how the CIS Model is implemented in thousands of schools across the country.

Phase Two: School-Level Results Studies. The second and third years of the CIS National Evaluation have focused on determining the difference CIS makes at the school level—allowing for conclusions to be formed with respect to the correlation between effective implementation of the CIS Model and school level results.

Phase Three: Student-Level Results Studies. The fourth and fifth years of the CIS National Evaluation consist of randomized control trials, comparing CIS and non-CIS students in the same schools. This is the "gold standard" of scientifically-based research and will provide further evidence of the extent to which CIS improves student achievement, keeps students in school, and helps them graduate on time with a regular diploma. This phase will include three years of student level data.

Major Findings

1 Among similar research-based dropout prevention organizations, CIS' Model is one of a very few in the United States proven to keep students in school and is the only dropout prevention program in the nation proven to increase graduation rates.

The CIS National Evaluation establishes that high implementing CIS schools consistently outperform their comparison (non-CIS) schools. Specifically, and as reflected in the graph below:

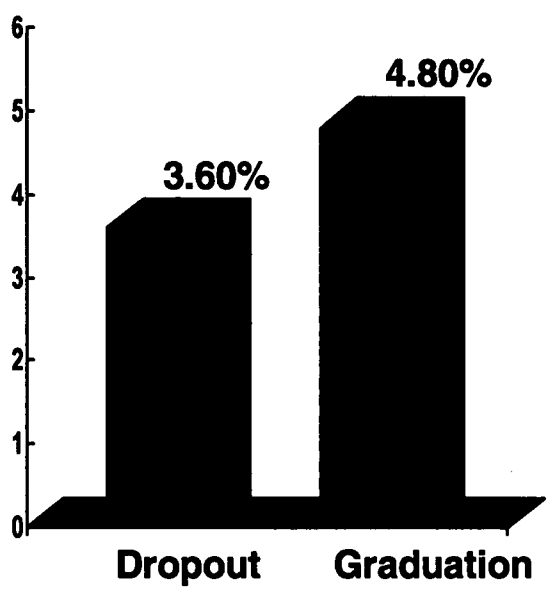
- For every 1,000 high school students, 36 more students at high implementing CIS schools remain in school.
- For every 1,000 high school students, 48 more students at high implementing CIS schools graduate on time with a regular diploma.[8]

In addition, the effect size of these outcomes exceeds the U.S. Department of Education .25 threshold regarding positive outcomes with respect to dropout (.36) and graduation (.31) rates. In fact, in comparison with dropout prevention programs whose research results have been reviewed by the U.S. Department of Education's What Works Clearinghouse, ICF has concluded that CIS is *one of only a few programs* to satisfy the Department of Education's threshold with respect to dropout rates, and the CIS Model is *the only* dropout prevention program proven to *increase graduation rates* (students graduating on time with a regular diploma).[9]

In a similar vein, findings of the CIS National Evaluation indicate that CIS' presence in a school has the potential to improve that school's statewide ranking in dropout and graduation rates, as measured by the U.S. Department of Education's "improvement index." For example, among high implementing CIS schools, the improvement index would reflect an increase in a school's ranking by 13 and 11 percentage points, respectively, for dropout rates and graduation rates.

Dropout and Graduation Rates:

Difference Between High Implementing Schools and Comparison Schools





2 **When implemented with high fidelity, the CIS Model results in a higher percentage of student reaching proficiency in fourth- and eighth-grade reading and math.**

The CIS National Evaluation also establishes that the CIS Model results in a higher percentage of elementary and middle school students attaining proficiency in math and reading. (Proficiency is determined by the percentage of students who pass state math and reading achievement tests, according to standards set by each individual state.)

With respect to math and reading proficiency, high implementing CIS schools consistently outperform their comparison (non-CIS) schools:

- For every 1,000 elementary school students, 53 more achieve proficiency in math and 20 more achieve proficiency in reading.
- For every 1,000 middle school students, 60 more achieve proficiency in math and 49 more achieve proficiency in reading.

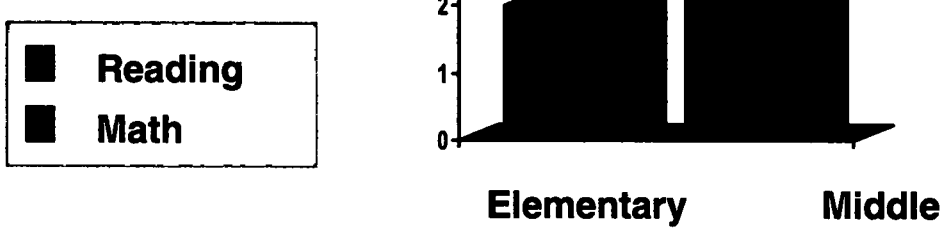
In addition, the effect size of these outcomes exceeds the U.S. Department of Education .25 threshold regarding positive outcomes with respect to eighth-grade reading (.36) and eighth-grade math (.53).

Further, findings of the CIS National Evaluation indicate that CIS' presence in a school has the potential to improve that school's statewide ranking in reading and math achievement, as measured by the U.S. Department of Education's "improvement index." For example, among schools with high CIS implementation, the improvement index would likely show an increase in a school's ranking by 20 and 14 percentage points, respectively, for eighth grade reading and math.

3 **When the CIS' Model of integrated student services is effectively implemented, there is a strong correlation with school-level outcomes like dropout and graduation rates. This correlation is much stronger than when services are provided in an uncoordinated fashion.**

Dropout and Graduation Rates:

Difference Between High Implementing Schools and Comparison Schools



Major Findings

Finally, the results of the CIS National Evaluation confirm that the success of the CIS Model lies in the implementation of a precise, defined set of strategies designed to provide the most appropriate and effective prevention and intervention services to schools and the students they serve. In particular, this coordinated, integrated delivery system includes the following core elements:

- The presence of a CIS school-based, on-site coordinator;
- A comprehensive school- and student-level needs assessment;
- A community asset assessment and identification of potential partners;
- Annual plans for school-level prevention and individual intervention strategies;
- The delivery of appropriate combinations of widely accessible prevention services and resources for the entire school population, coupled with coordinated, targeted and sustained intervention services and resources for individual students with significant risk factors; and
- Data collection and evaluation over time, with monitoring and modifications of services offered to individual students and/or the entire school population, as appropriate.

The CIS National Evaluation confirms the strong, statistically significant relationship between fidelity to the CIS model and the positive, school-level outcomes described in this report.

Endnotes

1. Dr. Robert Balfanz of Johns Hopkins University translates the public health model to education by predicting that risk factors in about 65-75 percent of students can be successfully mitigated with access to school wide prevention activities, such as attendance monitoring. Another 15-25 percent may need additional episodic or low-level interventions. The remaining students will benefit from school-wide services but, because of multiple risk factors, these students also require a case management approach to integrated, sustained interventions.

2.See *2005-2006 Results From the CIS Network* (May 2007)

3.See S. 1302, "Keeping Parents and Communities Engaged Act" (May 3, 2007).

4.*See* National Research Council and Institute of Medicine, *Community Programs to Promote Youth Development* (National Academy of Sciences).

5.For this quasi-experimental evaluation, each CIS school was matched with a non-CIS school based on eight characteristics of the schools: student attendance rates; percent of students qualifying for free and reduced price lunch; percent of students with special needs; school size; percentage of students designated as proficient in math; percentage of students designated as proficient in English/language arts; the racial and ethnic composition of the schools; and the "promoting power" of the schools (a proxy for "dropout rate").

6.See Technical Working Papers, **http://ies. ed.gov/ncee/wwc/twp.asp**

7.See http://ies.ed.gov/ncee/wwc/pdf/improvement_index.pdf.

8.In this analysis, promoting power is used as a proxy for "dropout rate." It is the ratio of the number of students entering ninth grade compared to the number of students in twelfth grade four years later. Also, in this chart, the Cumulative Promotion Index (CPI) is used as a proxy for graduation rates. CPI is the ratio of *graduates* compared to their ninth grade cohort four years later. See "Who Graduates? Who Doesn't? A Statistical Portrait of Public High School Graduation, Class of 2001, Urban Institute, Christopher B. Swanson.

9.The What Works Clearinghouse [WWC] was established by the U.S. Department of Education's Institute of Education Sciences to "provide educators, policymakers, researchers, and the public with a central and trusted source of scientific information about what works in education." ICF International is a subcontractor to the WWC. See generally http://ies.ed.gov/ncee/wwc.

North Carolina Local Affiliates



CIS of Asheville*

CIS of Brunswick County*

CIS of Cabarrus County*

CIS of Caldwell County*

CIS of Cape Fear*

CIS of Carteret County

CIS of Charlotte-Mecklenburg*

CIS of Clay County*

CIS of Cleveland County*

CIS of Cumberland County*

CIS of Durham*

CIS of Forsyth County

CIS of Gaston County

CIS of Greater Greensboro*

CIS of High Point*

CIS of Lee County

CIS of Lexington*

CIS of Lincoln County*

CIS of Madison County*

CIS of McDowell County*

CIS of Mitchell County

CIS of Montgomery County

CIS of Moore County

CIS of Northeast

CIS of Orange County*

CIS of Perquimans County

CIS of Pitt County*

CIS of Randolph County

CIS of Robeson County*

CIS of Rockingham County

CIS of Rocky Mount Region*

CIS of Rowan County*

CIS of Rutherford County

CIS of Swain County

CIS of Thomasville*

CIS of Transylvania County*

CIS of Wake County*

CIS of Wayne County*

CIS of Whiteville*

CIS of Wilkes County*

* Chartered CIS entity. Chartered affiliates have demonstrated the highest standards of affiliate management and accomplishment.

CISNC Board of Directors

Diane Adams, Executive Vice President of Human Resources-Worldwide, **CISCO Systems**

Mary Linda Andrews, Director of Community Partnerships, **GlaxoSmithKline**

Acton Archie, Business Analyst – Management Information Systems, **SAS Institute**

Scott Custer, President and CEO, **RBC Centura Bank**

Kim Ghant, Regional Sales Manager, **Office Depot**

Linda Harrill, President and CEO, **CISNC**

Alex Holmes, Independent Investment Consultant

Bill Holt, Executive Vice President, **Wachovia**

John Idler, General Manager, **ABC 11 – WTVD Television**

Graeme Keith, President, **The Keith Corporation**

Caroline McCullen, Education Practices Director, **SAS Institute**

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David Weaver, Regional President, **BB&T**

Dr. Hope Williams, President, **The NC Independent Colleges and Universities**

Richard "Stick" Williams, Vice President of Ethics and Compliance, **Duke Power**

Tina Wilson, Community Relations Director, **IBM**

Curtis Wynn, Executive Vice President, **Roanoke Electric Co-op**

Marco Zarate, President, **NC Society of Hispanic Professionals**

NOTES

Communities In Schools of North Carolina, Inc.
222 North Person Street
Raleigh, North Carolina 27601



Communities In Schools
HELPING KIDS STAY IN SCHOOL AND PREPARE FOR LIFE

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Communities In Schools of North Carolina

Communities In Schools of North Carolina

Helping Kids Stay in School and Prepare for Life

QUICK FACTS—2007-2008

Statistics About Our Youth

- Youth Receiving Services 163,928
- Case Managed Students 21,028
- Total Student Population at All CIS Sites 275,074
- Percent of Potential Dropouts Staying in School 98%
- Percent Promoted 93%
- Percent Graduated 90%
- Percent Improving Behavior 85%
- Percent Improving Achievement 82%
- Percent Improving Attendance 86%

Statistics About Our Affiliates

- Local Affiliates 40
- Counties Served 48
- Sites Served 469
- Parents Engaged 28,853
- Parents Served 10,264
- Board Members 755
- Community Partners 3,575
- Volunteers 20,422
- Volunteer Hours 397,836

Local Program Funding

- Grants and Contracts $11,637,082
- Cash $ 5,471,377
- In-Kind Donations $ 4,629,283
- Value of Volunteers $ 7,248,572

Total $ 28,986,314

Value of cash, goods and services leveraged for every dollar invested by the NC General Assembly — $17.49

Total Cost per Student Served — $176.82

Communities In Schools

HELPING KIDS STAY IN SCHOOL AND PREPARE FOR LIFE

Attachment 7



North Carolina National Guard
Youth ChalleNGe Program

Issue:
- State of NC averages a 4 year graduation rate of 70%
- 22,434 North Carolina high school students dropped out of high school in 2007-08

Mission:
- To intervene in and reclaim the lives of at-risk youth and produce Program Graduates with the values, skills, education, and self-discipline necessary to succeed as adults

Program:
- ChalleNGe is a military-based discipline and training environment combined with educational instruction, experiential learning and mentoring
- Targeting high school dropouts between the ages of 16 and 18
- Beginning with a structured, disciplined 22 week Residential Phase focused on education and practical life skills
- Followed by a 12-month Post-Residential Phase involving skilled and trained mentors
- General Assembly expanded operations from 220 graduates to 250 in FY09, maximizing output at the single campus in Salemburg

Tarheel ChalleNGe Statistics Since Program Start in 1994:
- 2,652 Graduates
- 1,935 **(73%)** General Education Diplomas Awarded through Sampson Community College
- Performed 234,044 hours of Service to the Community
- Approximately 25% have enrolled in college or trade school
- Approximately 333 have enlisted into the Armed Services to include the National Guard and Reserves
- Test of Adult Basic Education (TABE) criteria to measure gains in educational proficiency shows consistent increases in math and reading proficiency (during the TCA 2007-08 school year, average proficiency in math increased 1.7 grade levels, and English 1.5 grade levels)

COST:
- ChalleNGe is 60% federal ($2.1M) and 40% state funded ($1.4M)
- Currently receives annual state recurring appropriation of $1.293M plus $107K in services-in-kind through use of campus facility
- Totals $5,600 per graduate, or $36.36 per day in residence ($15.34 per student annualized basis)

Impact:
- Outstanding return on investment by yielding productive, law-abiding, tax paying citizens less prone to be incarcerated, require social assistance, or be unemployed
- Approximately **90%** of TCA graduates join the workforce, continue their education, or join the military within 12 months after graduation

Tom Bowlin, NCNG, 664-6477

5 May 09

Attachment 8

STATE OF NORTH CAROLINA

DEPARTMENT OF CRIME CONTROL & PUBLIC SAFETY

CONTINUATION REVIEW

ON THE

NORTH CAROLINA NATIONAL GUARD

TARHEEL CHALLENGE YOUTH PROGRAM

March 1, 2009

Beverly Eaves Perdue	**Reuben F. Young**	**Major General William E. Ingram, Jr.**
Governor	**Secretary**	**Adjutant General**

EXECUTIVE SUMMARY

The recommendation of the Department of Crime Control and Public Safety (DCCPS) and the North Carolina National Guard (NCNG) is to continue funding the Tarheel ChalleNGe Program at Salemburg, NC at the level to graduate 250 cadets a year and to gradually expand the program to a second or third site with a goal to graduate 1000 cadets a year and better serve a deserving segment of the school dropout population.

The Tarheel ChalleNGe Academy (TCA) is one of 33 programs administered by the National Guard Bureau and the Department of Defense across the nation and Puerto Rico. ChalleNGe provides a valuable "second chance" to succeed in life for a segment of the growing dropout rate of young men and women. Since its inception in 1994, Tarheel ChalleNGe has proven to be highly successful in giving young people the tools to become successful and productive citizens within their community. The core components of the program address the well being of the "whole person" and not just an educational opportunity to earn their General Education Development (GED) High School Equivalency Diploma. The highly disciplined and structured environment equips graduates with the values, skills, education, and self-discipline necessary to succeed as adults. The program consists of a 22-week Residential Phase focusing on education and practical life skills. This is followed by a 12 month Post-Residential Phase involving a skilled and trained volunteer mentor from the graduate's community to help achieve a positive and durable placement. Placement is defined as continuing their education, working a full time job or military service. Mentors meet a minimum of monthly with each graduate.

The cost of ChalleNGe is provided by a combination of 60% federal and 40% state funds. There is no cost to the cadets or their families other than running shoes, underwear and the initial supply of personal hygiene items. A current funding formula of $14,000 per target graduate goal is used by the National Guard Bureau (NGB). TCA uses other program income such as the Child Nutrition Program and limited funds provided by Sampson Community College to offset any higher costs. The actual cost per graduate in the 2007 Budget Year was $14,667. The cost to the state was $5,600 per graduate. This corresponds to a cost per day of $36.36 per cadet for the Residential Phase. Annualized, the cost is $15.34 per cadet per day.

ChalleNGe is a one-of-a-kind program making it difficult to compare with other programs. However, when compared to the cost of other residential type programs, ChalleNGe costs much less to operate.

The value derived of the ChalleNGe program is measured in terms of creating productive citizens. Research and studies show an earning potential for high school or equivalent graduates as $27,000 per year compared to $17,000 for a dropout. The value of the program is also measured in terms of cost avoidance to the nation and state as depicted below:

- Dropouts are estimated to contribute $60,000 less to state and federal revenues over their lifetime.
- Only 50% of dropouts age 16-24 who had not reenrolled in school.
- Dropouts are more likely to be living in poverty, receiving public assistance, in prison, or divorced.
- Individuals without a high school education make up 90% of the nation's prison population.

The mission of the national ChalleNGe Youth Program is to intervene in and reclaim the lives of at-risk youth and produce program graduates with the values, skills, education, and self-discipline necessary to succeed as adults. The goal is to improve education, life skills, and employment potential of

participants. Graduates must meet specific requirements within each of the program's eight core components. Key program goals are: graduation rates, increased academic performance, GED completion rate, qualified mentorship, and post-residential placement. Over the last five classes:

- TCA graduated 101% of their target graduation goal.
- 97.5% of graduates increased their TABE score by a minimum of one grade level.
- 73% of all graduates since our inception have earned their GED diploma.
- 100% of graduates were matched with a screened and trained volunteer mentor.
- 67% of graduates were reported to have placement (continuing school, fulltime job, or in the military service) within the 12 month Post-Residential Phase. The use of Case Managers has caused an increase in placement of graduates.
- Participants provided an average of 11,136 hours of service to the community each class.

The demand to participate in this program is greater than the capacity at TCA. Steps have been taken in recent years to increase the capacity at TCA but current facilities restrict the current graduation target to 125 graduates per class (250) per year. Applications to attend ChalleNGe have ranged from 359 to 448 per class (up to 900 per year). It is believed the dropout population in the western part of North Carolina is being underserved due to the low number of applications received. The obvious factor for the low number is believed to be distance to the Salemburg campus. The inability to accommodate all applicants drives the need for growth in the ChalleNGe program. An average of 200 applicants per class over the last five classes was not accepted because of capacity and funding limitations. Additional efforts to increase the awareness of ChalleNGe to the approximately 22,000 North Carolina students who dropout would generate even more applications.

Tarheel ChalleNGe Academy has provided a positive impact and changed the lives of the 2,652 graduates of this program. It has helped open doors and provided a roadmap for achievement and accomplishment that lasts long after cadets complete the 17 month program. These graduates are committed to improving their lives and leaving old habits and barriers behind as they work toward a successful future. The Department of Crime Control and Public Safety and the North Carolina National Guard strongly recommend restoring the funding for Tarheel ChalleNGe Academy at Salemburg and to maximize its capacity at the 250 graduates per year level, and to gradually expand the ChalleNGe program to a second or third site with a goal to graduate 1000 cadets a year and better serve a deserving segment of the population who desire a second chance for success.

INTRODUCTION.

Session Law 2008-107 requires a Continuation Review of certain funds, programs, and divisions. Section 6.7 of Session Law 2008-107 requires the Department of Crime Control and Public Safety to provide a written report to the Appropriations Committees of the Senate and House of Representatives on the National Guard's Tarheel ChalleNGe Program. The report must include the following elements:

1. A description of the program, including information on services provided the recipients of the services, and the resource requirements.
2. Meaningful measures of program performance and whether the program is meeting these measures.
3. The rationale for continuing, reducing, or eliminating funding.
4. The consequences of discontinuing program funding.
5. Recommendations for improving services.
6. Recommendations for reducing costs.
7. The identification of policy issues that should be brought to the attention of the General Assembly.

To address the elements required in the continuation review, representatives from DCCPS, the NCNG, the General Assembly Fiscal Research Division and the Office of State Management and Budget met to discuss requirements of the Continuing Review report. They reviewed operational and resource data together with TCA's Annual Reports for 2006 and 2007. Due to the complex nature and importance of the continuation report, and the amount of data to be reviewed for its completion, the National Guard Tarheel ChalleNGe Academy completed and filed an interim report summary for the program on December 1, 2008. Following is the full report with additional information and detail.

BACKGROUND.

The Center for Strategic and International Studies (CSIS) published a 1992 report titled *Forging A Military Youth Corps: A Military-Youth Service Partnership for High School Dropouts.* This study served as the basis for the National Guard Youth ChalleNGe Program. It also indicates the problems of young people who drop out of school are numerous and often interlinked. They include unemployment, illiteracy, crime, drug use, and pregnancy.

Young people who drop out of school are considered "at–risk" because they are far more likely than high school graduates to be unemployed, on public assistance, or in jail. They're also far more apt to have children who fall into the same pattern. The below High School Drop Facts are from more recent studies and reports:

- It is estimated that each class of dropouts costs states $17 billion in publically subsidized health care costs over the course of their lives. (*Healthier and Wealthier: Decreasing Health Care Costs by Increasing Educational Attainment: www.all4ed.org/files/handw.pdf)*

- Individuals lacking a high school education make up 90 percent of our nation's prison population. (*Saving Futures, Saving Dollars: The Impact of Education on Crime Reduction and Earning: www.all4ed.org//files/SavingFutures)*

- Of the 3.4 million dropouts age 16-24 in Oct. 2006 who had not reenrolled in school, only half were employed. (*College Enrollment and Work Activity of 2006 High School Graduates: U.S. Department of Labor Bureau of Labor Statistics. April 26, 2007)*

- These youth are more likely to be living in poverty, receiving public assistance, in prison, on death row, unhealthy, divorced, and single parents of children who drop out. (*Bridgeland, John M. The Silent Epidemic: Perspectives of High School Dropouts. Civic Enterprises. March 2006)*

- Dropouts are estimated to contribute $60,000 less to state and federal revenues over the course of their lifetime – a total of $50 billion annually. Increasing the educational level of one year's dropout numbers by just one grade level would recoup $192 billion in lost earnings and productivity over the course of their lifetimes. (*Rouse, Cecilia 2005, Students Who Learn More Earn More)*

The mission of the National Guard Youth ChalleNGe Program is to intervene in and reclaim the lives of at-risk youth and produce program graduates with the values, skills, education, and self-discipline necessary to succeed as adults. Begun in 1993 with 10 states, the national program has grown to 33 programs in 29 states, and Puerto Rico.

The immediate past Chief, National Guard Bureau, Lieutenant General H. Steven Blum, stated, "For many cadets, the National Guard Youth ChalleNGe Program is perceived as their last, best chance. This program was designed to open doors and provides a roadmap for achievement and a taste of accomplishment that lasts long after cadets' graduate. These young men and women are often following a path without guidance, stability or education, yet are wise enough to realize that completing ChalleNGe puts them on a road to a successful future. These cadets are committed to improving their lives and leaving old habits and barriers behind. They must be clear in their desire for structure and achievement. Personal commitment and desire for change is the ultimate key to the success of ChalleNGe."

The North Carolina National Guard's Tarheel ChalleNGe Academy is one of 33 Youth ChalleNGe Programs nationwide which helps at-risk high school dropouts improve their education, life skills, and employment potential. TCA, located in Salemburg, NC, accepts applications from all school dropouts ages 16-18 throughout North Carolina who volunteer to attend and desire a second chance to become a productive citizen. Nationally, the ChalleNGe Youth Program is administered by the Department of Defense through the National Guard Bureau.

A Federal State Cooperative Agreement provides program guidelines, requirements and standards for the program and is resourced jointly with 60% federal funding and 40% state funding.

Since its inception in September 1994, TCA has provided outstanding service to the at- risk youth of North Carolina. This five-time national award- winning Academy continues to add a strong and viable option to the growing number of approximately 23,500 (2006-07 school year) North Carolina high school dropouts annually. The Department of Crime Control and Public Safety and the North Carolina National Guard administer the program; the National Guard Bureau provides guidelines, specialized staff training, benchmarking summits to establish best practices, and annual program evaluations. The ChalleNGe

Youth Program is a multi-phased intervention program consisting of a structured and disciplined 22-week Residential Phase focusing on education and practical life skills followed by a 12- month Post-Residential Phase involving a skilled and trained volunteer mentor from the graduate's community to help achieve a positive and durable placement. This design of both a residential phase and post-residential mentoring phase is based on conclusions of the CSIS study that:

- A residential rather than nonresidential model is better at inducing fundamental life-style changes. The 24-hour involvement of a residential program brings a continual reinforcement of values that successfully cause profound changes in a relatively short time. Individual accountability and responsibility are successful motivators in at-risk youth service programs. Acceptance of accountability and responsibility, one aspect of self-discipline, has been a pattern of behavior in such successful programs.

- Follow-on programs are important to long–term success. Effective mentoring programs are designed to help graduates maintain newly developed skills and coping mechanisms after they lose their program's day-to-day support upon reentering their old environments. Evidence suggests that without a follow-on mentoring program, the program would probably not succeed.

I. Program Description, Services, Recipients, & Resource Requirements.

TCA offers North Carolina a unique, highly effective program for at-risk high school dropouts, operated along quasi-military lines under policies and standards set by the Congressionally-backed Youth ChalleNGe program. The mission of the Academy is to redirect the efforts of young adults who have had trouble succeeding in the normal high school environment and give them the skills and attitude to become productive citizens in their communities. The prospective cadet must volunteer for the training and must be motivated and committed to turning his/her life around. There is no cost to the cadet, parents or family for attending TCA, other than such personal items as underwear, running shoes, and individual hygiene items.

The National program requirements, goals, and guidelines are provided by National Guard Bureau in the form of a Master Youth Programs Cooperative Agreement, operations manual, and policy letters. The cooperative agreement is signed by the Adjutant General and National Guard Bureau representatives each year when funds are released. The program description and performance measures listed herein are for the most part included in the cooperative agreement. National Guard Bureau also conducts annual operational and resource management evaluations. These evaluations are also used as a means to assess individual programs that excel in each of the eight core components. Awards are presented to these programs. North Carolina's TCA has won awards over the past several years to include the Physical Fitness Award (2002), Life Coping Skills (2004), Responsible Citizenship (2005) and the Award for Academic Excellence (2006). The Academy has consistently ranked in the top ten programs for overall excellence.

The Academy complies with a National Guard Bureau "Hands-Off" Leadership policy which means neither physical force nor abusive language will be used as a means to get cadets to comply with instructions or as a means of motivation. Physical touch may only be used to congratulate or demonstrate a teaching point. Minimal physical restraints may only be used to ensure the safety of a cadet or others. The staff relies on teaching, mentoring and coaching techniques with cadets and all staff members receive Crisis Prevention training that reinforces this policy.

The ChalleNGe goal is to improve education, life skills, and employment potential of participants. This goal is supported by numerous objectives within the program's eight core components and each cadet must meet certain standards in each component to graduate from the Residential Phase.

- Academic Excellence: ChalleNGe students strive to complete high school. They attend regularly scheduled academic classes to increase their academic levels of performance and to prepare them for testing for the General Education Development (GED) credential to receive their High School Equivalency Diploma. The measure for this component is to either receive their GED diploma or to increase their grade level scores using the Tests of Adult Basic Education (TABE) scale scores. TABE testing is accomplished at the beginning and at the end of the residential phase. The General Education Development schooling and testing is accomplished through an association with Sampson Community College.

- Job Skills: Students prepare for a lifetime of gainful employment. Career exploration is accomplished through career assessment and interest inventories, and job-specific skills orientation and awareness. Specific classroom activities focus on development of individual resumes, completing job applications, and preparation for and completing job interviews.

- Physical Fitness: Physical fitness becomes an integral part of a Cadet's daily life. A physical fitness program is based on the *President's Challenge,* a test battery based on data collected from a variety of sources including the President's Council on Physical Fitness.

- Service to the Community: Cadets learn to realize the value and importance of giving back to the community. A minimum of 40 hours of community service activities are performed by each cadet.

- Health and Hygiene: A healthy, well-balanced person is the goal. A structured and holistic approach combines physical and mental well being as Cadets explore the effects of substance abuse and sexually transmitted diseases on their lives. Cadets learn the physical and emotional benefits of proper nutrition and personal hygiene through participation in classes and group discussions.

- Responsible Citizenship: Cadets understand their role in the democratic process. The U.S. Government structure and processes, along with individual rights and responsibilities at the local, state, and national levels are addressed in the classroom environment, in the student government process, and through practical experiences within local communities.

- Leadership/Followership: Cadets develop strong character. Identification and application of individual moral and ethical standards is the focus of the various roles and responsibilities as the cadets live and learn in a structured group environment, both as a leader and as a participating follower.

- Life Coping Skills: Skills to last a lifetime are learned. Increased self-esteem and self-discipline are gained through a combination of classroom activities and a structured living environment. The development of individual strategies and coping mechanisms for managing personal finance and dealing with such emotions as anger, grief, frustration, and stress are developed through group discussions and in the classroom.

During the residential phase, cadets are supervised by cadre staff members 24 hours a day, 7 days a week. They wear uniforms, do physical training, attend classes, and learn to work within a structured and disciplined environment. During this phase, emphasis is placed on life skills, self-discipline, teamwork, team building, work ethics, respect for others, self-esteem, loyalty, and integrity in addition to the core component requirements. While attending the residential phase, cadets learn to set and achieve goals and short term objectives. Before graduating, they set long term goals to achieve during the post-residential phase. Although very important, obtaining the GED is not the only thrust of the Academy; the focus is on learning and developing the necessary life-coping skills to succeed after the cadet completes the residential phase. The Academy teaches and enforces what society expects from its young adults, such as civil behavior, hard work, personal responsibility, and giving back to the community, state and nation.

The post-residential phase of the program, the 12 months following graduation, is the most difficult part of the program. During the post-residential phase, graduates work with a trained volunteer mentor from their home community. As required by the Master Youth Programs Cooperative Agreement, mentors undergo a 4-hour block of training at the Academy using the World View Curriculum. Training materials are reviewed during the annual National Guard program evaluation. Mentors also undergo a background check conducted by the State Bureau of Investigation. The primary role of this screened adult mentor is to help the graduate continue on the path to success that began during the residential phase. The mentor provides friendship, advice and companionship, and assists the graduate in seeking their placement goal of employment and/or continuing their education. The goal for the graduate during the post-residential phase is to maintain placement. Placement is defined as attending school full time, employed full time, in the military, or a combination working and attending school on part time basis.

Application and Selection Process.

Application to attend the Academy is open to all North Carolina school dropouts between the ages of 16-18. An applicant may turn 19 years of age while attending the program. The TCA staff receives hundreds of applications for each class, from which TCA interviews and selects enough qualified applicants to completely fill its housing capacity. TCA also selects alternates to replace losses during the first week of each class to ensure the class will graduate its target goal. Graduation targets are established based on historical data, which help predict losses throughout the program such as cadet discipline issues or cadet withdrawal by parents. The December 2008 class graduation target of 110 graduates per class (a rate of 220 graduates per year) was increased to 125 graduates per class starting in January 2009. This is the physical capacity of the Salemburg site.

Applications submitted are first screened to ensure the applicant meets the qualification requirements to attend the program.

- At least 16 years old but less than 19 years old at time of entry
- A high school dropout or expellee without a GED certificate
- A U.S. citizen or legal resident who resides in North Carolina
- Free from illegal drugs/substances and any serious involvement with the criminal justice system. No outstanding legal issues.
- Physically and mentally capable of completing the program
- Unemployed or underemployed
- Successfully pass a medical screening exam
- Volunteer to attend

The participant selection process consists of several steps to enroll applicants that are motivated and committed to complete the program. Considerations are given to age, gender, and ethnicity and include a balance of applicants from both large cities and rural areas.

A balance of age provides different maturity levels among the cadets. In most cases, 18 year old applicants are faced with their last opportunity to enroll because of age eligibility. Identifying placement activities during the post-residential phase for 16 year old graduates is more difficult than older graduates. Many of the 16 year old cadets turn age 17 before they graduate.

The numbers of females who applied and were accepted historically represent between 20-25% of all applicants and almost all female applicants that meet screening criteria are accepted into the program.

All applicants and their parent(s) or guardian(s) must attend a mandatory orientation held at the Academy normally 30 days prior to the start date of the new class. During the orientations, the applicants and families are briefed on the extremely high standards, structure, discipline, and program requirements to complete the ChalleNGe Program. Tours of the facilities to include the open bay barracks style living environments are conducted.

Each applicant is interviewed by a team of two staff members during the orientation. The interview explores the reasons they dropped out of school, why they want to attend TCA, legal backgrounds, gang influences, and attempts to judge their attitude and motivation to complete ChalleNGe. The applicant must specifically state that they themselves want to attend ChalleNGe, not solely because their parents want them to attend. They are judged on their appearance, mannerisms, and on how they communicate with the interviewer. The interview panel will indicate if the applicant should be accepted or not accepted for selection. Although not scientific, the interview will normally reveal the applicants who are serious about changing their path and future, those with positive attitudes, energetic and some degree of confidence. Applicants who display some or all of these attributes seem to do well and most will complete the program.

All applicants recommended by the interview panels are placed in a pool by age, gender, and race. Normally, all 18 year old applicants and Native Americans and Hispanics are selected because of the low number of applicants. For others, names are randomly selected to attend beginning with 17 year old applicants and then 16 year old applicants. Once the selections reach the housing capacity the remaining applicants are placed on an alternate list to be called in to take the place of those applicants who fail to report for in-processing and for those failing the drug screening. Approximately 10% will fail to report and another 15% will fail the drug screening. Alternates are also used to backfill vacancies generated by medical disqualification during the medical examination and for candidates who drop out during the first week of Pre-ChalleNGe. Alternates not able to attend because of capacity may be given priority for the next class if they still want to attend the program. Approximately 50% of those alternates will request enrollment.

Cadet ages at graduation:

Year	Age 16	Age 17	Age 18	Age 19
2008	27.6%	47.1%	20.5%	4.8%
2007	24.7%	50.0%	21.5%	3.8%
2006	26.2%	53.9%	17.8%	2.1%

Resources.

Funding for ChalleNGe began with 100% federal funding for the first four years (1994-1997) followed by a gradual increase in state matching funds beginning at 25% state and increasing each year until the 60% federal and 40% state match was reached in 2001. National Guard Bureau utilized a funding formula of $14,000 per target graduate goal as a means to fund ChalleNGe programs. This formula met the needs of most programs because it reflected the actual operational costs. In 2008, states were given an option to request funding based on actual cost per cadet provided the state funding increased to meet the 40% funding match. According to the National Guard Youth Foundation, the 2008 national average cost per graduate was $16,800.

TCA continues to use the $14,000 per graduate to fund the program. TCA is able to do this because of reduced expenditures and personnel costs that are less than other states by using contract employees without benefits while most states have state employees with benefits. In addition, TCA receives other sources of funding which offset the rising costs. TCA receives approximately $180,000 per year by participating in the Child Nutrition Program which provides funds on the number of cadets fed breakfast and lunch. Dinner meals are not eligible for additional funding. Sampson Community College provides funds to assist with our instructional costs based on classroom contact hours for approved subjects. A limited amount of in-kind assistance may be approved by National Guard Bureau as a means to meet the state match. For example, TCA's facilities are provided to the state by Sampson County and based on a fair market value to lease the facilities may be used as in-kind services. It should be noted, however, in-kind services do not provide spendable funds toward actual operating costs. Based on the funding formula of $14,000 per graduate, funding for ChalleNGe has increased over the past three years because of increasing the cadet graduation target. Using this formula the below federal and state budgets are provided:

Year	Total Budget	Federal (60%)	State (40%)	Target
2009*	$3,500,000	$2,100,000	$1,400,000	250
2008**	$3,290,000	$1,974,000	$1,316,000	235
2007	$3,080,000	$1,848,000	$1,232,000	220
2006	$2,800,000	$1,680,000	$1,120,000	200

- ***Proposed funding for continuation, federal portion is approved.**
- ****Current operating year through 31 Jul 09.**

Costs to the state per the above funding formula are $5,600 per graduate. Therefore, the daily cost per cadet to the state would be $36.36 per day calculated on the 154 days in the Residential Phase or an annualized cost of $15.34 per day per graduate.

Actual Costs.

Actual costs are calculated by using all program expenditures including other program income, and in-kind services divided by the total number of graduates for the year. Costs incurred for cadets who began the program that withdrew or were dismissed are included in the cost per graduate. The cost per actual graduate in the 2007 Budget Year ending July 2008 was less than the cost per graduate in the 2006 Budget year ($14,667 compared to $15,135 in 2006) because more cadets remained in the program to graduate.

Comparative Cost Data.

ChalleNGe is a one-of-a-kind program both nationally and in North Carolina. ChalleNGe should not be compared to drop out prevention programs because they are normally after school programs, charter schools, and others that do not include a residential provision. ChalleNGe applicants have already dropped out of school and are seeking an opportunity to turn their lives around. Two programs which operate nationally and in North Carolina are similar in that they are residential programs but different in services they offer. These programs are summarized below:

- Eckerd Youth Alternatives provide Outdoor Therapeutic Programs in North Carolina. They provide therapeutic behavioral treatment and fully accredited education in residential small group settings for at-risk, troubled, delinquent or difficult-to-manage boys and girls ages 10-17. Costs of these programs are typically $6,000 per month. Families may receive assistance with the costs through the Eckerd Foundation or from Juvenile Justice Programs. ChalleNGe does not provide therapeutic counseling treatment.
- Job Corps is a part of the U.S. Department of Labor that provides residential education and job training for at-risk youth, ages 16 through 24. Job Corps combines classroom, practical, and work-based learning experiences to prepare youth for stable and long term jobs. The average cost per graduate is $22,700 per year.

II. Program Performance Measures.

The following performance measures include those measures the national office provides in their guidance documents and are indicators of the effectiveness of the national program and Tarheel ChalleNGe Academy:

- Successfully graduate a minimum of 95% of the annual target for graduates each year. The annual target of 220 cadets per year (110 per class) increased to 250 graduates per year (125 per class) beginning January 2009.

  TCA exceeded its target graduation rate over the last five classes by graduating 101% of the target.

- 90% of attending cadets will have a qualified (screened, trained, matched) adult mentor by week 13 of the residential phase for each class and 100% before graduation.

  TCA averaged 93% assigned by week 13 and 100% before graduation.

- Within 1 year of completing the residential phase, 75% of the graduates will have a placement that represents a return to school, secondary education, joined the military service, vocational placement or employment following graduation from the residential phase.

  TCA placed 67% (matches national average) within 12 months of finishing the residential phase of the last two classes. One additional case manager has been added to improve overall placement of graduates.

- Each graduate improves their academic performance measured as either increasing their TABE scores by one grade level in Math and Reading or earn their GED diploma. A TABE test will be given initially in week 3 and a final test during week 20.

  See Below Table For Results.

- Each cadet performs a minimum of 40 hours of community service during the residential phase in accordance with the Core Component requirement.

  Each graduate conducted a minimum of 60 hours of community service. A total of 23,649 hours were performed in 2008. Based on the minimum wage rate, the value of these services represents $146,888.

- Coordinate the opportunity for deserving cadets to participate in the General Assembly and Governor's Page Program.

  Over the past five classes 100 cadets have participated in the General Assembly and Governor's Page Program and added value to their Responsible Citizenship core component.

Performance results are also useful indicators of the value of the Tarheel ChalleNGe Program to the state and its communities. Since 1994, TCA has benefited North Carolina through:

- $31,929,500 in Federal Funding received
- 2,652 graduates from 88 of 100 counties
- 1,935 General Education Diplomas awarded (73% of graduates)
- Approximately 333 enlistments into the Armed Services to include NC National Guard
- 3,399 Volunteer Mentors contributed their time and effort
- A total of 234,044 hours of public service provided to communities.

Performance results can also be measured in terms of cadet success stories. Cadet Matthew Prouty attended TCA as a 16 year old and graduated with academic honors. He enrolled in Georgia Military College, a two year college, and consistently made the Dean's List. He applied to the U.S. Air Force Academy and the United States Military Academy at West Point. He was accepted at both Service Academies and is currently a junior at the U. S. Military Academy at West Point.

Former cadet Brandon Shotwell is perhaps the best example that describes the mission of ChalleNGe. He graduated in 1998 and went to work while learning the heating and air conditioning trade. While employed at Duke University, he met his wife and later began a family. He is now a supervisor in his department and he and his wife recently purchased their first home. Brandon recently recommended ChalleNGe to a young dropout and volunteered to be his mentor.

Tarheel ChalleNGe Measures and Data

Measure	Class 31	Class 30	Class 29	Class 28	Class 27
Graduation Target	110	110	110	110	100
Applications Received	421	359	376	329	448
Number Started Pre-ChalleNGe	167	169	174	165	178
Number Enrolled in ChalleNGe (Week 3)	134	143	147	131	130
Number Graduated	107	103	122	105	109
Percent Graduated vs. Target	97%	94%	111%	95%	109%
Percent of GED Diplomas Awarded	72%	73%	69%	73%	65%
Percent of TABE Score Grade Increase	93%	100%	98%	96%	100%
Average Math TABE Increase	1.5	1.9	2.6	2.0	2.9
Average Reading TABE Increase	1.3	1.6	1.5	1.1	2.8
Mentors Matched By Week 13 / Week 22	85%/100%	83%/100%	91%/100%	86%/100%	88%/100%
Percent of Placement In Post-Residential	67%	65%	66%	50%	48%
Total Service to Community Hours	10,029	13.203	11,501	11,051	9,900
Value of Community Service Hours *	$65,689.95	$81,198.45	$70,731.15	$67,963.65	$60,885.00
Number Served As Legislative/Gov Page	12	29	12	34	13
Red Cross Blood Donations	46	44	40	43	48
Class Donation to Charity	$2,600	$2,900	$1,900	$2,800	$3,400
Ethnicity					
African American	47%	48%	48%	50%	50%
Caucasian	39%	39%	36%	38%	41%
Native American	3%	4%	2%	4%	2%
Hispanic	8%	2%	8%	5%	4%
Asian	0%	1%	1%	1%	1%
Other	2%	6%	5%	2%	2%

*Computed by Minimum Wage rate

III. Funding Rationale.

Tarheel ChalleNGe currently receives annual state funding in the amount of $1.293 million. Combined with services-in-kind for the Salemburg facility, this equates to $5,600 per TCA graduate. For comparison, the Friedman Foundation reports that North Carolina spends $4,877 annually for each active high school student and the state has a cost of nearly $4,437 per dropout in lost revenue or increased medical and incarceration costs. It is evident that this highly successful program provides an outstanding return on investment. With over 23,000 high school dropouts each year, this program efficiently and cost-effectively meets the program goals and yields productive citizens with a new outlook on life.

The program is so successful and the demand so high, fully funding the Salemburg TCA site to graduate 250 cadets per year and gradually increasing funding to establish a second or third site to ultimately reach a goal of 1,000 graduates per year is highly recommended.

IV. Consequences of Discontinuing.

The most significant impact of discontinuing funding for the ChalleNGe program would be the elimination of a second chance for 200+ at-risk high school dropouts annually to become successful in life. No other program offers the multi-faceted training and curriculum found in the program's eight core components (Leadership/followership, responsible citizenship, service to community, life-coping skills, physical fitness, health and nutrition, employment skills, academic excellence). Federal and state funding for ChalleNGe makes this life-changing opportunity available to North Carolina families of potential cadets, families who otherwise would have even less hope for their at-risk children.

The program would also lose the federal funds that are received (60% of program costs) to operate TCA.

The full long term cost of closing TCA is unknown, but would be extremely high. The state and nation suffer from the dropout epidemic through the loss of productive workers and the higher costs associated with increased incarceration, health care and social services. Compared to their peers who graduate from high school, dropouts are much more likely to be unemployed, living in poverty, receiving public assistance, or held in prison. They also are more likely to be unhealthy, divorced, and become single parents raising children who drop out of high school like themselves. Each year TCA "saves" over 200 young people whom society would otherwise write off as losses, helping them get their lives back on track and become productive members of society.

V. Recommendation for Improving Services.

The Academy continues to pursue improvements to services provided to cadets, graduates, and in the day-to-day conduct of the program. Staff members attend specialized and functional training offered by the National Guard Bureau which is funded 100% with additional federal funds. TCA's leadership participates in and benefits from national best practices benchmark summits, learning from their counterparts in other states and ensuring the most effective delivery of services.

TCA leaders are also committed to seeking educational grants and scholarships through non-profit organizations and foundations to offer financial aid to graduates who continue their education at college, technical or trade schools.

VI. Recommendations to Reduce Costs.

The NCNG and the ChalleNGe staff continue to strive to minimize or reduce the costs of the program. From consistently reviewing contractual costs to maximizing energy savings to using organic NCNG assets for renovations and expansion, the intent is and will continue to be one where efficient and effective execution of each dollar is important. Other in-house efficiencies used to cut costs include recycling serviceable uniform articles, purchasing foodstuffs, printing services and cleaning supplies from the Department of Corrections, participating in the U.S. Department of Agriculture Free Food Commodity program, and having cadets perform all janitorial services.

VII. Policy Issues.

The analysis of application data and the sheer number of dropouts in North Carolina suggest a need for growth of the National Guard Youth ChalleNGe Program. The demand to participate in this program is greater than the capacity at Salemburg. Over the past three years the graduation target and enrollment have gradually increased from 100 graduates per class to 110 per class and steps have been taken to increase the capacity but the facilities restrict the current graduation target to 125 graduates per class or 250 per year. Over the past five classes, applications to attend ChalleNGe have ranged from 359 to 448 per class and it is believed the dropout population in the western part of North Carolina is being underserved due to the low number of applications received from that region. The obvious factor for the low number is the distance to the Salemburg campus. The need for growth of the ChalleNGe program is based upon not being able to accept all applicants. An average of 200 applicants per class over the last five classes was not accepted because of capacity and funding limitations. If additional efforts were made to increase the awareness of ChalleNGe to the approximate 22,000 dropouts, it would generate even more applications for enrollment. The current and potential demand for applicants justify an initiative aimed at gradually establishing two or three additional campuses in other parts of the state to address underserved youth who have not been able to participate at the Salemburg campus.

Summary.

Tarheel ChalleNGe continues to have a positive impact on an otherwise-ignored segment of high school dropouts and expellees. This demanding program provides the valuable mechanism needed for the young men and women who want a positive change in their life and future. The program has helped open doors and provides a roadmap for achievement and a taste of accomplishment that lasts long after cadets complete the 17 month program. Graduates are committed to improving their lives and leaving old habits and barriers behind as they work toward a successful future. ChalleNGe is not for everyone, but helps those who are committed and willing to do the hard work necessary for their success. In turn, their success not only benefits themselves but also provides numerous benefits to society.

APPENDIX 1. TYPICAL TARHEEL CHALLENGE DAILY TRAINING SCHEDULE

NCTCA		TRAINING SCHEDULE A	Class 23	Daily	
TIME	WHO	ACTIVITY	WHERE	DRESS	WITH
0530-0550	ALL	FIRST CALL	DORMITORY	PT	LDR
	ALL	DORMITORY MAINT, TL INSP	DORMITORY	PT	LDR
0550-0555	ALL	FLAG CEREMONY	FLAG POLE	PT	LDR
0555-0600	ALL	MOVEMENT TO PT FIELD	ENROUTE	PT	LDR
0545-0545	SEL	KPs report to Dining Facility	DINING FACILITY	BDU	LDR
0600-0645	ALL	PT	ACADEMY AREA	PT	LDR
0645-0805	ALL	PERSONAL HYGIENE	DORMITORY	PT	LDR
	ALL	DORMITORY MAINT.	DORMITORY	BDU	LDR
0650-0800	ALL	BREAKFAST	DINING FACILITY	BDU	LDR
	TM 1			BDU	LDR
	TM 2			BDU	LDR
	TM 3			BDU	LDR
0800-0810	ALL	TL TIME	ACADEMY AREA	BDU	LDR
0810-0815	ALL	MOVE TO CLASS FORMATION	ENROUTE	BDU	LDR
0815-0825	ALL	FORMATION	ACADEMY AREA	BDU	HORNBROOK
0830-0930	ALL	FIRST PERIOD CLASS	CLASSROOM 1-5	BDU	Instructor
0930-0940	ALL	BREAK TIME	ACADEMY AREA	BDU	LDR
0940-1040	ALL	SECOND PERIOD CLASS	CLASSROOM 1-5	BDU	Instructor
1040-1050	ALL	BREAK TIME	ACADEMY AREA	BDU	LDR
1050-1150	ALL	THIRD PERIOD CLASS	CLASSROOM 1-5	BDU	Instructor
1150-1200	ALL	MOVE TO LUNCH	ACADEMY AREA	BDU	LDR

1200-1300	ALL	LUNCH	DINING FACILITY	BDU	LDR
1300-1310	ALL	MOVE TO FORMATION/CLASS	ENROUTE	BDU	LDR
1310-1410	ALL	FOURTH PERIOD CLASS	CLASSROOM 1-5	BDU	Instructor
1410-1420	ALL	BREAK TIME	ENROUTE	BDU	LDR
1420-1520	ALL	FIFTH PERIOD CLASS	CLASSROOM 1-5	BDU	Instructor
1520-1530	ALL	BREAK TIME	ACADEMY AREA	BDU	LDR
1530-1630	ALL	SIXTH PERIOD (Study Hall/Tutoring)	CLASSROOM 1-5	BDU	Inst/Cadre
	ALL	FLAG HONORING	RETREAT	BDU	LDR
	ALL	TL TIME	ACADEMY AREA	BDU	LDR
1700-1830	ALL	DINNER	DINING FACILITY	BDU	LDR
	TM 1			BDU	LDR
	TM 2			BDU	LDR
	TM 3			BDU	LDR
1700-1845	SEL	TEAM TIME	DORMITORY	PT	LDR
1830-2000	SEL	TELEPHONE PRIVILEGES(WK-4)	GYM	PT	LDR
1845-1930	ALL	SHOWER/PERSONAL HYGIENE	LATRINE	PT	LDR
1930-2030	ALL	TL TIME/INSPECTION	DORMITORY	PT	LDR
2030-2115	ALL	MAIL CALL/PERSONAL TIME	DORMITORY	PT	LDR
2115-2130	ALL	PREP FOR LIGHTS OUT	DORMITORY	PT	LDR
2130-0530	ALL	LIGHTS OUT	DORMITORY	PT	LDR

APPENDIX 2. LIST OF YOUTH CHALLENGE PROGRAMS NATIONWIDE

(Reference: 2007 National Guard Youth ChalleNGe Program Annual Report; AOC Solutions, Inc)

ChalleNGe Sites and FY 2007 Graduation Goals					
STATE	Location	Target Graduates	STATE	Location	Target Graduates
Alabama	Fort McClellan	100	Michigan	Battle Creek	200
Alaska	Fort Richardson	250	Mississippi	Camp Shelby	400
Arizona	Queen Creek	224	Montana	Dillon	200
Arkansas	Camp Robinson	131	New Jersey	Fort Dix	200
California	Camp San Luis Obispo	300	New Mexico	Roswell	200
District of Columbia	Camp Riverview	100	North Carolina	Salemburg	220
Florida	Camp Blanding	250	Oklahoma	Pryor	250
Georgia	Fort Gordon	200	Oregon	Bend	220
	Fort Stewart	200	Puerto Rico	Fort Allen	100
Hawaii	Kapolei	200	South Carolina	Camp Long	200
Illinois	Rantoul	708		Columbia	250
Kentucky	Fort Knox	220	Texas	Galveston	200
Louisiana	Camp Beauregard	400	Virginia	Camp Pendleton	258
	Camp Minden	225	West Virginia	Camp Dawson	200
	Gillis Long	375	Wisconsin	Fort McCoy	200
Maryland	Aberdeen Proving Grounds	200	Wyoming	Camp Guernsey	200

Figure 2. List of ChalleNGe Programs and Graduation Goals for the Reporting Year Addressed in this Report

APPENDIX 3. FY2007 ANNUAL BUDGET AND TARGET GRADUATES

(Reference: 2007 National Guard Youth ChalleNGe Program Annual Report; AOC Solutions, Inc)

FY2007 ANNUAL BUDGET AND TARGET GRADUATES				
State	Graduation Target	Federal	State Match @ 40%	Total Federal and State
Alabama	200	$ 1,680,000	$ 1,120,000	$ 2,800,000
Alaska (P)	125	$ 1,312,500	$ 875,000	$ 2,187,500
Arizona	200	$ 1,878,000	$ 1,252,000	$ 3,130,000
Nevada	17	$ 700,000	$ 133,333	$ 333,333
Arkansas	130	$ 1,680,000	$ 1,120,000	$ 2,800,000
California (Los Alamitos)	100	$ 1,600,000	$ 1,066,667	$ 2,666,667
California (San Luis Obispo)	300	$ 2,970,000	$ 1,980,000	$ 4,950,000
District of Columbia	0	$ 327,500	$ 218,333	$ 545,833
Florida	250	$ 2,100,000	$ 1,400,000	$ 3,500,000
Georgia Fort Gordon	400	$ 3,360,000	$ 2,240,000	$ 5,600,000
Georgia Fort Stewart	400	$ 3,360,000	$ 2,240,000	$ 5,600,000
Hawaii	200	$ 1,920,000	$ 1,280,000	$ 3,200,000
Illinois	800	$ 5,537,200	$ 3,691,467	$ 9,228,667
Indiana	200	$ 1,600,000	$ 1,120,000	$ 2,000,000
Kentucky	220	$ 1,920,000	$ 1,280,000	$ 3,200,000
Louisiana Camp Beauregard	400	$ 3,600,000	$ 2,400,000	$ 6,000,000
Louisiana Camp Minden	200	$ 2,250,000	$ 1,500,000	$ 3,750,000
Louisiana Gillis Long	400	$ 3,600,000	$ 2,400,000	$ 6,000,000
Maryland	200	$ 1,680,000	$ 1,120,000	$ 2,800,000
Michigan	100	$ 1,050,000	$ 700,000	$ 1,750,000
Mississippi	400	$ 3,360,000	$ 2,240,000	$ 5,600,000
Montana	200	$ 1,911,000	$ 1,274,000	$ 3,185,000
New Jersey	200	$ 1,680,000	$ 1,120,000	$ 2,800,000
New Mexico	200	$ 1,920,000	$ 1,280,000	$ 3,200,000
North Carolina	235	$ 1,848,000	$ 1,232,000	$ 3,080,000
Oklahoma	250	$ 2,400,000	$ 1,600,000	$ 4,000,000
Oregon	220	$ 2,096,400	$ 1,397,600	$ 3,494,000
Puerto Rico (P)	100	$ 840,000	$ 560,000	$ 1,400,000
South Carolina Camp Long	200	$ 1,680,000	$ 1,120,000	$ 2,800,000
South Carolina Columbia	250	$ 2,100,000	$ 1,400,000	$ 3,500,000
Texas	200	$ 1,680,000	$ 1,120,000	$ 2,800,000
Virginia	270	$ 2,276,700	$ 1,517,800	$ 3,794,500
West Virginia	176	$ 1,680,000	$ 1,120,000	$ 2,800,000
Wisconsin	200	$ 2,298,600	$ 1,532,400	$ 3,831,000
Wyoming	147	$ 1,175,600	$ 783,733	$ 1,959,333
Sub Total		$ 72,651,500	$ 48,434,333	$ 121,085,833
NGB		$ 10,979,800		
Total	8085	$ 83,631,300		

APPENDIX 4: NATIONAL COMPARISON OF LAST CLASS OF FY07

(Reference: 2007 National Guard Youth ChalleNGe Program Annual Report; AOC Solutions, Inc)

NATIONAL GUARD YOUTH CHALLENGE PROGRAM: NGB CLASS 28

	Target	Applied	Accepted	Registered	Enrolled	Graduates	Service Hours	Value of STC	Matched with Mentors at Graduation	Total Academic Credentials
AL	100	137	134	122	61	27	1824.00	34236.48	27	11
AK	125	278	264	210	177	140	8,953.50	$168,057.20	140	77
AZ	112	137	125	89	82	60	3,626.75	$68,074.10	57	43
AR	66	133	87	79	57	37	2,411.00	$45,254.47	37	26
CA	150	326	64	54	188	161	11,099.00	$208,328.23	158	57
DC	100	44	43	43	24	20	1,296.00	$24,325.92	20	3
FL	125	339	178	162	154	129	12,161.55	$228,272.29	129	94
GA-FG	145	241	239	221	198	157	11,117.50	$208,675.48	157	112
GA-FS	200	335	334	310	270	192	21,397.00	$401,621.69	192	162
HI	100	245	145	145	135	110	6,240.00	$117,124.80	105	98
IL	354	764	755	652	403	303	16,499.00	$309,686.23	301	190
KY	110	185	130	114	94	66	6,437.50	$120,831.88	66	38
LA-CB	200	444	338	259	249	200	11,043.50	$207,286.50	147	99
LA-CM	125	364	241	192	170	137	8,214.50	$154,186.17	135	97
LA-GL	200	421	404	278	270	203	12,524.50	$235,084.87	202	99
MD	100	431	175	120	106	85	5,647.65	$106,006.39	85	37
MI	100	203	160	146	118	97	4,669.00	$87,637.13	97	47
MS	200	547	271	271	248	178	24,886.70	$467,123.36	178	132
MT	100	118	115	99	79	51	3,393.75	$63,700.69	51	40
NJ	100	159	170	157	137	100	6,076.00	$114,046.52	100	104
NM	100	169	153	135	102	79	4,817.75	$90,429.17	79	41
NC	110	329	261	165	131	105	11,806.15	$221,601.44	105	77
OK	125	298	173	155	93	77	9,128.75	$171,346.64	77	50
OR	110	195	156	152	134	109	11,645.00	$218,576.65	109	41
PR	100	210	179	110	101	90	7,284.00	$136,720.68	90	90
SC-CL	100	154	140	122	93	54	5,280.00	$99,105.60	54	23
SC-CO	125	361	199	164	141	92	6,066.50	$113,868.21	92	52
TX	100	174	138	138	123	85	7,464.50	$140,108.67	76	36
VA	129	269	195	195	178	139	12,621.00	$236,896.17	139	85
WV	100	225	156	114	109	70	4,160.50	$78,092.59	69	51
WI	100	186	133	117	95	71	5,392.05	$101,208.78	71	65
WY	100	72	66	51	35	31	2012.50	$37,774.63	30	29
Totals	4,111	8,493	6,315	5,341	4,555	3,455	267,197.00	$5,015,289.57	3,375	2,084

Attachment 9

THE CENTERS FOR QUALITY TEACHING AND LEARNING

Helping Teachers Reach **Every Student, Every Day**

ExplorNet Funding - $400,000

Return on Investment 5:1 plus 21st Century Learning Accomplished

$300,000 Recurring – QTL Professional Development, Career and Technical Education

$100,000 Non Recurring – New & Emerging Teachers Institute

Return on Investment

QTL Professional Development
QTL professional development annually prepares nearly 1,000 North Carolina teachers to use technology tools, student data and research-base instructional practices to improve student success in 21st Century Classrooms. By helping schools and districts create true collaborative professional learning communities, each school helps engage students in their own learning which results in greater achievement. Increased student engagement is proven to reduce the number of dropouts. In the first year of a partnership with Robeson County 70% of schools met Expected Growth state standard and in the second year, 100% met Expected Growth standard or higher.

Career and Technical Education
ExplorNet is responsible for *Computer Engineering I and II* and *Networking I* curriculum for the North Carolina Department of Public Instruction. Ninety teachers serving more than 100 high schools prepare more than 5,000 students annually for careers in technology.

New and Emerging Teachers' Institute (NETI)
NETI focuses on helping new teachers become successful during their first years whether they have gone through education courses or are currently earning certification. Created to support the General Assembly's mandate for additional professional learning for new teachers, NETI demonstrates that teacher turnover can be reduced, saving districts and the state significantly.

In addition to the work done by ExplorNet – The Centers for Quality Teaching and Learning, improving student success, preparing students for productive careers and reducing teacher turnover legislative dollars are leveraged for a 5:1 Return on Investment for the General Assembly.

New and Emerging Teachers – reduction in turnover this year saved	**$ 462,000**
Career and Technical Education – *Computer Engineering I & II, Networking*	
Using instructional materials and no textbooks saves -	$ 379,017
Student technical support in schools and saves	$1,206,250
Total	**$1,585,267**
Collateral Savings -	**$ TBD**
TOTAL Documented Savings 2008-09	**$2,047,267**

What are collateral savings? At one high school, by midyear more than 1,000,000 sheets of paper had been used. The Computer Engineering classes used 0 sheets of paper because of ExplorNet's online curriculum materials and paperless process. ExplorNet is assisting classes and schools to go to a more paperless system through its online classroom management system.

ExplorNet's CareerTech programs are win-win-win-win for students, business, schools and faculties. Almost 100 instructors provide **real world learning experiences** tied to industry certifications for **more than 5,000 students in 101 North Carolina high schools.**

Course	Students	Classes
Computer Engineering I	3027	173
Computer Engineering II	1469	124
Networking	508	38

TECH SUPPORT ASSISTANCE, REAL WORLD EXPERIENCE

Seven out of ten classes provide technical support for their school or district infrastructure.

Instructors whose students provide district technical support	**70%**
Build computers for school/district	41%
Troubleshoot technology problems	91%
Computer repair	76%
Parts replacement	73%
Software installation	55%
Computer upgrades	35%

Students provide more than 530 hours of technical support valued at $40,200 weekly... $1,206,000 annually.

"It is truly a win-win. The district gets great tech support and the students get on-the-job experience and training. We also hire them outside school hours and in the summers. They provide invaluable support. Our tech staff could not get the job done without them." *Greg Thoyre - Orange HS, Hillsborough*

"Teachers view these students with a level of esteem that the student might not otherwise receive. (Improves) retention of students who might otherwise drop out." *Tim Stecker - Western Alamance HS, Elon*

"These are real world support issues. They aren't labs or pre-conceived assignments. These are real problems the students are fixing." *Matt Rogers – Buncombe County Career Center, Weaverville*

GOING GREEN, SAVING MONEY

92% of instructors use curriculum materials provided with the curriculum in place of textbooks ($85 and up) for each student. Savings from using ExplorNet curriculum materials: **$390,017 annually.** An online classroom setup saves hundreds of reams of paper each year.

"Technology changes every thirty days. It is nice to have updated resources to go with what you are teaching." *Lance Joyner - SW Edgecombe High, Pinetops*

"My principal **loves** that I'm saving so much paper." *Phil Vice – Wakefield High, Raleigh*

PREPARING AND SUPPORTING TEACHERS AND STUDENTS

ExplorNet CareerTech curriculum includes significant online learning for students and support for teachers, **saving paper** and **promoting a 21st Century learning environment and teaching practice.**

"This was the first time to teach CE1 and I was really afraid. QTL helped me become less stressed out about teaching a class that I have never taught. I felt comfortable with the curriculum (as much as possible) after leaving the training. The resources helped me become better organized and I feel I can incorporate some of the things QTL does into my other classes. My students did really well." *Lisa Segars - Cedar Ridge High School, Hillsborough*

QTL Process Helps Low Performing Schools Improve Student Achievement

Nearly 1,000 North Carolina teachers take part in The QTL Process every year, bringing 21st Century teaching and learning into their classrooms. The QTL Process prepares teachers to combine research-based instructional practices, technology strategies and student data to identify and meet student needs. The QTL Process helps schools and districts create a culture in which students engage in their own learning, which results in higher achievement and lower dropout rates.

QTL has proven highly effective in low performing schools helping develop a sharp focus on student improvement. Teachers and principals receive intensive staff development, support, and coaching. The results: Schools demonstrate steady growth and improvement. In the first year of a partnership with the Public Schools of Robeson County, **70% of the schools met expected growth state standard.** In the second, **100% met expected growth state standard.**

Fairmont Middle School - Grades 5-8

ABC Standard	2003-04	2004-05	2005-06	2006-07 - QTL	2007-08 - QTL
Made Expected Growth	NO	NO	NO	YES	YES
Made High Growth	NO	NO	NO	NO	YES

Littlefield Middle School – Grades 4-8

ABC Standard	2003-04	2004-05	2005-06	2006-07 - QTL	2007-08
Made Expected Growth	NO	NO	NO	YES	YES
Made High Growth	NO	NO	NO	NO	YES

Oxendine Elementary School – Grades PK-6

ABC Standard	2003-04	2004-05	2005-06	2006-07 - QTL	2007-08 - QTL
Made Expected Growth	YES	NO	NO	YES	YES
Made High Growth	YES	NO	NO	NO	YES

Red Springs Middle School – Grades 5-8

ABC Standard	2003-04	2004-05	2005-06	2006-07 - QTL	2007-08 - QTL
Made Expected Growth	NO	NO	NO	NO	YES
Made High Growth	NO	NO	NO	NO	NO

Rowland Middle School – Grades 6-8

ABC Standard	2003-04	2004-05	2005-06	2006-07	2007-08 - QTL
Made Expected Growth	NO	NO	NO	NO	YES
Made High Growth	NO	NO	NO	NO	YES

Southside Ashpole Elementary – Grades PK-5 – NCTA TECHNOLOGY GRANT RECIPIENT

ABC Standard	2003-04	2004-05	2005-06 - QTL	2006-07	2007-08
Made Expected Growth	NO	NO	YES	YES	YES
Made High Growth	NO	NO	YES	NO	YES

Union Chapel Elementary – Grades PK-6

ABC Standard	2003-04	2004-05	2005-06	2006-07 - QTL	2007-08 - QTL
Made Expected Growth	NO	NO	NO	YES	YES
Made High Growth	NO	NO	NO	NO	YES

Spending $350.88 to help a teacher succeed saves school districts $11,000 in turnover costs when they don't.

NC General Assembly appropriation to ExplorNet for NETI - $100,000
Reduces turnover of new teachers AND
Saves about $462,000 in turnover costs in 7 LEAs

IMPACT OF The North Carolina General Assembly approved $100,000 New and Emerging Teachers' Institute. Funding through ExplorNet

School District	# teachers who have gone thru NETI	# teachers who have gone thru NETI who have resigned this year	# new teachers who normally would have resigned by now (3/1/09)	Retention Rate among teachers who went through NETI	Estimated Savings to districts from increased retention
Johnston County	29	0	8	100.00%	$88,000.00
Cleveland County	55	1	8	98.00%	$77,000
Brunswick County	26	Insufficient data received EST 1	8	94.00%	$77,000.00
Rutherford County	3	0	0	100.00%	$33,000
Franklin County	38	1	1 (last year)	97.00%	$11,000
Mecklenburg County	55	Insufficient data received EST 2	11	89%	$99,000
Robeson County	96	12	19	88.00%	$77,000
TOTALS	**302 participated in NETI**	**17 have resigned**	**285 still employed**	**94.4% Retention**	**$462,000.00**

302 new teachers participated in NETI
284 new teachers remain employed in their district – 94.4% retention.
State retention averages – 87.19%
Cost per teacher trained through NETI - $331.13
Cost per teacher trained through NETI and RETAINED IN THE DISTRICT - $350.88
Cost per teacher turnover - $11,000* each
*(Hunt Institute for Educational Leadership and Policy)

Attachment 10

REMARKS BEFORE THE NORTH CAROLINA HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
MAY 5, 2009
JOHN GESSAMAN, PRESIDENT, GATEWAY TECHNOLOGY CENTER, INC.

Good morning Chairmen, Vice Chairmen and Committee Members.
I am John Gessaman, President of the Gateway Technology Center, Inc. a non-profit 501 c 3 corporation that operates the Gateway Technology Center in Rocky Mount, North Carolina. The Gateway Technology Center has no employees. My position is a volunteer position and my employment is as President and CEO of the Carolinas Gateway Partnership, a local economic development group for Nash and Edgecombe Counties. The Board of the Gateway Technology Center is comprised of representatives from the Carolinas Gateway Partnership, the City of Rocky Mount, Nash County and North Carolina Wesleyan College. A formal collaboration agreement exists also between the GTC Board and the education collaborative of East Carolina University and North Carolina State University.

The Gateway Technology Center is a building in Rocky Mount, housing state-of-the-art classrooms and public space. The Center is a place that:

1. Provides space for higher education programs by ECU and NCSU including 2+2 programs ;
2. Provides space for an innovative collaboration to extend the benefits of two of our outstanding universities to an area that is economically distressed;
3. Provides broadband public access to all citizens; and
4. Provides state-of-the-art classroom technology to local for-profit and non-profit groups.

First, I want to thank this body for its past support of this innovative project. Funds from the North Carolina legislature have funded the ECU/NCSU collaborative and support the operation of the GTC. I encourage your continued support for the ongoing appropriations to:

1. Fund the ECU/NCSU Collaborative at its current level of $300,000, which Ms. Anselmi will speak about
2. Fund the continuing operations of the Center at their current level of $177,000, including the funding of summer camp programs for engineering and math enrichment.

The Center opened in May 2006 and is still in its early stages. Coupled with efforts to bring up early education, increase K-12 education attainment, the Center is a key to our economic future. While I am a volunteer on the Board of the GTC, I have a vested interest in its success and can say unequivocally that the GTC is one crucial element in our future that we cannot do without. Thank you in advance for your support.

Attachment 12

Gateway

Gateway Technology Center Program Update

Since opening its doors in May, 2006, the Gateway Technology Center (GTC) has provided a unique opportunity for partnership development and community enhancement through the collaborative effort between East Carolina University, NC State University, NC Wesleyan College, four community colleges, local public school systems and economic development agencies. Based on Senate Bill 1239, the ECU/NCSU Collaborative has continued to bring a host of higher education opportunities to the greater Rocky Mount area. These efforts include:

- Marketing and recruitment of ECU/NCSUs' more than 100 distance education programs (including online, video-conferenced, DVD, and Face to Face course delivery method)
- NCSU and ECU have a total of almost 700 DE students in 6 county region surrounding GTC.
- Establishment of new, Face to Face university programs including NCSU's NC TEACH (lateral entry teaching program, 4 cohorts have been started at GTC); the NCSU Master's in School Administration (cohort model, 2nd cohort to begin Fall, 09); the ECU Master's in Social Work (discussions with ECU BSW program with anticipated start date of Fall, 2010)
- Offering of professional development opportunities for public schools (NCSU's ESL and Food Safety Workshops, ECU's Reading Modules Workshops, DPI workshops, etc.)
- Establishment of 2+2 pre-engineering program with NCSU College of Engineering and the community colleges of Edgecombe, Halifax, and Nash, and the local public school systems (selected NCSU sophomore courses to be delivered at GTC). Offering of Intro to Engineering, Summer, 06.
- Offering of on-site industrial extension services for business and industry through both universities' Industrial Extension Services (IES) Offices
- Establishment of on-site NCSU IES office at GTC
- Offering of university youth enrichment camps at the GTC (including the NCSU Engineering Camp for Middle Grade Students, the Math Enrichment Camp from the NCSU College of Management for 3rd-5th graders, 4-H Biotechnology Camp, NCSU Summer Reading Programs)
- Offering of NCSU SPACE program (Academic enrichment program for minority middle grade students)
- Regional training site for College Foundation of North Carolina
- Local training site for Turning Point Workforce Development
- NCSU Extension services included video conferencing site for NCSU Forestry Issues Forum, Agricultural Extension Courses, Small Business & Technology Workshops, Master Gardner Training Sessions, etc.
- Providing state of the art computer and video conferencing abilities to our community college, public school and non-profit partners (virtual field trips, foreign language opportunities, RMHS Quiz Bowl Competition, NCSSM virtual classes, job interviews, webcasts, etc.)
- Providing exam and test proctoring services for distance education students
- Provide marketing support of all online programs via personalized email response system, answering more than 425 requests for university online program information
- To date, more than 15,880 people have utilized the GTC through the ECU/NCSU Collaborative

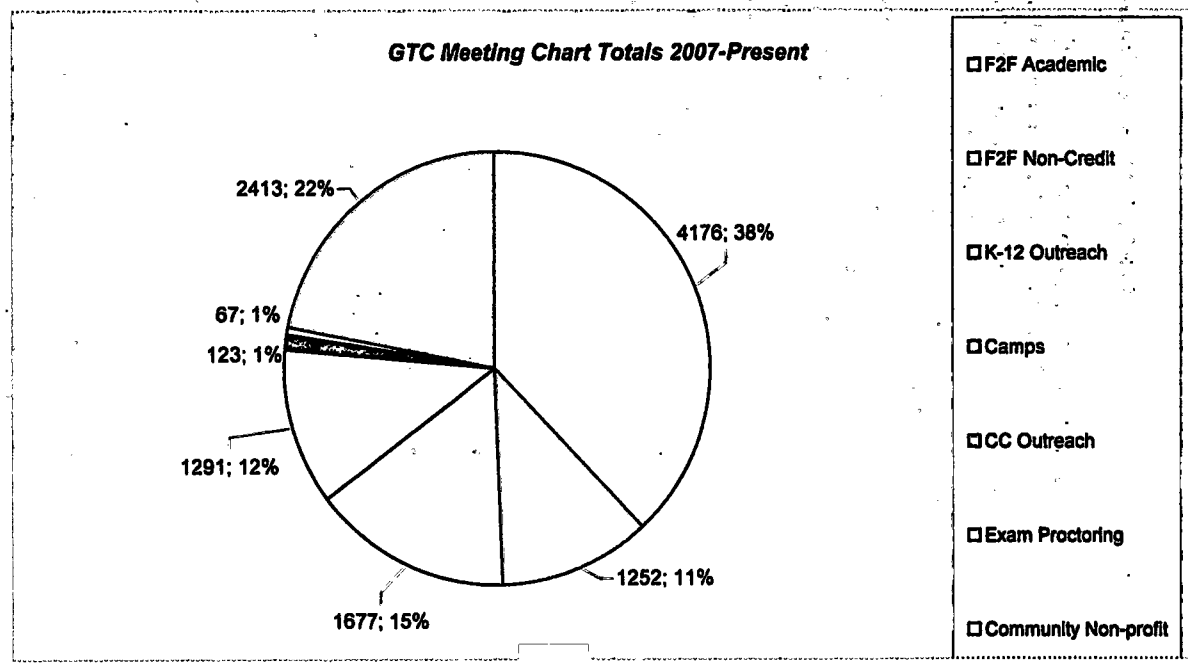
Gateway Technology Center
ECU/NCSU COLLABORATIVE

GTC Meeting Chart 7/07 - Present

	July-07	August-07	September-07	October-07	November-07	December-07	January-08	February-08
F2F Academic	280	86	166	240	82	83	62	108
F2F Non-Credit	4	22	31	16	38	10	53	59
K-12 Outreach	3	59	279	0	0	11	0	0
Camps	466	0	0	0	0	0	0	0
CC Outreach	0	0	0	0	81	11	0	8
Exam Proctoring	7	0	1	3	3	3	0	3
Community Non-profit	11	75	5	155	150	93	75	150

	March-08	April-08	May-08	June-08	July-08	August-08	September-08	October-08
F2F Academic	107	64	98	259	160	114	267	318
F2F Non-Credit	25	33	79	317	109	7	23	40
K-12 Outreach	118	40	176	0	109	1	176	215
Camps	0	0	0	197	620	0	0	0
CC Outreach	0	20	1	0	0	0	0	0
Exam Proctoring	3	2	4	2	1	1	2	8
Community Non-profit	60	28	80	175	32	13	90	43

	November-08	December-08	January-09	February-09	March-09	April-09	May-09	June-09
F2F Academic	260	146	206	332	381	357		
F2F Non-Credit	175	17	184	0	0	0		
K-12 Outreach	102	13	86	141	148	0		
Camps	0	0	0	0	8	0		
CC Outreach	0	0	2	0	0	0		
Exam Proctoring	3	6	0	2	4	9		
Community Non-profit	2	86	134	325	311	320		



VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 5, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Minard	State Bd of Ed
Chuckie Williams	NCGA
Evelyn Hawthorne	CISNC; PENC
Linda Harrill	CISNC
Dare Fulton	Exponent
R. Linfred	Expl. Net
Meredith Henderson	CIU
Michael Martin	EPFP (DPI)
Chuck Hawkins	NCCAT
Tim Harmon	WCPSS
Karen Gore	NBPTS

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 5, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
KATRINA V. BILLINGSLEY	NC CENTRAL UNIVERSITY NC TEACHING FELLOWS PRG 712 CECIL ST. DURHAM NC 27707
SHANA OVERDORF	2008-09 EPFP
ROSS WHITE	LEARN NC, A PROGRAM OF UNC-CHAPEL HILL 140 FRIDAY CENTER DR. CHAPEL HILL NC 27517
TOM WILLIAMS	N.C. Science, Math, and Technology Education Center
DANA WHITEHAIR	WNCW-FM ISOTHERMAL COMMUNITY COLLEGE SPINDALE, NC
Charles Washington	Public Radio East CRAVEN Community College New Bern, NC
Elaine Foster	NCLC 501 S Boylan ave Raleigh, NC 27603
Deborah Gooch	NCLC 501 S. Boylan Ave., Raleigh, NC 27603
Cynthia Chamblee	Project Enlightenment (NCLC) 501 S. Boylan Ave. Ral. NC 27603
Alan B. Teasley	NC Network/ PMB 318, 514 Daniels St, Raleigh NC 27605
KATIE ONIAL	All Kinds of Minds 2800 Meridian Pkwy. Suite 100 Durham. NC 27713

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 5, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Paul Hoffman	Fayetteville Tech.
Emily Doyle	NCPAPA
Katherine W. Joyce	NCASA
Jim Stegall	UCPS.
Brenda K. Williamson	Shaw University
Lori Bruce	NCDPI
Carol Vandenburgh	PENC
Emily Loney	Hunt Institute
George Battle	NCDPI / EPFP
Wendy Kuhn	MCNC
Virginia Cárdenas	WCPSS

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 5, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sam Houston	SMT Center
Kendall Jorden	Public School Forum of NC
[signature]	Public School Forum of NC
Bobbie Hamman	EPFP
[signature]	NCDPI / EPFP
Ira Wolfe	EPFP
Traci Blount	NCDPI / EPFP
[signature]	Add Ends of Minds
Mallory Hatcher	NWC
Robin Burley	EPFP
Pat MacNeill	EPFP (Greene County Schools)

ATTACHMENT 4

VISITOR REGISTRATION SHEET

Approp. Ed. — 5-6-09

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Linda Dunlap	NCAE
Kelvin L. Sprague	NCAE / North Carolina Foundation
Lena Rinkard	NC Teacher Cadet Program Director
Julia Kron	NC Teacher Academy
Ben Bryan	NC Teacher Academy
David Heilen	NC Center for Nonprofits
Gene Causby	NCSCA
Tom Millon	NC State Univ
Sara Hughes	NCSU / ECU Gateway Technology Center
MK BILL INGRAM	NC NATIONAL GUARD
Marilynn Anselmi	Gateway Tech. Center

VISITOR REGISTRATION SHEET

Hse - Approp - Ed. 5-5-09

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
[illegible]	Apex High School
Mary Jo Dunnington	All Kinds of Minds
Daniel Wascher	All Kinds of Minds
TOM JKorbusiesk1	John A Holmes Hyd School/for All Kinds of Minds
Elizabeth Brownstein	OSRM
Ann Maddock	Governor's Office
TOM BOWLIN	NC NATIONAL GUARD
CHRIS MARCHESE	NC NATIONAL GUARD
Daintry O'Brien	Kids Voting NC
Donna Rewalt	Kids Voting NC
JASON PAINTER	NORTH CAROLINA SCIENCE OLYMPIAD
Michael Lallier	North Carolina Science Olympiad
Kelly Fair	North Carolina Science Olympiad
Paige Ottinger	NCDPI - EPFP
Jennifer Brayboy Lockleer	Caswell Co. Schools - EPFP
Lindsey Molusky	Center for International Understanding - EPFP
Kevin Howell	NCSU
Jennifer Willis	NCCCS
Erin Schuettpelz	UNC
ERIN OSBORNE	~~TEACH FOR AMERICA~~
Jerry Howard	NCPTA
Kim Shaffer	NCPTA
David Hornbook	Tarheel Challenge Academy
[illegible]	Tarheel Challenge Academy
Sarah Eagleman	Tarheel Challenge Academy
[illegible]	Tarheel Challenge Academy

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 5, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
BRIAN LEWIS	NCAE

House Pages

Name of Committee Ed. Appro. **Date** 5-6-09

1. Name: Katrenia Thompson
   County: Buncombe
   Sponsor: Stam
2. Name: _____
   County: _____
   Sponsor: _____
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: CHARLES WILLIAMS
2. Name: EARL COKER
3. Name: _____
4. Name: _____

REMINDER

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Tuesday, May 5, 2009**

TIME: **Immediately after Session**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

Continuation of Discussion of Nonprofits

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **12:00 PM** on **April 29, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, May 5, 2009, immediately following Session

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building on Tuesday, May 5, 2009 immediately following Session. Representative Marian McLawhorn, Co-Chair, was slated to preside over the meeting, however Representative Lucas, Vice Chair, chaired the meeting instead. The following House members were present: Representatives Bell and Lucas, Vice Chairs. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

This meeting was a continuation of presentations of non-profit agencies in the education budget. The following non-profit agencies addressed the committee members:

- Kids Voting - Donna Rewalt (See Attachments 1 & 2)
- NC Literacy Connection – Debbie Gooch (See Attachment 3)
- NC Network – Dr. Alan Teasley (See Attachment 4)
- NC Science, Math, and Technology Center – Dr. Sam Houston and Jason Painter (See Attachments 5, 6, & 7)
- NC Teacher Cadet Program – Lina Drinkard (See Attachment 8)
- NCPTA – Parental Involvement Initiative – Debra Horton (See Attachment 9)
- Teach For America – Erin Swanson Oschwald, Executive Director (See Attachment 10)

With there being no further business, the meeting adjourned at 6:00 p.m.

Respectfully submitted,

Representative Marian McLawhorn

Susan Burleson, Committee Assistant

House Appropriations Subcommittee on Education

Agenda

Tuesday May 5, 2009, 8:30 A.M.
Room 421, Legislative Office Building
Representative Marian McLawhorn, Presiding

I. Welcome

Rep. Marian McLawhorn

II. Presentations from Education Programs

WSGE, Gaston College	TBD
WNCW, Isothermal CC	TBD
Public Radio East, Craven CC	TBD
All Kinds of Minds	John Denning
Communities in Schools	Linda Harrill
ExplorNet	Dave Boliek
Gateway Technology Center	Marilynn Ansel
Kids Voting	Daintry O'Brien & Donna Rewalt
NC Literacy Connection	Elaine Foster & Deb Gooch
NC Network	Alan Teasley
NC Science, Math, and Technology Ed. Center	Dr. Sam Houston & Jason Painter
NC Teacher Cadet Program	Dr. Kelvin Spragley & Lina Drinkard
NCPTA – Parental Involvement Initiative	Debra Horton
Tarheel ChalleNGe	Major General Ingram
Teach for America	Erin Swanson Oschwald

III. Committee Questions & Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Attachment 1

KIDS VOTING USA®

North Carolina

Kids Voting North Carolina is a private nonprofit, nonpartisan organization that promotes civic participation by educating America's youth about the importance of being an informed citizen and the responsibilities of voting to sustain democracy.

Kids Voting mission is to secure the future of democracy by preparing young people to be educated, engaged voters.



A national leader in civic education, Kids Voting gets students involved and ready to be active citizens. Students learn about democracy and government through a combination of classroom activities, an authentic voting experience and family dialogue.



Our high quality instructional materials provide K-12 teachers valuable civic learning tools to be used throughout the school year, every year. In addition to classroom activities about voting and elections, students explore democracy, government and active citizenship.

Kids Voting lessons are correlated to the NC Standard Course of Study for Social Studies, Mathematics and English/Language Arts. Kids Voting is recognized in the No Child Left Behind Act as a program that improves the quality of education and promotes voter education. Kids Voting lessons feature cooperative learning, critical thinking, integrated/interdisciplinary learning, service learning and character education components. Teachers from across the state have been using the materials since 1992 and the number of new programs continues to grow.

In 1992, voting became a family affair in NC with the introduction of Kids Voting in Mecklenburg County. Since then it has grown to include 25 Counties:

- ☆ Alleghany
- ☆ Beaufort
- ☆ Buncombe
- ☆ Burke
- ☆ Cabarrus
- ☆ Catawba
- ☆ Chowan
- ☆ Clay
- ☆ Cumberland
- ☆ Davie
- ☆ Durham
- ☆ Forsyth
- ☆ Greene
- ☆ Guilford
- ☆ Haywood
- ☆ Henderson
- ☆ Iredell
- ☆ Jackson
- ☆ Lee
- ☆ Madison
- ☆ Mecklenburg
- ☆ New Hanover
- ☆ Onslow
- ☆ Randolph
- ☆ Wake

In 2008, **309,564 students** voted in the Kids Voting NC election.

Over 750,000 students, 18,000 teachers, 768 public and private schools, 1,200 voter precincts and over 8,000 volunteers participated in Kids Voting. Kids Voting is a grassroots program that is locally driven and supported through the efforts of dedicated community volunteers.



★ Kids Voting USA Principles & Practices ★

Focus on Civic Learning Kids Voting USA affiliates advocate for civic learning and are regarded as a source of high-quality civic learning programs for all K-12 students in the communities they serve.

- Champion civic learning as a core part of all K-12 students' education.
- Use KVUSA K-12 Classroom Activities as the primary source of lessons.
- Inform teachers of the resources available to them and train them to use the resources effectively.
- Organize authentic public election experiences for all K-12 students; participate at least every two years, as part of the Federal elections cycle.
- Participate in and contribute to the broader civic learning community by organizing or supporting at least one additional civic learning opportunity per year, e.g., youth forum, candidate debates, community service project.

Uphold Nonpartisanship Kids Voting USA affiliates are clearly and openly committed to nonpartisanship as a core value.

- Members of an affiliate's staff do not engage in partisan activities of any kind, including campaigning for candidates, running for office, serving as an elected official and having a leadership position in a party.
- Members of an affiliate's legal governing board must resign if they are candidates for elective office.
- Affiliates may include elected officials on an advisory board as long as there is a balance of party affiliations.
- Affiliates may give elected officials prominent roles at affiliate-sponsored events as long as there is balanced representation appropriate to the community.

Commit to Impact Kids Voting USA affiliates are committed to making a measurable difference in how well students are prepared to be educated, engaged voters. This commitment includes increasing the registration of 18-year-olds and their voting rates as adults.

- Participate in Kids Voting USA sanctioned national, state and local research studies designed to measure the impact of Kids Voting USA on students (knowledge, skills, dispositions and participation in elections and other forms of civic engagement).
- Use Kids Voting USA provided tools to track: 1) the rates of registration by 18-year-old citizens; and 2) the rates of participation in elections by 18-24 year-old voters in communities served.

Engage Parents as Partners Kids Voting USA affiliates encourage and facilitate involvement of parents in the learning process.

- Inform parents that their child is participating at school in Kids Voting program.
- Encourage parents to discuss the voting process, candidates and issues with their child.
- Encourage parents to include their child in the act of voting.

Foster Community Involvement Kids Voting USA affiliates are community-based organizations.

- Include representatives of key stakeholder groups in governance and programming.
- Obtain funding from diverse sources, such as corporations and businesses, foundations, local government, individuals, etc.

Kids Voting North Carolina
P.O. Box 29138
Greensboro, NC 27429
336.370-1776
www.kidsvotingnc.org

Attachment 2

KIDS VOTING USA®

North Carolina
Durham

November 6, 2007
General Election Ballot

MARKING INSTRUCTIONS

- Use number 2 pencil only.
- DO NOT use ink, ballpoint, or felt-tip pens.
- Make dark marks that fill circles completely.
- Erase cleanly any marks you wish to change.
- Make no stray marks.
- DO NOT fold, tear, tape, or staple this form.

CORRECT: ●
INCORRECT: ⊘ ⊗ ◔ ◒

GRADE LEVEL	SCHOOL CODE	PRECINCT NUMBER
0 0	0 0 0	0 0 0
1 1	1 1 1	1 1 1
2	2 2 2	2 2 2
3	3 3 3	3 3 3
4	4 4 4	4 4 4
5	5 5 5	5 5 5
6	6 6 6	6 6 6
7	7 7 7	7 7 7
8	8 8 8	8 8 8
9	9 9 9	9 9 9

MI™ Measurement Incorporated

Measurement Incorporated is proud to be the 2007 Kids Voting Ballot Sponsor.

SCHOOL NAME _____

Durham Mayor and City Council races are nonpartisan.

DURHAM MAYOR *You may vote for one.*



○ William V. "Bill" Bell



○ Thomas Stith

DURHAM CITY COUNCIL AT LARGE *You may vote for three.*



○ Farad Ali



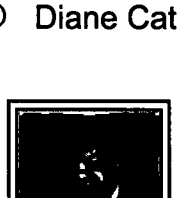
○ Eugene Brown



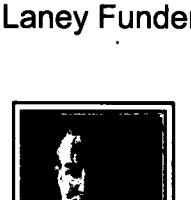
○ Diane Catotti



○ Laney Funderburk



○ David Harris



○ Steve Monks

BOND QUESTIONS 2007

STREET & SIDEWALK BOND REFERENDUM

Should the City of Durham issue $20 million in bonds to improve, repair, and extend some of the City's streets and sidewalks and pay for those expenses through additional taxes?

○ YES ○ NO

SCHOOL BOND REFERENDUM

Should the County of Durham issue up to $194.2 million in bonds to repair, expand, improve, and build new school facilities and pay for those expenses through additional taxes?

○ YES ○ NO

COMMUNITY COLLEGE BOND REFERENDUM

Should the County of Durham issue $8.7 million in bonds to improve and expand facilities at Durham Technical College and pay for those expenses through additional taxes?

○ YES ○ NO

MUSEUM BOND REFERENDUM

Should the County of Durham issue up to $4.8 million in bonds to expand and improve the facilities and exhibits at the North Carolina Museum of Life & Science and pay for those expenses through additional taxes?

○ YES ○ NO

Who brought you to the polls today? (choose 1)

- ○ parent or guardian
- ○ other adult
- ○ came by myself
- ○ voted in school

Whom did you talk about these elections with? (choose all that apply)

- ○ family
- ○ friends
- ○ in my classroom

Did you talk with others about the people running for mayor and city council? (choose 1)

- ○ yes
- ○ no
- ○ don't know

Did you talk with others about the school bond? (choose 1)

- ○ yes
- ○ no
- ○ don't know

How many times did you discuss the elections? (choose 1)

- ○ 1 time
- ○ 2-5 times
- ○ 5-10 times
- ○ more than 10 times

Did your teacher teach lessons about democracy or voting in your classroom this year? (choose 1)

- ○ yes
- ○ no
- ○ don't know

What do you think are the most important things for Durham to work on? (choose 3)

- ○ Nature/Environment
- ○ Jobs/Unemployment
- ○ Business
- ○ Schools
- ○ Parks
- ○ Safety & Crime
- ○ Poverty
- ○ Homelessness
- ○ Hunger
- ○ Equality/No Discrimination
- ○ Animals
- ○ Art
- ○ Kids/Youth Development
- ○ Drug & Alcohol Abuse
- ○ Health
- ○ Other _____

Attachment 3

2008-2009
NC Literacy Connection

The **mission** of the North Carolina Literacy Connection is to conduct state-wide teacher and administrator trainings that focus on equipping pre-kindergarten, at-risk children with the early literacy skills needed for success in elementary school and beyond.

The **vision** of the North Carolina Literacy Connection is that pre-kindergarten teachers across the state will be knowledgeable and competent in implementing research-based early literacy instructional strategies in their classrooms.

Program History
In 2003, Project Enlightenment received an Early Reading First competitive grant from the US Department of Education. An evaluation of the program conducted by Frank Porter Graham indicated that when teachers implement appropriate early literacy strategies in their classrooms, children make academic gains. The funding from the General Assembly has allowed Project Enlightenment to take the expertise gained from the Early Reading First grant to pre-kindergarten teachers across the state.

2008-2009 Results

- 1,232 classroom teachers and administrators from 75 counties participated in the trainings held across the state in each of the DPI regions.
- These in-depth staff development sessions focused on emergent literacy instructional practices that are based on the most current scientifically based reading research.
- 184 teachers/administrators from 14 counties observed Project Enlightenment's model pre-kindergarten classrooms.
- 22,176 at-risk children were impacted by the training.

2008-2009 Regional Trainings

- Bertie, Buncombe, Duplin, Gaston, Guilford, Nash/Edgecombe, Robeson, Wilkes
- Teachers and administrators from 75 counties participated in **Embedding Children's Literature in the Pre-K Curriculum to Develop Instructional Strategies that Count!**

2008-2009 Follow-up Workshops Topics

- Literacy-Rich Environments
- Conscious Discipline
- Introduction to Literacy Rich Curriculums
- Taking our Conversations Up a Notch
- A Day in the Life of a Literacy Rich Classroom
- Using Conversations to Build Vocabulary
- Meaningful Family Involvement

Participant Evaluations of the Training

- 100% indicated that the information was presented in a way they could understand and use.
- 99% indicated that they learned new information as a result of the training.
- 99% listed new strategies they planned to implement immediately in their classrooms.
- 100% of the participants have asked for additional follow-up training and technical assistance.

Participant Comments

- "The best class I've had in literacy to actually help 'every' child in the classroom. Thank you."
- "We have been using the repeat readings strategy, and I can't believe how quickly my children caught onto the routine and how much more they seem to glean from the books. Thank you so much for the help!"
- "The activities were relevant and the information was clear and usable."
- "The workshop was great. We really hope that we can present this information to our staff so that they can begin to rethink the way they present literacy."
- "The training was great, and I think this will help the teachers change some practices."
- "Very helpful. Thanks for the connections to the curriculum as this strengthens teachers' implementation."

The www.literacyconnection.wcpss.net website is available for resources and materials that can be downloaded and used for classroom instruction, teacher training, and parent education.

Participating Counties 08-09

Alexander, Anson, Ashe, Avery, Beaufort, Bertie, Bladen, Brunswick, Buncombe, Burke, Cabarrus, Caldwell, Camden, Carteret, Caswell, Catawba, Chatham, Cherokee, Clay, Cleveland, Craven, Cumberland, Dare, Davidson, Duplin, Durham, Edgecombe, Forsyth, Gaston, Gates, Greene, Guilford, Halifax, Haywood, Henderson, Hertford, Hoke, Iredell, Jackson, Johnston, Jones, Lee, Lenoir, Macon, Madison, Martin, McDowell, Mecklenburg, Mitchell, Nash, New Hanover, Northampton, Onslow, Orange, Pasquotank, Pitt, Randolph, Richmond, Robeson, Rockingham, Rowan, Rutherford, Sampson, Scotland, Stanly, Stokes, Vance, Wake, Warren, Washington, Watauga, Wilkes, Wilson, Yancey

Attachment 4

NC NETWORK

Overall Mission of the NC Network

The **vision** of the NC Network is that *all school improvement teams will have the knowledge and skills they need in order to make decisions that improve teaching and learning for their students.* NC Network's **model** of school-based management requires three pieces: (1) development of policies and parameters for shared decision-making; (2) leadership development including training in practices such as those in Facilitative Leadership®; and (3) the development of a School Improvement Plan that is focused on thoughtful analysis of a variety of data.

Key Activities of the NC Network, 2007-2009

- Provided 67 Facilitative Leadership® Workshops to member and partner districts (affecting approximately 1,300 school-based leaders). The Network is the *only* agency in North Carolina licensed by Interaction Associates (the copyright holder) to provide these workshops. This license represents an investment, over the last 20 years, of over $1 Million in providing the necessary training, and upholding the quality and fidelity of the program.
- Provided 3 Train-the-Trainer workshops (and appropriate certification trainings) to increase number of FL® Trainers by approximately 15 trainers, thereby increasing member districts' capacity to offer the training at a much reduced cost. To date there are approximately 50 certified FL® trainers in the state.
- Provided 2 Summer Conferences to School Improvement Team members. These two conferences attracted approximately 450 educators from 24 different LEAs. Presenters included nationally known speakers as well as data, budget, and technology consultants from the Department of Public Instruction.

Use of State Funds

The Network was funded for the 07-09 biennium for a total budget of **$312,625** in recurring funds. This reflects a $50,000 NR decrease to Network funding from 2006-07. The Network budget is audited annually as part of the Wilson County Schools audit. For the first year and a half of the biennium, the Director of the Network was Myra Best, whose salary was split between the NC Network (10%), and the E-Learning Commission and Business Education Technology Alliance (90%). In 2008-09 two part-time program support staff members were contracted to manage the professional development services, work with trainers and execute the state conference. The Network continued to contract with the North Carolina Retail Merchants Association for rental space and office support. Since the departure of Ms. Best in February 2009 to serve Governor Perdue as Special Assistant for Educational Innovation, the day-to-day operation of the Network has been the responsibility of Interim Director Dr. Alan Teasley, a long-time trainer with the Network.

Current operating costs for the Network are estimated at $4,000 per month for coordination, office support, rent, phone, postage, etc. All other funds of the Network go directly to providing professional development for member and partner school districts. In addition to the provision of Facilitative Leadership® workshops, training for school teams has focused on how they can best use a variety of data—especially that from the state's ABCs testing program and the Governor's Teacher Working Conditions Survey—to improve the achievement of all students. In the summers of both 2007 and 2008, the Network offered a Statewide Conference for school improvement team members. The Network Coordinating Council cancelled the conference for 2009 due to limitations on travel funds reported by our members.

Evaluations/Measures of Success

Facilitative Leadership Training: By June 30, 2009, the NC Network will have delivered 298 FL® Workshops since 1999. With an average attendance of 20 participants each, this means the Network will have trained nearly 6,000 school-based leaders. Following each FL® Workshop, participants fill out an evaluation, the results of which are entered into an online database. Historically the ratings have been quite high (see following table). Perhaps the best indication of success is the increased demand for FL® training for SIT members and teacher leaders in Professional Learning Communities (PLCs).

Evaluation Component	Score (max=5)
Evaluation of the Overall Program	4.75
Degree to Which Objectives Were Met	4.81
Instructor Knowledge of the Content	4.79
Instructor Delivery of the Content	4.73

Summer Conference Evaluations: At the conclusion of each conference, participants fill out detailed evaluations. Overall rankings have been consistently high. Results are used to improve subsequent conferences.

For Further Information, Contact:

Dr. Alan B. Teasley, Interim Director, (919) 812-0185, alanteasley@yahoo.com
PMB 318, 514 Daniels St, Raleigh, NC 27605 • tel 919.832.7215 • fax 919.832.0812 • www.ncnetwork.org

Attachment 5





Benchmark of Science & Mathematics Competitions in North Carolina 2008

SMT
North Carolina Science, Mathematics, and Technology Education Center

Contents

Building Statewide Capacity for Student Science Competitions..... 3
Looking Ahead..... 4
2007-2008 Academic Year Competitions..... 5
Beijing Youth Science Creation..... 5
Singapore International Mathematics..... 5
State Science & Engineering Fair..... 6
Science Olympiad..... 8
State High School Mathematics..... 10
Student Academy of Science..... 12
Appendix A..... 14

Introduction

Take a moment to think about some of the leading issues that our state and nation face in this first decade of the 21st century and will face in the decades ahead. From just a personal perspective, some of the ones that quickly come to mind are the rising price of fuel and utilities, fluctuations and uncertainties in the world's economic indicators, dramatic climate conditions, the housing crisis, and a 40 percent worldwide increase in the cost of food. When you think about these issues it is impossible not to think that solutions will be grounded in innovative science, mathematics, and technologies.

Where will our state's next generation of leaders come from in these areas? The North Carolina Science, Mathematics, and Technology Education Center (SMT Center) and our partners have been fortunate to be given the opportunity to stimulate and encourage increased participation by our elementary and secondary students in some of the state's, nation's, and now international science and mathematics competitive events. With initial funding of $100,000 from the North Carolina General Assembly in 2007, the SMT Center has embarked on a journey to build upon existing opportunities for our students as well as explore promising new opportunities to stimulate our efforts statewide.

This summary report is intended to provide an overview of the events that the SMT Center has collaborated on to provide our students an opportunity to engage in rigorous and exciting competitions. These competitions will encourage students to pursue future studies and careers in the areas of science, engineering, mathematics, and technology. We hope in the coming year and future years to serve as a convener and catalyst for more students from more schools and more counties to join in these competitions. We welcome your feedback and involvement in supporting and promoting our outstanding students and teachers who are using their time and skill to compete in these events.

Sincerely,

Samuel H. Houston, Jr., Ed.D.
President/CEO

Building Statewide Capacity for Student Science Competitions

"I feel that my son is more interested in science than ever before. He wants to return to camp next year and join the school team. The camp has also sparked my daughter's interest in science for the first time. Thank you so much!"

Parent of Summer Camp Participant

The North Carolina General Assembly provided $100,000 to support science competitions in North Carolina. The North Carolina Science, Mathematics, and Technology Education Center (SMT Center) and its key partners have utilized the funding to strategically increase the capacity of North Carolina students and teachers to engage in science competitions throughout the state.

Charlotte-Mecklenburg, Cumberland, McDowell, and Wilson Counties Partnerships

"The support to begin a "Science Olympiad, It's Elementary!" Program in the Charlotte-Mecklenburg School System has been well received as evidenced by an overwhelming response from our elementary science teachers and their administrators."

Alisa Wickliff, Assistant Director
University of North Carolina-Charlotte Center for Math, Science and Technology Education

Charlotte-Mecklenburg, Cumberland, McDowell, and Wilson counties received 80 percent of the funding ($80,000) to create science competition activities. These four counties represent the diversity of the state and are committed to increasing student access to science competitions. Each received a financial award to partner with the SMT Center and the North Carolina Science Olympiad (NCSO) to deliver two specific activities designed to build the capacity of these school systems. These initiatives will also serve as a prototype for other communities and school systems in the coming years.

The remaining $20,000 in funding provided much needed communications and publicity support to all of the SMT Center sanctioned science competition events. A media relations and communication plan has been created to increase media and community awareness of science competitions across North Carolina.

"This experience has given me the motivation to pursue my dreams of becoming a forensic scientist. I appreciate all of your hard work and dedication, as well as the grant that brought you to our school."

Summer Camp Participant

The Cumberland County Schools and the University of North Carolina-Charlotte, a key partner with the Charlotte-Mecklenburg Schools, each received a $10,000 financial award to develop the curriculum, train elementary teachers, and sponsor an Elementary North Carolina Science Olympiad Competition (NCSO) for students in grades 3-5. These two school systems and communities have well-established middle school and high school Science Olympiad traditions. They also have expressed a strong desire to better develop the fundamentals that students bring to the NCSO competitions. This partnership has allowed the creation of age appropriate science activities that align with the N.C. Standard Course of Study. These activities will be piloted in spring 2009.

"The Science Olympiad program gives our students an opportunity to shine and to focus their intellect on solving meaningful tasks that they are asked to complete. The program is truly science in action and engages students in highly motivating activities. I wish all of my students could have the Science Olympiad experience."

Ira Trollinger, Superintendent of McDowell County

Both the McDowell and Wilson County School Systems received a $30,000 financial award to partner with the NCSO to provide approximately 60 rising 6th, 7th, and 8th graders a Summer Science Olympiad Camp experience in each of their local communities. The camps were based on the existing NCSO six-day summer camp model. The camps were held from 8 a.m. to 5 p.m., Monday through Friday, with breakfast and lunch provided each day. On Saturday morning, the camps held a culminating activity in which the students competed in the events they had studied and completed during the week. The events the students competed in are based on the NCSO and national middle school competitive events and are aligned with the N.C. Standard Course of Study. Parents were encouraged to attend the Saturday event to see the work their child had achieved during the week.

Looking Ahead

With a focus on building capacity and not dependency, the SMT Center is prepared to provide the school systems in 2008-2009 up to 50 percent of the initial award to replicate or expand their first year initiative. This design is intended to provide an additional year of much needed financial support while assuring there is local buy-in to investing in science competitions.

In addition, efforts are underway to expand the SMT Center's support for North Carolina science competitions that have a local, regional, state, national, and international presence. Currently, these include the North Carolina Science Olympiad, the North Carolina Science and Engineering Fair, the North Carolina Student Academy of Science, and the North Carolina International Science Competition (the Beijing Project).

In collaboration with these key partners, the SMT Center is currently in the emerging stages of developing a web portal that will provide a one-stop web presence that will allow competitors, coaches, volunteers, and judges to register for each of these individual competitions. This process will engage students, parents, teachers, higher education faculty, and business and community members interested in participating and supporting science competitions. In addition, this will allow these competitions and the SMT Center to develop a robust database that will facilitate the events each year, as well as create a long-term profile of students and others participating in these events.

"This time last week my child would not have had the confidence to participate in team competition. After a week of camp, he is taking a major leadership role in his team activities and efforts. Thank you so much for bringing the camp to our school system."

Parent of Summer Camp Participant

2007-2008 Academic Year Competitions

Beijing Youth Science Creation Competition

Contact: Fran Nolan, Executive Director
Grassroots Science Museums Collaborative
919-733-7450 X 260, fran.nolan@ncmail.net
www.grassroots-science.org/3new.html

The North Carolina Science, Mathematics, and Technology Education Center (SMT Center) sponsored a delegation from North Carolina for the third year to attend the Beijing Youth Science Creation Competition. Fran Nolan, executive director of the Grassroots Science Museums Collaborative, coordinated the trip. The delegation participated in the event March 18 – 25, 2008.

The students attending the event were: Mark Hendrick, Jr., a senior from Northwest Guilford High School in Guilford, NC; Melanie Wiley, from Burlington, a senior at the N.C. School of Science and Mathematic; Kyle O'Donnell, a senior from Southwest Guilford High School in Guilford, N.C.; and Brandon Young, a junior from Enloe High School in Wake County. The road to Beijing for the students included spending hundreds of hours working on high level research projects followed by writing research abstracts and judging by a panel of scientists. The pay off was the opportunity to display their research results to an international audience in Beijing.

"The North Carolina International Science Challenge is an opportunity for outstanding science students to represent the United States at the Beijing (China) Youth Science Creation Competition. At the event, they share their scientific research with students from approximately ten European and Austral-Asian countries. Four North Carolina students displayed their work at the 2008 weeklong celebration and were excellent scientific and cultural ambassadors. North Carolina education and policy leaders accompanied the students. Their experience helped to generate a deeper understanding of international science education and specifically science competitions. The NCISC provides our students with an early introduction to international scientific development."

Fran Nolan, Executive Director
North Carolina Grassroots Science
Museums Collaborative

Singapore International Mathematics Contest (SIMC)

Contact: John Goebel
NCSSM, (919) 724-5225, goebel@ncssm.edu
www.highsch.nus.edu.sg/SIMC_main.html

The Singapore International Mathematics Contest (SIMC) brings together outstanding mathematics students from around the world to compete in a mathematics competition. This contest is centered on a mathematics modeling challenge that requires both creativity and mathematical skills. This is the first year that the SIMC event occurred. The SMT Center invited teams from Buncombe and Mecklenburg Counties and from the NC School of Science and Mathematics (NCSSM) to participate in the event which took place May 20-24, 2008. Twelve countries with 35 international teams were represented at the competition.

Two of the NCSSM teams received a second place ranking. There were eight first place rankings, and 15 second place rankings out of the 56 teams from 26 schools in 13 countries who competed in Singapore. Dr. Haung, the principal from the school in Singapore that hosted the contest, visited North Carolina to share best practices and learn from our school administrators.

"This was a wonderful opportunity for our students to compete, head-to-head, with some of the best mathematics students from other countries. We learned that they were extremely well-prepared. It was a little intimidating to be outscored by a team of sophomores from Singapore. We held our own but need to work hard to remain competitive."

John Goebel, head of the State High School Mathematics competition.

2007-2008 Academic Year Competitions

State Science & Engineering Competition of N.C.

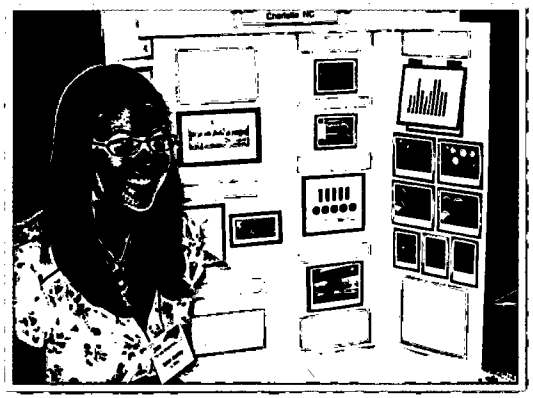
Contact: Contact: Judy Day, Assistant Director
Office of Undergraduate Research, NSCU
919-513-0848, Judy_day@ncsu.edu
www.ncsta.org/sciencefair

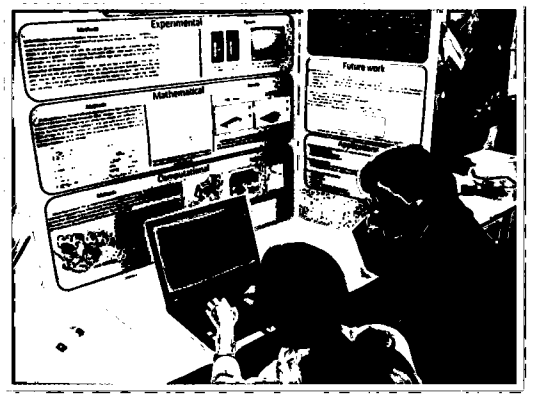
The State Science and Engineering Fair of N.C. was held at Meredith College on March 15, 2008. This was the 21st year of the competition, which involves students from grades 3-12. More than 230 students participated in this year's state competition and represented 46 out of the 100 counties in North Carolina. The students first compete in a local competition at their schools, then in one of nine regional competitions, which are typically held the third week of February. Judy Day from NC State University is the coordinator of this event. The event has been hosted for the past several years at Meredith College in Raleigh in mid-March.

Students compete in several different categories and levels. Two high school team projects and four individual projects are chosen to move on to the International Science and Engineering Fair (ISEF) which is held in May (May 11-17 in 2008). ISEF has about 1,500 high school students compete. Middle school students can move on to the SSP Middle School Program (formerly known as the Discovery Channel Young Scientist Challenge). The SSP Middle School Program took place October 2008 in Washington, DC.

"The State Science and Engineering Fair of N.C. seeks to encourage and assist young people in pursuing careers in science, engineering, and technology by promoting scientific inquiry and independent research for our students. The partnership between the SMT Center and the State Science and Engineering Fair has helped us to build capacity across the state. In the past few years we have held trainings for scientists and engineers on how to judge competitions and workshops for teachers aligning the N.C. Standard Course of Study with student participation in science competitions. The partnership has yielded an increase in the number of scientists and engineers volunteering to serve as judges for regional and state competitions and a significant increase in the publicity around the competitions. It is gratifying for the students to see their names and accomplishments in local media outlets. This recognition for student excellence in scientific research has encouraged these students and others to continue working on projects."

Judy Day, Assistant Director
Office of Undergraduate Research, NCSU

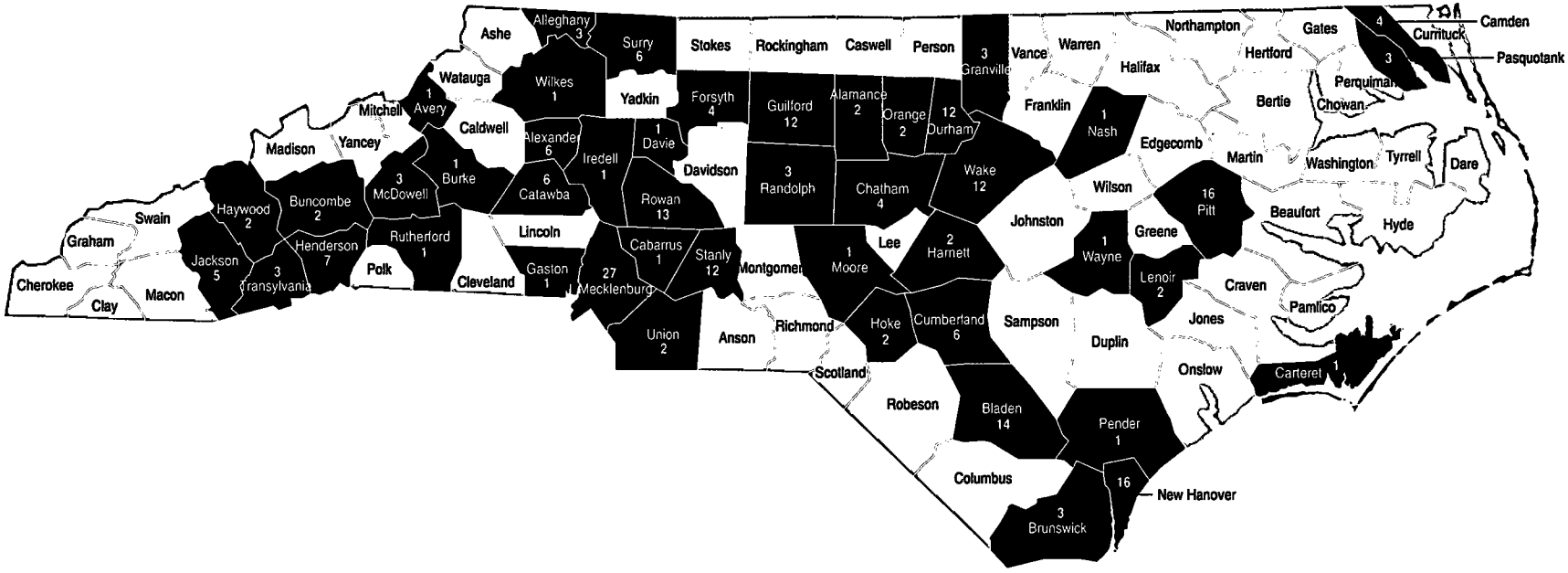






2007-2008 Academic Year Competitions

Students Who Participated in the 2008 State Science & Engineering Fair



2007-2008 Academic Year Competitions

2008 Science Olympiad

Contact: Jason Painter, Executive Director
NC Science Olympiad
919-515-9402, Jason_painter@ncsu.edu
www.sciencenc.com

The North Carolina Science Olympiad was held April 4-5, 2008 at North Carolina State University. Students from 250 middle and high schools representing 11,000 students at the local level, 6,000 students at the regional level, and over 1,000 students at the state level competed. This year, 36 of the 100 N.C. counties advanced to the state level. Jason Painter is the coordinator of the event.

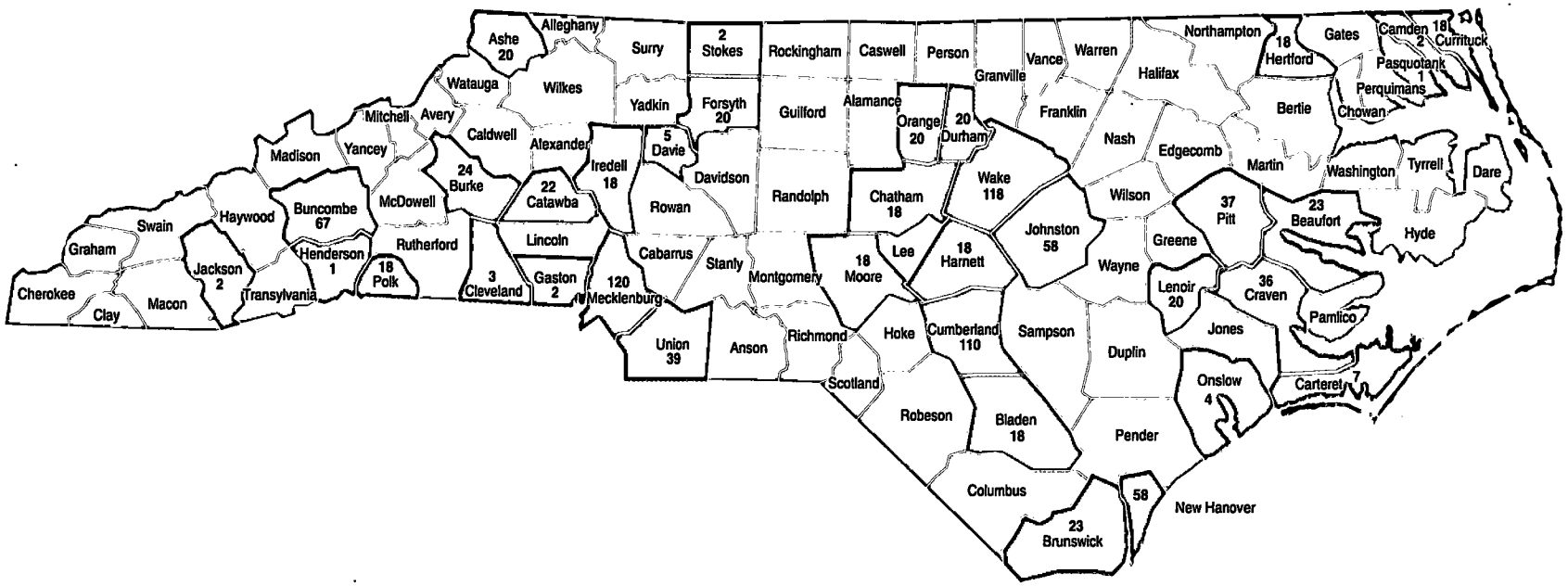
The North Carolina Science Olympiad (NCSO) is the third largest in the country in student participation. There are 11 regions around the state where teams compete to earn an invitation to the state Olympiad. Regional competitions are held the end of January through mid-March. Schools can have any number of teams participating in regional tournaments but are limited to one team competing at the state level. In October, interested parents and teachers can attend a coaches' workshop which equips them to coach a team.

"It is clear that our state and nation's future economic prosperity depends in large part on our ability to provide students world-class education in science, mathematics, and technology education. In an increasingly global society, we must equip our students today with the math and science skills they will need to lead the way tomorrow. Our partnership with the SMT Center allows us to expand our reach across the state. The student camps co-sponsored with the SMT Center helped us reach into communities we had not touched before. And the development of the elementary Science Olympiad Competition will allow us to excite students about science at an earlier age."

Jason Painter, Executive Director
NC Science Olympiad

2007-2008 Academic Year Competitions

Students Who Participated in the 2008 NC Science Olympiad



2007-2008 Academic Year Competitions

State High School Mathematics Competition

Contact: John Goebel, NCSSM
(919) 724-5225, goebel@ncssm.edu
http://math.ncssm.edu/smc/

The 30th anniversary of the State High School Mathematics Competition was held this year at the N.C. School of Science and Mathematics in Durham, N.C. The event took place April 24, 2008. There were 140 students who qualified to compete in the state contest this year, representing 32 of the 100 counties in North Carolina.

"The SMT Center has supported the State High School Mathematics Contests in several ways. First, the SMT Center has included the students who have done well in our competitions, both in-state and on the national level, in the annual recognition dinner. Those who have participated have greatly appreciated this recognition. Secondly, the SMT Center supported a workshop in summer 2008 to train new math coaches for all of the competitions that happen in North Carolina, from Mathcounts to the Math Olympiads. This type of support helps build math competition capacity in the state giving more students an opportunity to participate. Finally, through the Science Competition Center administered by the SMT Center, the State High School Math Competition received much needed publicity for the contests. The State Mathematics Contest Committee, made up of all volunteers, greatly appreciates the backing of the Center in our efforts, raising them to a new level."

John Goebel, head of the State High School Mathematics competition



Some of winners of the State High School Mathematics Competition



Students at State High School Mathematics Competition

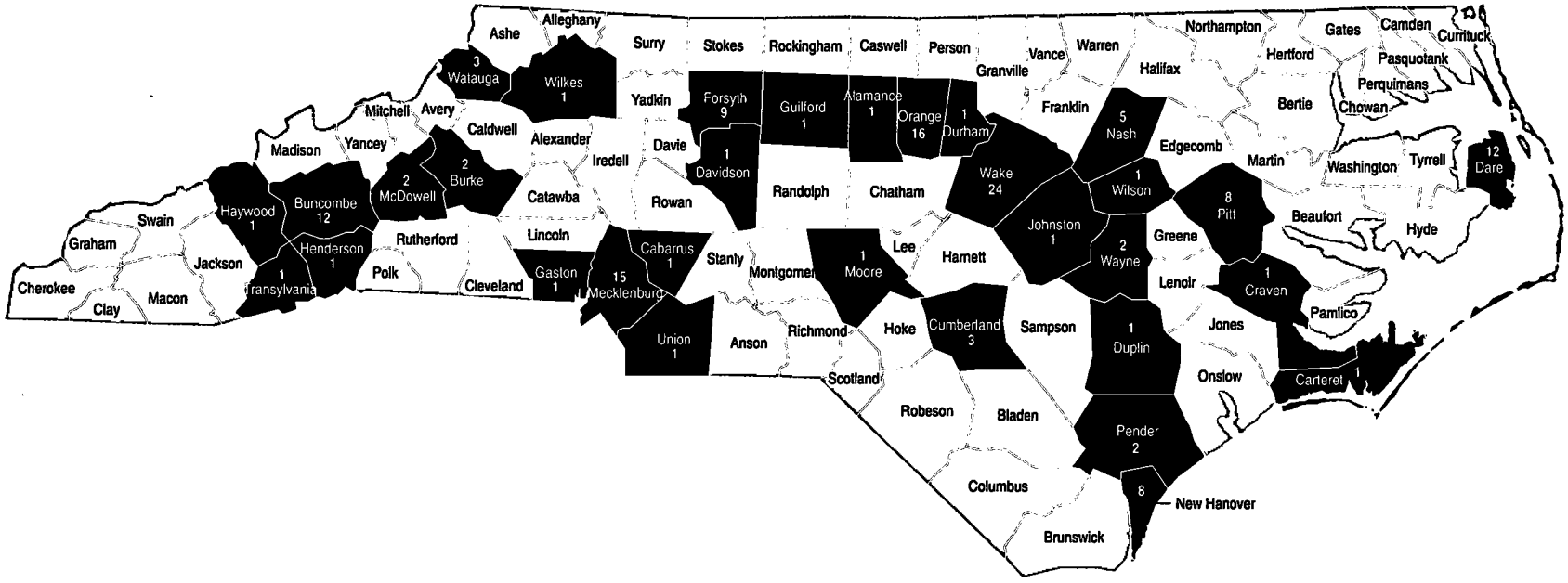
ARML

The top 15 students in the State High School Competition went on to the ARML (American Region Mathematics League) competition which was held in late May 2008 at the University of Georgia.

While the team was young and less experienced than teams the state has sent in the past, they placed third in the nation.

2007-2008 Academic Year Competitions

Students Who Participated in the 2008 State Mathematics Competition



2007-2008 Academic Year Competitions

North Carolina Student Academy of Science

Contact: Dr. Steve Warshaw
NC School of Science and Mathematics
919-416-2886, warshaw@ncssm.edu
www.ncsas.org/index.html

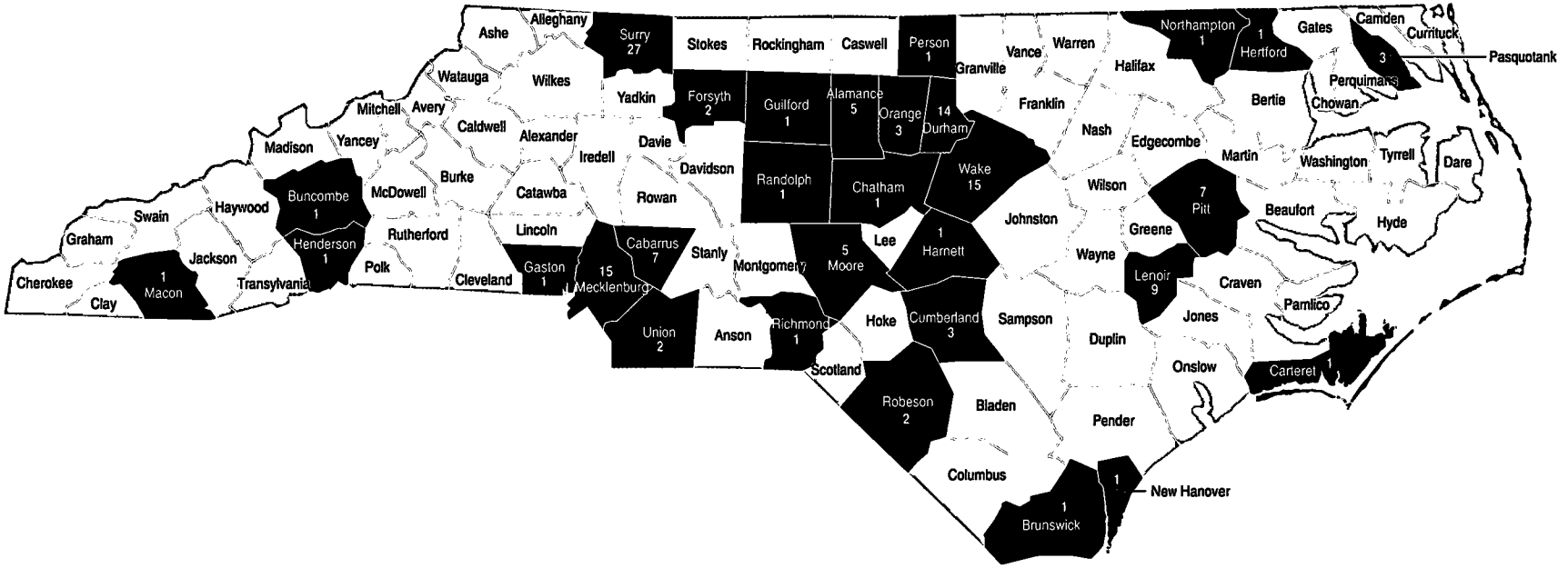
The 2008 N.C. Student Academy of Science Annual Meeting and State Competition was held on Friday, March 14th, 2008. There were approximately 170 middle and high school student participants. They made 150 presentations describing the results of their scientific investigations. NCSAS invited student participants in summer programs with a scientific research component (Governor's School, Summer Ventures, Duke's Talent Identification Program) to submit a paper. In addition, representatives of Future Farmers of America and the N.C. Home Educators association were sent information about the opportunity to participate. NCSAS held competitions in ten districts in 2008 compared to five districts in 2007. There were 135 papers presented in those meetings, compared to 60 in 2007. As a result of these efforts, the number of papers and presenters at the 2008 State Competition showed substantial increase.

"I deeply appreciate the generous support that the NC Student Academy of Science has received from the SMT Center. The Student Academy had almost withered away entirely when the NC School of Science and Mathematics took over responsibility for it in 2003. Since then we have made real progress in rebuilding the Student Academy. That progress simply would not have been possible without the support provided by the SMT Center. The Student Academy has just completed its most successful year in a decade. With the SMT Center's help, we can continue our efforts to build the North Carolina Student Academy into the premier organization of its kind in the country."

Steve Warshaw, Executive Director, NCSAS

2007-2008 Academic Year Competitions

Students Who Participated in the 2008 North Carolina Student Academy of Science



Appendix A

The following are the number of students participating in the science and math competitions.

County	State Math Competition	State Science & Engineering Fair	State Olympiad	Student Academy
Alamance	1	2		5
Alexander		6		
Alleghany		3		
Anson				
Ashe			20	
Avery		0		
Beaufort			23	
Bertie				
Bladen		14	18	
Brunswick		3	23	0
Buncombe	12	2	67	1
Burke	2	0	24	
Cabarrus	1	1		7
Caldwell				
Camden		4	2	
Carteret	0	0	7	0
Caswell				
Catawba		6	22	
Chatham		4	18	1
Cherokee				
Chowan				
Clay				
Cleveland			3	
Columbus				
Craven	1		36	
Cumberland	3	6	110	3

County	State Math Competition	State Science & Engineering Fair	State Olympiad	Student Academy
Currituck			18	
Dare	12			
Davidson	1			
Davie		0	5	
Duplin	1			
Durham	1	12	20	14
Edgecombe				
Forsyth	9	4	20	2
Franklin				
Gaston	1	1	2	1
Gates				
Graham				
Granville		3		
Greene				
Guilford	1	12		1
Halifax				
Harnett		2	18	1
Haywood	1	2		
Henderson	1	7	1	1
Hertford			18	1
Hoke		2		
Hyde				
Iredell		1	18	
Jackson		5	2	
Johnston	1		58	
Jones				

Appendix A

County	State Math Competition	State Science & Engineering Fair	State Olympiad	Student Academy
Lee				
Lenoir		2	20	9
Lincoln				
Macon				1
Madison				
Martin				
McDowell	2	3		
Mecklenburg	15	27	120	15
Mitchell				
Montgomery				
Moore	1	1	18	5
Nash	5	1		
New Hanover	8	16	58	1
Northampton				1
Onslow			4	
Orange	16	2	20	3
Pamlico				
Pasquotank		3	1	1
Pender	2	1		
Perquimans				
Person				1
Pitt	8	16	37	7
Polk			18	
Randolph		3		1
Richmond				1
Robeson				2

County	State Math Competition	State Science & Engineering Fair	State Olympiad	Student Academy
Rockingham				
Rowan		13		
Rutherford		1		
Sampson				
Scotland				
Stanly		12		
Stokes			2	
Surry		6		27
Swain				
Transylvania	1	3		
Tyrrell				
Union	1	2	39	2
Vance				
Wake	24	12	118	15
Warren				
Washington				
Watauga	3			
Wayne	2	1		
Wilkes	1	1		
Wilson	1			
Yadkin				
Yancey				
TOTAL	140	232	1008	132



North Carolina Science,
Mathematics, and Technology
Education Center

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21 West Alexander Drive
Research Triangle Park, NC 27709

Attachment 6

SMT

North Carolina Science, Mathematics, and Technology Education Center

Benchmark of Science and Mathematics Competitions in N.C.

In FY2008, the North Carolina Science, Mathematics, and Technology Education Center received support to build statewide capacity for student science competitions. This money has been strategically utilized to increase the capacity of North Carolina students and teachers to engage in science competitions throughout the state.

- Competitions with local, regional, state, national, and international presence have been the focus of the initial capacity building efforts – N.C. Science and Engineering Fair, N.C. Student Academy of Science, N.C. Science Olympiad, and N.C. International Science Competition.
- Science competitions align with the N.C. Standard Course of Study and support all areas of STEM – science, technology, engineering, and mathematics.
- Teachers involved in science competitions have opportunities for professional development related to improving science instruction.
- Science competitions raise awareness of need for STEM education.

Highlights

- Charlotte-Mecklenburg and Cumberland County Schools are developing curriculum, training elementary teachers, and sponsoring NC Science Olympiad competitions. This effort can be replicated across the state.
- Wilson and McDowell County Schools provided Summer Science Olympiad Camp for rising 6^{th} – 8^{th} graders. The camps reached students who traditionally would not have had a science camp experience.
- Communications and publicity support plans were developed to raise awareness of value of science competitions and to celebrate student achievement. This generated a significant increase in awareness of the competitions.

Current Activity

Support from the General Assembly in FY2009 is allowing each of the school system partnerships the opportunity to receive a financial award to replicate or expand their first year initiative. This design is intended to provide an additional year of support while assuring there is local buy in to investing in science competitions.

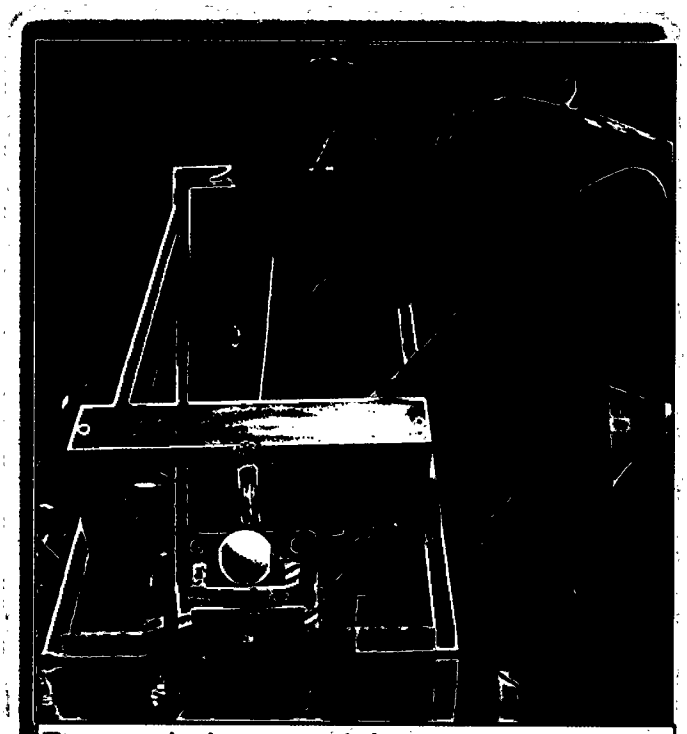
Further efforts in FY09 include the development of a web portal that will be a one-stop site that will allow students, parents, teachers, higher education faculty, and business and community members to register for each of the individual competitions and to receive information about competitions. Additionally the web portal will allow the development of a database that will assist in organizing the events each year and create a long-term profile of students and others participating in these events.

For additional information, contact Dr. Sam Houston, North Carolina Science, Mathematics, and Technology Education Center, 919-991-5111 or smt@bwfund.org.

Attachment 7

NORTH CAROLINA SCIENCE OLYMPIAD

North Carolina's Premier Science Competition



Teamwork is essential to success in all Olympiad events.

North Carolina Science Olympiad (NCSO) is a nonprofit organization with the mission to attract and retain the pool of K-12 students entering science, technology, engineering, and mathematics (STEM) degrees and careers in North Carolina. Every year NCSO hosts 16 regional tournaments and a State Tournament on university, community college, and public school campuses across the state. These tournaments are rigorous academic interscholastic competitions that consist of a series of over 61 different hands-on, interactive, challenging and inquiry-based events that are well balanced between the various disciplines of biology, earth science, environmental science, chemistry, physics, engineering and technology.

Fast Facts:

2008 - 2009
Academic Year

- 450 Teams
- 8,148 Students
- 675 Teachers/Coaches
- 1,472 Volunteers
- 61 Events
- 17 Tournaments (K - 12)
- 3 Summer Camps
- 3 Professional Development Institutes
- 3rd in Nation in Participants

NCSO
NORTH CAROLINA SCIENCE OLYMPIAD

909 Capability Drive, Suite 1200
Box 8211, North Carolina State University
Raleigh, NC 27695-8211
(919) 515-9402 phone (919) 515-7545 fax

www.sciencenc.com

Measuring Success



Putting science process skills to use in the Chem Lab event

"The impact of the Science Olympiad on my resulting career path is nearly beyond words. The excitement of competing and excelling in Science Olympiad led me to choose science for my livelihood. I feel that one of the often overlooked components of the Science Olympiad is the fact that its goals combine education and scientific learning with competition. The competitive aspect of science is pervasive and is one of the major driving forces of scientific advancement. I recently began my career as an assistant professor in Chemistry. My research is based on developing new techniques of polymer synthesis that allow the preparation of materials that can be employed as nanoscale drug delivery vehicles. I point this out not to "toot my own horn," but because I feel the guidance and enthusiasm I gained from the Science Olympiad had an incredibly direct and tangible effect on where I am today. Throughout the years, the impact was never far from my mind." -Brent Summerlin



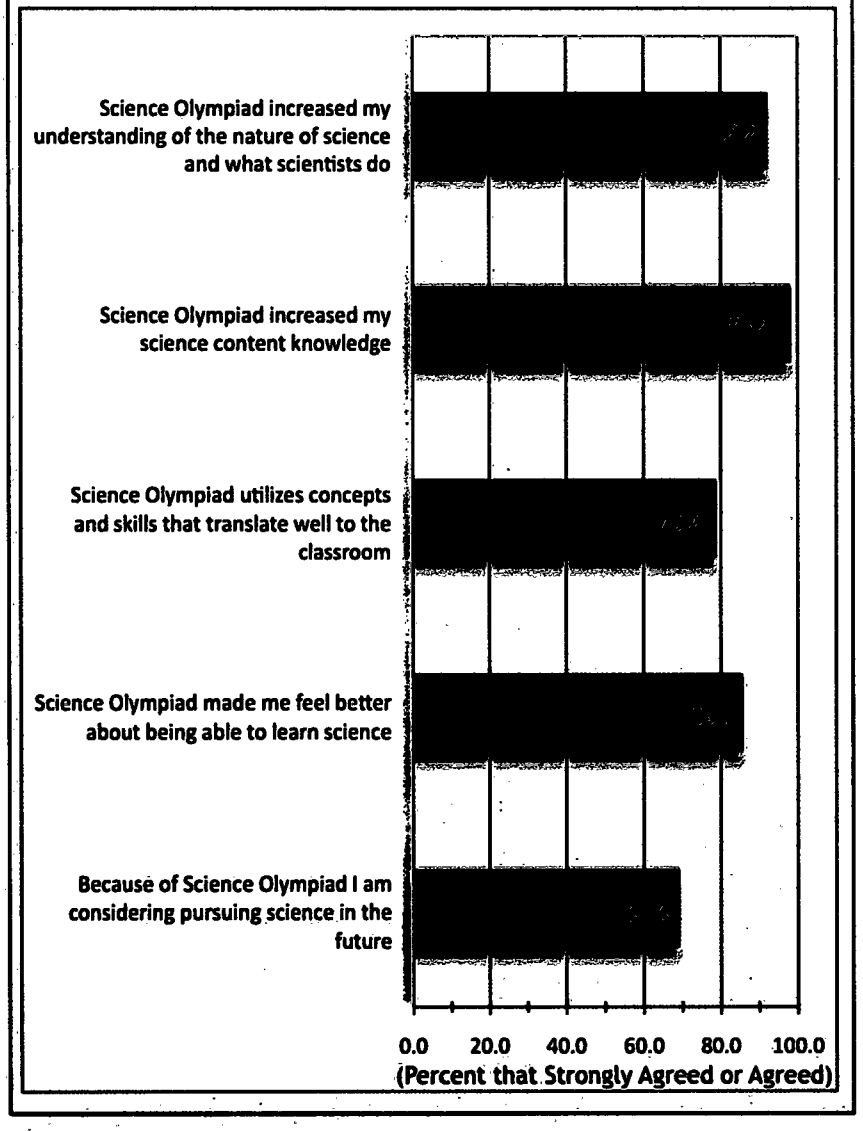
A hands-on approach to learning about amphibians and reptiles

"I wanted you to know that Ethan Williams had an incredible experience at your camp last year. He was always interested in science, but wasn't a "star student". Through your camp he was able to transfer his "lego" skills to solving other problems. He won 1st place in one event!

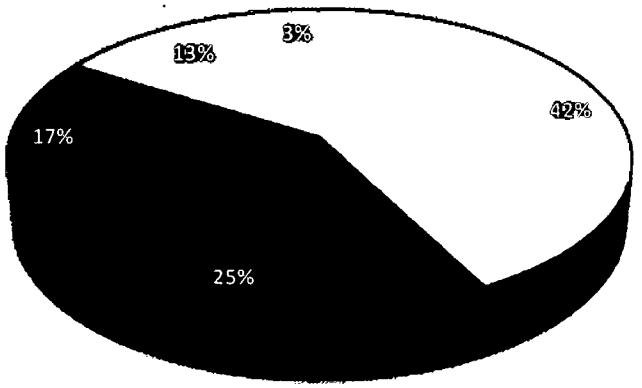
With this boost of confidence, I am happy to say he has had an outstanding year in science. Making straight A's and usually making A+s. Ethan is a smart kid, but he has to work hard for his grades. He really put forth the effort and enjoyed science this year. I have your science camp to thank for his new confidence and passion. Thank You!!!!" -Cynthia Williams

2005 - 2008 Student Surveys

N= 3479



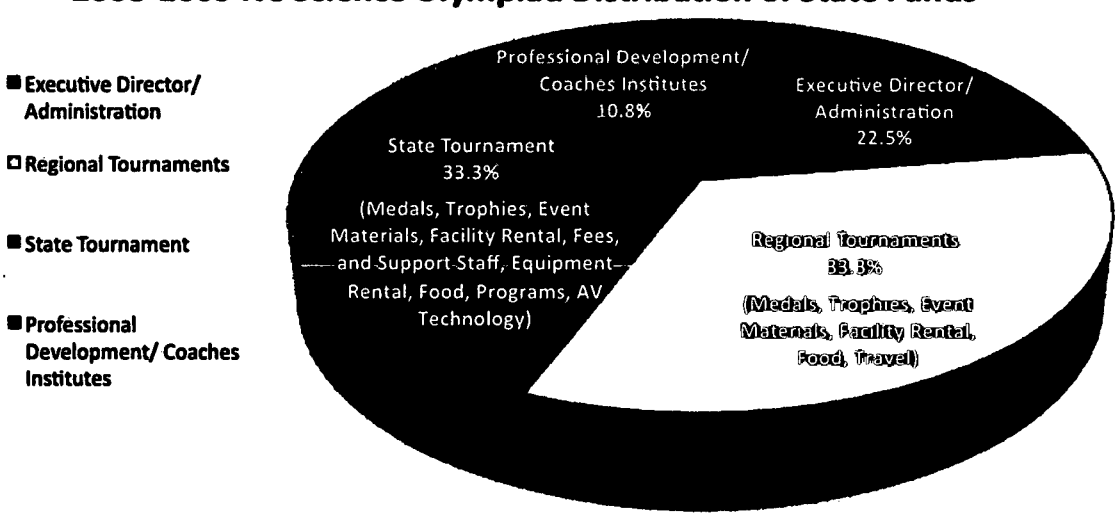
2008-2009 NC Science Olympiad Income



Budget Summary

Forty-two percent of income for the North Carolina Science Olympiad is provided by the State of North Carolina. Seventy-seven percent of this funding goes straight to student and teacher programs and activities. The remaining funds support the salary of the Executive Director and the administration of all Olympiad events.

2008-2009 NC Science Olympiad Distribution of State Funds

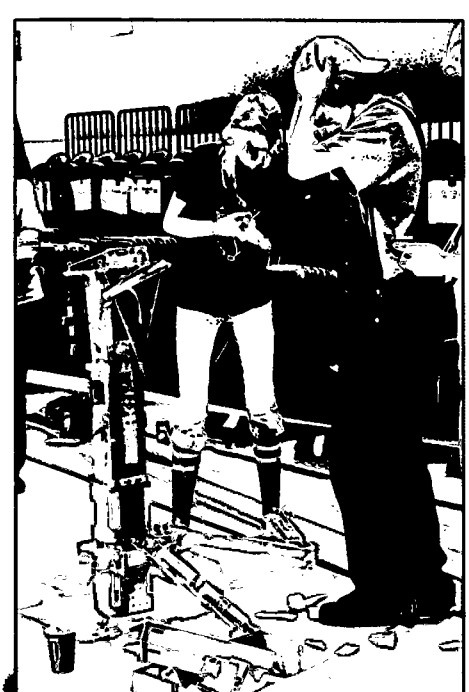




Demonstrating a practical application of friction converting energy into heat

SCIENCE OLYMPIAD

Exploring the World of Science



Thinking quickly to troubleshoot problems as they arise

Goals for Growth 2009 - 2011

- Expand Elementary Program
- Build Presence in Every County in North Carolina
- Be First in the Nation in Participation
- Continue to Increase Minority Participation in STEM
- Secure Permanent Funding for Summer Programs

It's more like 46 events split up among teams of 18 students, run like a track meet with each student competing in 3-4 get your hands dirty, build some stuff, launch it into space or down a track, perform real tests on real samples (and try not to blow anything up in the lab), handle live creatures, and make real life assessments of what is placed before you type events. It's for all the students past and present who understand that your shower curtain sticks to you because of Bernoulli's principle, eggs are meant to fly, and duct tape really can fix anything. It's because we know HOW milk does a body good, reaching for the stars isn't just a figure of speech, and we can tell you why the tree frogs sing. It's for anyone who ever looked through a microscope and saw a whole new world, because we can not only spell stoichiometry but also know what it means, and for us CSI isn't just a TV show. It's because we can take a pile of junk and create a masterpiece, we know pandemic and epidemic are not the same thing, those guys on Apollo 13 invented Write It Do It, and we can tell you why the sky is blue. It's because we know the grass is greener on a shield volcano, how to make an ornithopter fly, and can tell you the biomass required to stay at the top of the food chain. We can identify a white powder, build a wind turbine, explain, convert, and use the forms of common and alternative energy, interpret satellite thermal imagery, tell you what those benchmark symbols are that you find in the ground, and can give you the chemical formula for superglue. It's because when we build a bridge it doesn't fall down, because scientifically we CAN teach the world to sing in perfect harmony, and we could identify prehistoric fossils before they ever appeared in Jurassic Park. We can analyze the ingredients in the 'secret sauce', we can draw a double helix, and if our catapult's projectile doesn't quite reach the target, our robot will take it the rest of the way there. It's because we are the scientists of the future, we know teamwork is the key, and we are the ones that never stopped asking "why?".

We Are Science Olympiad.

The North Carolina Science Olympiad is proud to be partnered with:

THE SCIENCE H·O·U·S·E
NC STATE UNIVERSITY

SMT North Carolina Science, Mathematics, and Technology Education Center

Attachment 8

North Carolina Teacher Cadet Program

May, 2009

NCAE North Carolina Association of Educators

Issue Brief

Issue:

The North Carolina Teacher Cadet Program has proven to be successful in recruiting new teachers in North Carolina. At the present time, approximately 186 high schools in 80 counties offer the Teacher Cadet Program as an elective class. The number of high schools may vary annually, as some schools may not offer the course when budgets get tight due to the fact that no teaching positions are funded for this program.

Expansion:

Beginning in the fall of 2008, there has been **an addition of 14 high schools and 7 new counties. Some counties such as Duplin, Cherokee, and Chapel Hill/Carrboro have or plan to add the program at all high schools in their areas.** Further expansion of the program would have a positive impact in recruiting the 12,000 new teachers needed annually in N.C.

Historical Background:

The North Carolina Teacher Cadet Program began in 1998 through a partnership with the N.C. General Assembly and the North Carolina Foundation for Public School Children. It was placed under the Foundation's auspices in 1998. The North Carolina Foundation for Public School Children, a 501(c)3 non-profit, is an initiative of the North Carolina Association of Educators. The Foundation also provides classroom grants for parent engagement projects and funding to needy public school children for items such as shoes, clothes, eyeglasses, medication, and, in some cases, field trips. NCAE and other corporate supporters donate money for the aforementioned activities.

Program Goals:

The goals of the Teacher Cadet Program are to encourage students to consider entering the education profession. Most importantly, the program encourages our high school students to attend college and to eventually teach in North Carolina. A concerted effort is made to recruit males and minorities into the program and, therefore, into the teaching profession. The program has shown **a high success rate in this area as the current 2008 Teacher Cadet Classes have a 25% male and minority participation rate,** which is significantly higher than our state rate.

Partnerships:

The program has college partnerships with 18 colleges and universities including UNC-Charlotte, Greensboro, Asheville, Pembroke, and Wilmington; Western Carolina, East Carolina, Fayetteville State University, Appalachian State University, NC State, Meredith College, Lees-McCrae College, Belmont Abbey College, Catawba College, and Chowan University. Currently, NC Central, NC A & T, and Winston-Salem State University are joining our partnership. We are also in discussions with Gardner-Webb, UNC-Chapel Hill, Peace College, and Mars Hill College to develop partnerships.

For more information, please contact Linda Gunter, Government Relations Specialist, at 919-832-3000 ext. 210

Additionally, the Teacher Cadet Program is partnering with DPI in order to develop a new sophomore class which may be combined with Teacher Cadet I and II in order to have an "Educational Pathway" or "Cluster" available for high school students.

Student Qualifications:

Students are required to have a GPA of at least a 3.0 and/or receive a recommendation from the TCP Review Panel. In addition, they must be enrolled in a college preparatory curriculum, be recommended by five teachers, submit an essay on why they want to be in the class, and be a junior or senior. Interviews are recommended, but not required.

Teacher and Student Training:

The North Carolina Teacher Cadet Cadre holds two/three teacher trainings annually to introduce and train the Teacher Cadet curriculum. Those invited include teachers from across the state who are currently teaching the class or are planning to teach the curriculum, and administrators investigating the program as a future course in their high school. **In the 2008-2009 school year, 56 new educators have been trained.** An annual Teacher Cadet Conference is held for teachers and students statewide. In 2008, the 100+ teachers and more than 800 students who attended were actively engaged in a series of activities that could be applied to a variety of classroom settings. In 2007, a College Partners Curriculum Training was added in order to provide for the establishment of consistent college credit for the class and also for better transitioning for students from high school to college.

During the 2008-2009 school year, the Teacher Cadet Program has partnered with colleges and universities to provide cadet teachers and education professionals with a six-hour workshop on the new teacher evaluation instrument. This has been key to enhancing the revision of higher education curriculums and also preparing Teacher Cadet teachers to be leaders within their individual school systems.

Teacher Cadet Class:

The students selected to participate in the Teacher Cadet Program take the class either for one semester or two, depending on whether their high school offers both Teacher Cadet I and II. Both classes are eligible for honors credit. The curriculum was reviewed by DPI and awarded state-wide approval for honors credit.

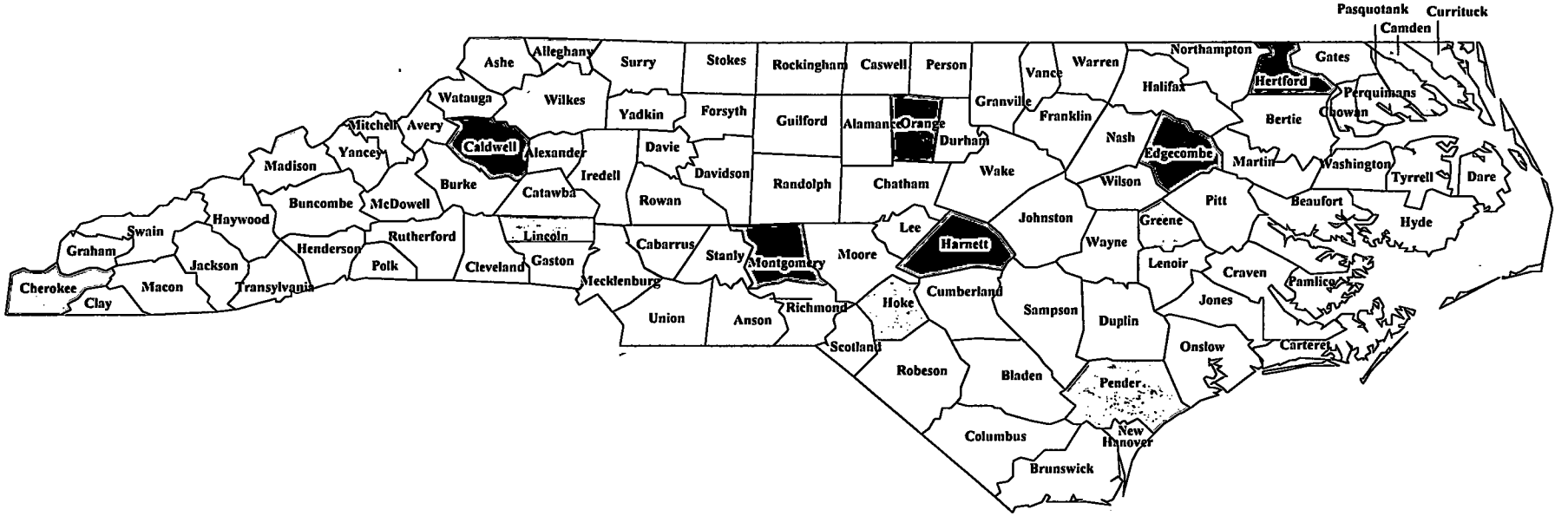
Proposal:

The Teacher Cadet Program is asking to maintain the $400,000 in current recurring funds for this budget year.

For more information, please contact Linda Gunter, Government Relations Specialist, at 919-832-3000 ext. 210

NCAE
North Carolina
Association of Educators

NC Counties with Teacher Cadet Programs



- Counties with Teacher Cadet programs as of 7/07.
- Counties with Teacher Cadet programs added from 7/07 through 2/08.
- Counties that started a Teacher Cadet program in fall, 2008.
- Counties that will start a Teacher Cadet program in 2009.

HIGHLIGHTS of the North Carolina
TEACHER CADET PROGRAM

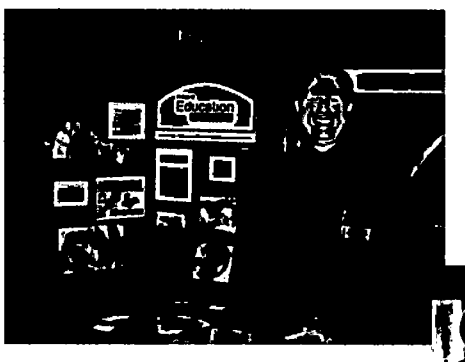
Increased Male/Minority Participation from 19% to 25%





Increased College Partnerships 31%

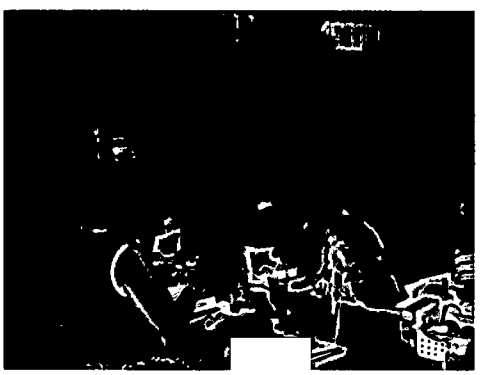
Existing Partnerships:
Appalachian State University
Belmont Abbey College
Catawba College
Chowan University
East Carolina University
Meredith College
NC State University
UNC Asheville
UNC Charlotte
UNC Greensboro
UNC Pembroke
UNC Wilmington
Western Carolina University



New Partnerships:
Elizabeth City State University
Fayetteville State University
NC A&T University
NC Central University
Winston-Salem State University



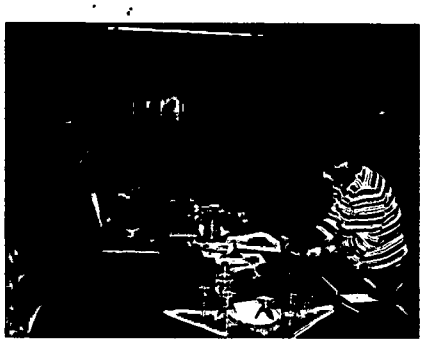
Brought together K-12 educators and Higher Education to collaborate on NC Teaching Standards, Higher Education Curriculum, and new McREL Teacher Evaluations. All day trainings were held Saturdays, October 4, 2008 and March 20, 2009.





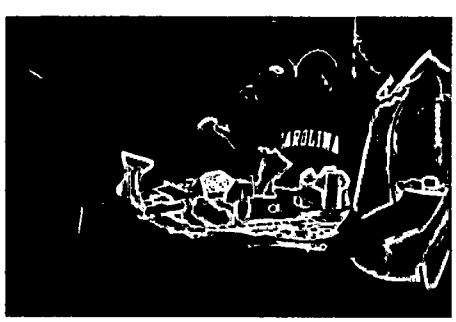
Trained 56 NEW TEACHERS in the NC Teacher Cadet curriculum and added classes in 7 NEW COUNTIES.

Formed a new partnership with the CTE Department at DPI in order to collaborate on developing a career cluster for the Education Profession.

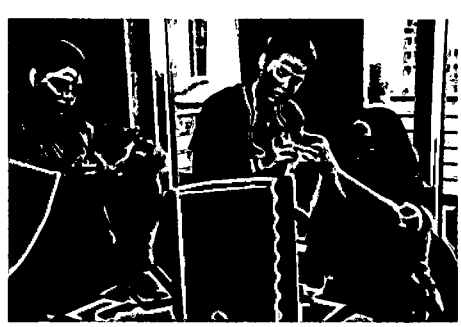




Hosted the annual FTA / Teacher Cadet state conference on March 6-7, 2009 with more than 750 high school juniors and seniors in attendance.







Awarded 13 Scholarships

The "So Much More".... of the NC Teacher Cadet Program
Quotes from Teacher Cadet Students in their Scholarship Essays

- **"Teacher Cadet has been one of the greatest experiences for me throughout my entire high school career....Without Teacher Cadet, I probably would never have known I wanted to be a teacher."**
  TC student, Randolph County

- "My experience in Teacher Cadet was definitely one of the most exciting and beneficial opportunities I've ever been given. I learned so much about teaching, about life, and about myself."
  TC student, Buncombe County
- "I've always wanted to teach elementary school for as long as I can remember, and that ambition has been reaffirmed during my time in Teacher Cadet and FTA." *TC student, Haywood County*

- "Teacher Cadet has been the most positive influence on my decision to become a teacher....the course has given me classroom experiences that I needed to convince myself that teaching is what I was meant to do!" *TC student, Haywood County*
- "Being a part of NC Teacher Cadet has been a life-changing experience. I have learned so much through observation, reflection, and discussion that I had never recognized before."
  TC student, Cherokee County
- Both my parents are educators and by example have taught me to appreciate their work and see the impact they make. Because of them and my current Teacher Cadet Class, I have a deep understanding of our educational system and the positive role that teachers have within it." *TC student, Wake County*
- "Being a teacher cadet in my junior year of high school was a great way to 'jumpstart' my interest in teaching and also in setting attainable goals for reaching college." *TC student, Guilford County*

- "The time I spent interacting with elementary students in the classroom has made the biggest difference. I know now that I can enroll in Martin Community College for two years and then transfer to East Carolina and become the teacher I was meant to be." *TC student, Martin County*
- "The Teacher Cadet class was easily my favorite class last year. We not only go to learn about ourselves, but also about our potential students. This class taught me how students learn and it showed me the best ways to get information across to others. I learned things that I can apply right now in my own life that amazes me." *TC student, Mt. Airy City*

- "Through my experiences in Teacher Cadet I, II, and III, I have developed strong leadership skills and a passion for teaching." *TC student, Gaston County*
- "All of my life, I have always desired an exciting job with new situations and opportunities every day. I see teaching as the best way to accomplish this....my specific interest in teaching was sparked during my honors chemistry class with Mr. Whitson and then confirmed by my participation in Teacher Cadet." *TC student, Rowan-Salisbury*

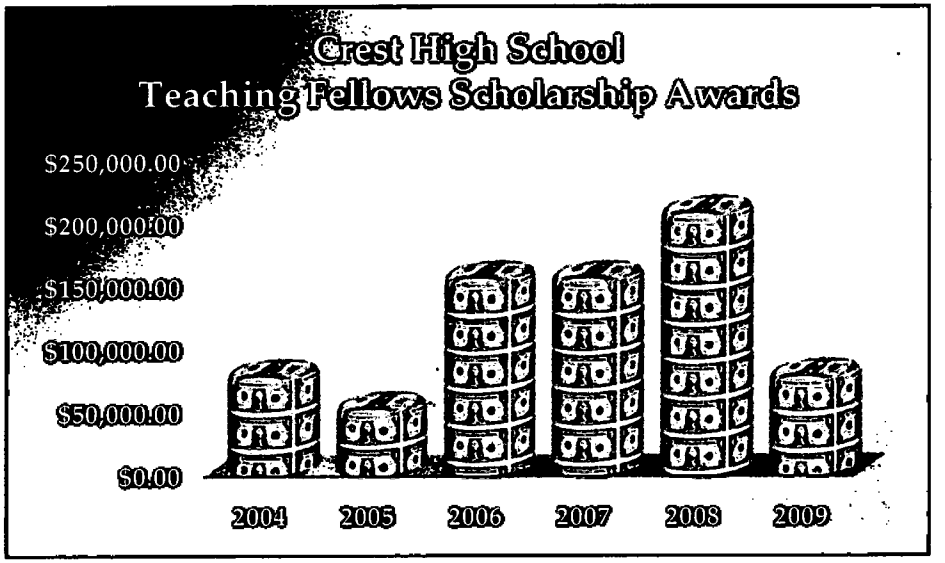
- "As I tried to decide what to study in college, I chose several career related classes to try such as Advanced Business Studies and Teacher Cadet. It did not take me long to establish that a career in business was not for me, but I did realize I had a passion for teaching and helping others. The Teacher Cadet class allowed me to discover the type of person I am, the variety of learning differences, and the amount of work that actually goes into teaching. Although I enjoyed everything about the class, I found that what I enjoyed the most was the field experience." *TC student, Moore County.*
- "When I began my Teacher Cadet class, I had no idea what I wanted to do in my life. I took the class because it looked like fun. In just one semester, all of that changed and my focus became very clear, I was meant to be a teacher." *TC student, Stokes County*

Quotes compiled by Lina Drinkard, Executive Director, NC Teacher Cadet Program, February, 2009

Crest High School *Teaching Fellow* Award Money

Year	Total Awards
2004	$78,000.00
2005	$52,000.00
2006	$156,000.00
2007	$156,000.00
2008	$208,000.00
2009	$78,000.00
Total	**$728,000.00**

$26,000 per student (4 years)

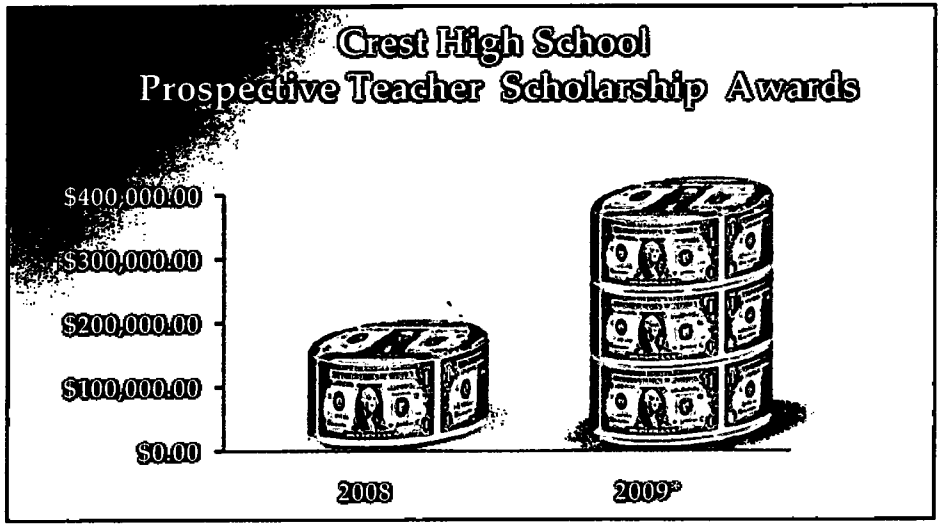


Crest High School *Prospective Teacher* Award Money

Year	Total Awards
2008	$136,000.00
2009*	$357,000.00
Total	$493,000.00

* Crest High Qualified Applicants this year
(21 students X $17,000)

Grand Total **$1,221,000.00**



Example of Scholarship Money Awarded to Cadets in a Rural North Carolina County

Program Activities and Accomplishments Report

Instructions:
>$25,000 but< $500,000 A certification, a financial accounting of the state funds received, used, or expended, and a description of the activities and accomplishments undertaken by the grant recipient must be completed by grantees that receive at least $25,000 but not more than $500,000 for each program. The completed forms should be submitted to the funding agency.

>$500,000 A certification, an audit including schedule of awards, and a description of the activities and accomplishments undertaken for each program by the grant recipient must be completed by grantees that receive $500,000 or more. The completed forms and audit should be submitted to both the granting agency and the Office of the State Auditor, 20601 Mail Service Center, Raleigh, NC 27699-0601, Attn. Angela Gunn.

Grantee Name:		North Carolina Foundation for Public School Children
Grantee Tax I.D. #		56-1957977
Program Name:		Teacher Cadet
Project/Activity Title:		Teacher Cadet
Period Covered:		July 1, 2008-May 1, 2009
Date of this Report:		May 2009
Preparer of this Report:		Kelvin L. Spragley

In compliance with the requirements of G.S. 143-6.2, Use of State Funds by Non-State entities, the following is a description of activities and accomplishments undertaken by our organization using the provided state funding:

What were the original goals and expectations for the activity supported by this grant?

The original goals and expectations for the Teacher Cadet Program were, and still are, to increase student interest in the teaching profession while students are still in high school. The theory behind this goal and expectation is that if students are introduced, conceptually, to the teaching profession at an earlier age (through a semester long elective), and while they are still very impressionable, they will be more applicable to pursue teaching once in college and to enter the profession better prepared. Hence, if the students have received a general foundation in teacher practices, policies, laws, and expectations, they will be better prepared to endure the rigors of the classroom once they have completed a certified program and have received employment in a respective school system. With this in mind, the goals of this program have not changed because North Carolina is experiencing a teacher shortage and the program's aim is to negate that shortage by creating a larger pool of students who will be entering the teaching profession. To add to the aforementioned goals, the Foundation will also produce a mid-year report and an end-of-year report addressing the number Teacher Cadet courses taught throughout the state, tracking information that looks at N.C. teachers who have taught for four or less years and who took the Teacher Cadet course, and the

number of counties and school systems that offer the program.
If, applicable, how have these goals and expectations been revised or refined during the course of the project? • **As with any project, goals must be somewhat flexible to the point that they can be refined to meet the changing demands of the populace who are the recipients of the work being done. In the case of the Teacher Cadet program, we have refined the manner in which data concerning the program is going to be gathered. We now create mid and end of year reports, as well as present the success of the program to various entities. We also work with various school system superintendents to create partnerships.**
What has the activity accomplished with these grant funds? Please include specific information, including facts and statistics, to support conclusions and judgments about the activity's impact. • **The program is now in over 77 school systems. Teachers in eighty-nine (89) North Carolina counties have been trained to "teach" the Teacher Cadet curriculum. Based on 1,983 responses from participants who have taken the Teacher Cadet elective, we have the following data: 20% of the participants have been male, while 80% have female; 76% are Caucasian, 20% are African-American, 2% are Hispanic, 1% are American Indian, and 1% are other.** • **It is also important to note that we conduct an annual Teacher Cadet Convention where students have the opportunity to meet with their colleagues from around the state, meet college professors, and participate in workshops that further prepare them for the college experience and beyond. We are expanding this concept in order that multiple conferences are held throughout the state which in turn will assist with costs, travel, and flexibility of more students to attend.** • **The Teacher Cadet Program has also partnered with eight (8) low wealth school systems in eastern North Carolina in an effort to encourage more students to become teachers. What this means is that at some point during the course of the 2008-09 academic year the Teacher Cadet program will be taught in a minimum of at least eight (8) more high schools.** • **The Teacher Cadet Program partners with over 18 colleges and universities in North Carolina. These partnerships allow high school students who take the course to work with college professors and college students in an environment that focuses on research based teaching and learning strategies.**
If the activity is a continuing one, briefly summarize future plans and funding prospects. • **A primary future plan for the Teacher Cadet program is to establish a better tracking system of the participants once they leave the high school arena. Unlike the Teaching Fellows program, the Teacher Cadet program does not have the college/university format in place where students complete tracking information once in college. With the Teacher Cadet program, these**

students are still in high school and may or may not go to college. Once they are in college, there is no form they are required to fill out stating that they took the Teacher Cadet elective. Our objective is to work with various researchers and policy type throughout the state of North Carolina who can assist us with creating a tracking system that is systemic and practical. With this information we will be able to track students from the time they take the elective in high school to the point that they are actually teaching in a classroom, if they continue on the teacher education track.

- As far as funding goes, we would hope that the state of North Carolina continues to fund the program in light of the fact that the state is currently unable to staff all of its classrooms because of the lack of interest in the teaching profession and the large number of people retiring. The Teacher Cadet program has the ability to prepare students at an earlier age, thus increasing the likelihood that once they become teachers they will stay in the profession longer.

Attachment 9

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Parent Involvement Initiative

Report to Education Appropriations Committee

May 5, 2009

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Parent Involvement Initiative

Members of the Education Appropriations Committee:

In a historic move in the area of parent involvement, in 2007, the North Carolina General Assembly appropriated $262,500 to the North Carolina PTA for the NCPTA Parent Involvement Initiative. While it is no secret that one of the primary factors in a child's educational success is the level of parent involvement in the child's education, the General Assembly had never before funded a program like the NCPTA Parent Involvement Initiative.

On behalf of the over 225,000 members of NCPTA, I want to thank you for supporting this critical initiative. The $262,500 appropriation in 2007 and the $300,000 appropriation in 2008 helped NCPTA start the Parent Involvement Initiative in six counties.

The NCPTA Parent Involvement Initiative is a new approach to parent involvement for NCPTA. Traditionally, NCPTA has relied on its volunteers to pursue its goals and programs. Yet, NCPTA realized that what North Carolina needs to promote effective and enhanced parent involvement are motivated and dedicated professionals whose job it is to wake up in the morning and focus on enhancing parent involvement in North Carolina. This is not business as usual for PTA. The role of these motivated professionals, or regional coordinators, is to reach out to parents and families who have not been effectively involved in their children's school and education.

The following documents describe the NCPTA Parent Involvement Initiative in greater detail. If you have any questions regarding this initiative, please do not hesitate to contact me at (919) 740-5077. In the areas we are currently focusing, the NCPTA Parent Involvement Initiative is improving and enhancing parent involvement. Parents are becoming more engaged in their children's education.

While the initial funding was a generous appropriation from the General Assembly, more funding will be necessary if NCPTA is to expand the Parent Involvement Initiative statewide. This session, NCPTA requests that funding for the Parent Involvement Initiative be continued and increased so that we can continue this important work.

I look forward to discussing this important initiative with you.

Sincerely,

Debra Horton
NCPTA President

North Carolina PTA
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Parent Involvement Initiative

NCPTA Proposed Expanded Parent Involvement/Dropout Prevention Initiative

This Initiative will target and serve at-risk students and their families in 8 LEA's. In a cost-effective manner, using proven methodologies, the Initiative will work to keep at-risk students in school, with greatly improved prospects for educational success, and demonstrate that such a program can be expanded efficiently to serve all at-risk students, and their families, in all LEA's.

Components of Program (described more fully below):

- Parent Involvement Program in each of 8 LEA's for all parents and students, an estimated 149,525 students and their families. The 8 identified LEAs are as follows: Anson, Cumberland, Forsyth, Hoke, Pitt, Scotland, Tyrrell and Vance;
- Intensive Home Visitation Program in up to 10 schools in each of the 8 LEA's (total of 73 schools) for 15 of the highest risk students in each school (total: 1,095 at-risk students and their families);
- Assistance and participation of NCPTA members in all LEA's (total statewide membership: approximately 225,000 parents);
- Statewide Executive Director of the Initiative employed by NCPTA;
- At least two paid program coordinators in each LEA (see below);
- Overall supervision of the Initiative by Debra Horton, President of NCPTA;
- Cooperation with local LEA in all aspects of program;
- Accountability assessments and reports for all components of program.

There will be two major components of the Initiative:

1. **Parental Involvement Program.** This will serve all the parents in all the schools in each participating LEA. This component of the project will include multiple activities, described below, to expand the involvement of all parents in the LEA in the education of their children. This component will be managed by an LEA Manager in each LEA who is employed, trained and managed by the statewide Executive Director of the overall Initiative.

2. **Home Visitation Program.** This will target approximately 15 high-risk students in each of the selected schools. This will involve a total of approximately 1,095 at-risk students in 73 schools in the 8 participating LEA's. This program will include:
   - A Home Visit Coordinator, employed by NCPTA, in each of the 8 participating LEA's, trained and managed by NCPTA and the statewide Executive Director of the Initiative;
   - Three-member Home Visit Teams consisting of parents, teachers, school staff, counselors, and community representatives (team members will receive small stipends - approximately $10 per home visit). The Leader of each such Team will be selected by the LEA Home Visit Coordinator;
   - Training of Home Visit Teams by the LEA Home Visit Coordinator;
   - Multiple visits to the home (or other location selected by the family) for all at-risk students selected for participation in the program;

- Education success plan, prepared by the Home Visit Teams, for each student visited;

To serve both Divisions of the Program, NCPTA will:

- Inventory the strengths/weaknesses regarding parent involvement at each school;
- Conduct focus groups with parents, community leaders and teachers to identify barriers to parental involvement at the school and steps required to improve parental involvement in the school;
- Conduct planned parent events at selected schools;
- Conduct training sessions for principals and teachers on involvement strategies and/or working with parents;
- Invite parents to training sessions on effective parent involvement, leadership skills, and working with principals and teachers
- Design a parent involvement plan for each school;
- Create parent resource centers in selected schools in each LEA, available to all parents in the LEA;
- Distribute Family Resource Guides;
- Establish communication lines to key front-office administrators and principals.
- Meet with community leaders, faith-based leaders, and employers to encourage support for all aspects of the program;
- Expand local volunteer networks to support the overall program and the local schools;
- Expand the parent involvement materials available on NCPTA website.

2008 LEA Cohort Graduation Rate

LEA Name	4 Year Rate	Membership
Anson County Schools	**64.30%**	4,029
Cumberland County Schools	**71.30%**	51,822
Forsyth County Schools	**70.80%**	49,821
Hoke County Schools	**69.00%**	7,101
Pitt County Schools	**54.00%**	21,898
Scotland County Schools	**64.90%**	6,608
Tyrrell County Schools	**51.10%**	588
Vance County Schools	**59.30%**	7,658
	Total	**149,525**

Total cost of program: $1,500,000

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Parent Involvement Initiative

WHAT PEOPLE ARE SAYING ABOUT THE PARENT INVOLVEMENT INITIATIVE

"What the North Carolina PTA is doing with their Parent Involvement Initiative is state of the art. I've never seen in my travels anything done at that level to that degree of detail. The enthusiasm is tremendous. I would certainly encourage other states to look at North Carolina as a model, and I would encourage North Carolina to share their success story with other states to show what you're doing works because I think it does a great job."
Chuck Saylors
National PTA, President-Elect

"The Parent Involvement Initiative has given us an awareness of system-wide and statewide parent programs and events. We have been able to critique our parent programs and create a plan to improve in order to better serve our families. The PII gives us the sense of 'being in the know.' We are able to keep abreast of initiatives that may continue to assist us with serving. Our school team feels as though they have a wealth of tools to create better parent-teacher partnerships. Our parents are becoming more knowledgeable about ways to assist the school and ways they can assist their kids. This gives parents more tools to navigate through school."
Essie McKoy, Ed.S.
Principal, Hall-Woodward Elementary School of Communications

"I have been greatly impacted by the NCPTA PII program. It has been a rewarding experience as well as educational. As a parent, it is helping me to understand what students are going through."
Delphenia Washington
Philo Middle School

"By pulling together the different facets of our community, the NCPTA Parent Involvement Initiative has developed partnerships throughout the community to promote parent involvement. The NCPTA Parent Involvement Initiative is a new approach to reaching parents, and it is a program that works."
Leon Gatewood
HOLLA!

"The NCPTA Parent Involvement Initiative has been an invaluable asset to Anson County. As a parent of Anson Middle School and PTA President, Kim Graham, the NCPTA Parent Involvement Initiative regional coordinator, is increasing creative and innovative approaches to reach the parents and children alike. We are now in the process of developing ways to reach parents who were not previously involved. Children and parents alike at Anson Middle School benefit greatly from the NCPTA Parent Involvement Initiative."
Vicky Isaac-Cook, PTA President
Anson Middle School

"Thank you for giving David H. Petree Elementary School the opportunity to have Melissa Wagar as our NCPTA PII Regional Coordinator. It is our hope that she will continue to help us at Petree. Melissa has brought a wealth of knowledge, experience, expertise, dedication and above all commitment to our PTA. We have enjoyed her partnership. Her time and service to our PTA has afforded our parents and teachers with multiple opportunities to invest further in the academic progress of our students in order to help our students perform well in daily learning and life skills. She has also encouraged more parents to get on board and to commit their time and service to our PTA. Melissa Wagar is a model PTA support liaison. Her enthusiasm, creativity and strength of character have given our PTA the energy boost it needs. We applaud Melissa Wagar!"
Shelia F. Burlock, M.Ed., Principal, David H. Petree Elementary School
Laura Quesinberry, PTA President
Mia Parker, Home School Coordinator and Volunteer Liaison

"The Parent Involvement Initiative program at Hill Middle School has helped staff members to focus on ways to bring greater numbers of parents to the school. . . . Parent attendance at Open House and the Winter Holiday Arts Fair was the highest parent attendance that I have seen in my ten years at Hill Middle School."
Laura B. Hodges
Principal
Hill Magnet School for Visual & Performing Arts

North Carolina PTA
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Parent Involvement Initiative

SUPPORT FOR EFFECTIVENESS OF PARENT INVOLVEMENT

The NCPTA Parent Involvement Initiative involves parents in the education of their children in ways that positively influence the academic achievement of students in high-need schools.

The Parent Involvement Initiative is based on the following premises:

- Effective parent engagement is one factor required for student success

A large body of research confirms that when parents are involved with their children's learning at home and involved in their children's school, students achieve at higher levels and schools improve. In fact, research confirms that the character and quality of a parent's involvement with their children's education has greater influence on student success than family education and socioeconomic levels.[1]

- Parents will engage effectively when barriers are removed. The research literature also suggests that whether to engage or not, is a deliberate choice that all parents make. That choice is influenced by three primary psychological constructs: How parents develop their job description as a parent (role construction); how confident parents feel about their ability to help their children (efficacy); whether parents feel invited – both by their children and by the school. Addressing these primary psychological barriers must precede efforts to remove other physical barriers related to timing, location, transportation, childcare, etc.[2]
- Home-school partnerships thrive when certain conditions exist, and those conditions are defined in the PTA Standards for Family-School Partnerships.[3]
- Creating and sustaining conditions required for effective parent engagement, and supporting parents in their efforts to engage requires the expertise and continual support of skilled and motivated professional practitioners employed for that purpose.

There is a great deal of research that supports the potential of a successful parent involvement project in demographically challenged counties. In a published brief titled *Lessons From Family-Strengthening Interventions: Learning From Evidence-Based*

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[1] Anne T. Henderson and Karen L. Mapp, *A New Wave of Evidence: The Impact of School, Family and Community Connections on Student Achievement* (Austin, TX: Southwest Educational Development Laboratory, 2002).
[2] Kathleen Hoover-Dempsey and Howard Sandler, "Why do parents become involved in their children's education?" *Review of Educational Research*, 67(1) 1997, 3-42.
[3] National PTA Standards for Family-School Partnerships

Practices, Margaret Caspe and M. Elena Lopez of the Harvard Family Research Project highlighted examples of successful parent initiatives based on their review of interventions that have been rigorously evaluated through experimental studies.[4] Their findings include:

- **Family-strengthening programs can positively change the family environment.**

  "Family environment" refers to characteristics of the home that influence children, including the physical setting, parents' health and well-being, and the presence of routines and structure. The family-strengthening programs in our review were able to positively impact family functioning, cohesion, communication, and parents' social networks and self-confidence, as well as decrease parents' levels of depression. For example, Families and Schools Together (FAST), an 8-week program for families and children held in school and community locations, had some of the most robust family environment findings. In an experimental evaluation of the program, families in the intervention group who participated in FAST were more likely than control-group families to seek substance abuse treatment or mental health counseling at the completion of the program, to pursue adult education, and do volunteer work in the community and become community leaders. The creation of a support network for parents during and after the program helped to contribute to these results.

- **Parent–child relationships can be altered.**

  "Parent–child relationships" refers to the connectedness between parents and children. Programs in this review were able to strengthen parents' involvement, bonding, and communication with their children and thereby improve parent–child relationships. For example, the evaluators of the Guiding Good Choices program, a multimedia program of multiple two-hour sessions held over five consecutive weeks, carefully detailed the ways in which the program increased parents' warmth and sensitivity toward their children, which in turn helped reduce problem attitudes and behaviors among youth.

- **Family-strengthening programs can modify parenting skills.**

[4] Margaret Caspe and M. Elena Lopez, *Lessons Learned From Family-Strengthening Interventions: Learning From Evidence-Based Practice* (Cambridge, MA: Harvard Family Research Project, 2006).

"Parenting skills" refers to the skills necessary for parents to effectively nurture and manage children's behavior. The programs reviewed here increased positive child-rearing practices, discipline, limit-setting, control, and monitoring. For example, the Incredible Years program, designed to provide training for parents of toddlers and preschoolers, demonstrated in various experimental studies that their eight to nine-week parent-training program significantly increased Head Start parents' positive and nonpunitive parenting skills. In one study, parents enrolled in the program used fewer critical statements, commands, and punitive discipline strategies with their children than parents in control centers, both immediately after the program and one year later.

- **Family involvement in learning at home and school is amenable to change.**

  For the purpose of this brief, "family involvement" refers to parents' efforts to support children's learning and development in the home as well as to parent participation and relationships with the school. Our review shows that family involvement within the home is responsive to intervention. Programs increased parents' desire and ability to talk with children about school, strengthened their confidence in helping children in academic activities such as homework, and raised hopes and expectations for children's futures as learners.

MAJOR OBJECTIVES OF THE NCPTA PARENT INVOLVEMENT INITIATIVE

- Increase the number of intensive, effective, and inspirational parent/family involvement programs and events at assigned schools
- Reach out to and utilize community leaders and resources to increase the level of parent/family involvement with parents that do not regularly (if at all) attend local PTA meetings and other parent events related to the success of their child's education
- Establish and continue regular and relevant communications with all parents at assigned schools regarding issues related to enhanced parent involvement and their children's educational success
- Gather, organize, and analyze data regarding the status of parent/family involvement and needs of parents/families at assigned schools
- Develop active local PTAs at assigned schools with focus on improving education
- Work with school leaders and parents to develop an effective family involvement policy
- Help teachers learn how to effectively work with parents to improve their children's education. Increase number and quality of parent and teacher conferences
- Become familiar with, gather, and utilize resources available regarding national best practices models.

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Parent Involvement Initiative

2008-2009 ACTIVITIES

- NCPTA Parent Involvement Initiative highlighted in report by Appleseed, a national nonprofit focused on education improvement
- NCPTA partnered with community organizations to present a Title I Summit on parent involvement with Dr. Karen Mapp
- Regional coordinators interviewed superintendents, principals, teachers, and parents at identified schools.
- Regional coordinators compiled information for school profiles on level of parent involvement in the schools.
- Regional coordinators compiled list of community leaders and faith-based leaders and met with these leaders.
- Regional coordinators held parent involvement events at assigned schools and community workshops for parents
- Regional coordinators met with individual parents to discuss ways to be more involved in their children's education
- Regional coordinators distributed parent surveys to determine parent needs from the school and parent involvement initiative
- Regional coordinators worked with NCPTA home visit team managers to put together home visit teams and conduct home visits
- Emerging Leaders Conference held February 7th
- Regional coordinator in Anson County developed a countywide Education Collaborative made up of key education and community stakeholder organizations
- Regional coordinator organized parent clubs in Cumberland and Hoke County, including parent clubs focused on parents of students who speak English as their second language
- Parent resource centers opened in Hoke County
- Regional coordinator in Forsyth County partnered with community organizations to bring science related workshops to students and families
- New PTA's established in Forsyth and Anson Counties
- Expansion of informative parent involvement information on NCPTA website. The NCPTA website receives over 6,000 hits per day
- NCPTA can reach over 160,000 parents and caregivers via e-mail
- NCPTA President received the NCAAHPERD Advocacy Award
- Parent Education Conference held April 24th and 25th

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Parent Involvement Initiative

NCPTA Emerging Leaders Conference

Wake Technical Community College Conference Center

Agenda

8:00 - 8:45 a.m.	Registration / light morning snack & beverages	
8:45 - 8:55 a.m.	Welcome	
8:55 – 9:20 a.m.	Opening remarks, Byron Garrett, National PTA CEO	
9:20 – 9:30 a.m.	Break	
9:45 -10:30 a.m.	**Workshops Session 1**	
	1) Get MORE Involved! Men Organized to Raise Engagement	Room 250
	2) Supporting Social-Emotional Success in Gifted Children	Room 251
10:30 – 10:45 a.m.	Break	
10:45 – 11:45 a.m.	**Workshops Session 2**	
	1) Town Hall Discussion with the National PTA CEO	Room 250
	2) Parental Involvement in In-School Prevention of Obesity and Disease	Room 251
11:45 – 12:30 p.m.	Lunch/Speakers: Bryan Davis NFL All Pro Dads Chuck Saylors, NPTA President Elect	
12:45 – 1:45 p.m.	**Workshops Session 3**	
	1) What is the NC Parent Information and Resource Center and how can it work for you?	Room 250
	2) Informed Effective Parents	Room 251
2:00 – 3:00 p.m.	**Workshops Session 4**	
	1) Healthy Schools	Room 251
	2) Reaching Out to Dads: Helping Dads Get into the Game	Room 250
3:10 – 3:30 p.m.	Q&A with Chuck Saylors and Byron Garrett	
3:30 – 3:45 p.m.	Closing remarks	

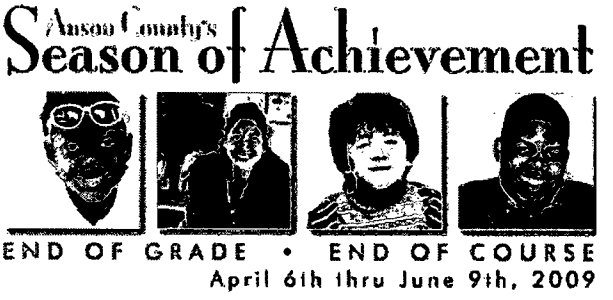
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Parent Involvement Initiative

Article Highlighting NCPTA Parent Involvement Initiative's Efforts

Local News

The Season Of Achievement Initiative Begins Push For Student Success



An initiative to improve student achievement in Anson County is receiving eager endorsements throughout the community. The plan is to encourage students to get serious about the upcoming End of Grade and End of Class tests.

According to Kim Graham of the North Carolina PTA, the initiative began with an idea conceived during a meeting which included Anson Middle School Principal, Howard McLean and PTA Founder and President Vicky Isaac-Cooke. "After we had a very inspiring discussion on ways to motivate the students at the middle school to get excited about improving their test scores, we decided perhaps all students in the system should have this opportunity," she said.

The idea has become what is known as the Season of Achievement--an initiative to use the period from April 6 to June 9, 2009 to encourage community support for positive educational outcomes for all youth in Anson County. According to Graham over 400 letters have been sent out to community leaders, churches and businesses. "The hope is to get the whole community behind this effort," she said. After receiving a response from the letters, a packet will be sent out to supporters of the effort which includes flyers, table tents, etc. to help promote the effort.

A kick-off event is planned for Saturday, May 16 from 10:00 a.m. to 2:00 p.m. at the Lockhart Taylor Center. This event's purpose is to boost excitement and awareness of the Season to Achieve initiative. It will include youth entertainment, recreation, refreshments and information vendors. On Saturday, June 20th a celebratory event is being planned to recognize the success of the venture.

The initiative has received unanimous support from the Anson County School Board, the Anson County Board of Commissioners and all Town Councils it has been presented to. They have pledged their support through a resolution presented by the North Carolina Parent Teacher Association (PTA), North Carolina Parent Information Resource Center (PIRC) and the local sponsors which include the Anson

County NAACP, the Anson County Partnership for Children and HOLLA!

The full text of the resolution adopted by the various governing bodies follows:

Whereas the Anson County Board of Commissioners seeks to encourage community support for positive educational outcomes for all youth in Anson County; and

Whereas the Anson County Board of Commissioners affirms the NC PTA's founding principle "to bring into closer relation the home and the school, that parents and teachers may cooperate intelligently in the education of children and youth"; and

Whereas the Anson County Board of Commissioners affirms that strong parental involvement is an essential component of a child's education and development; and

Whereas the Anson County Board of Commissioners supports the efforts of the NC PTA's Parent Involvement Initiative, NC PIRC and all community organizations who promote high social, emotional and academic achievement for youth in Anson County; and therefore be it

Resolved that the Anson County Board of Commissioners encourages all members of Anson County to declare their desire to support and strengthen student learning with policies, programs, and campaigns; and be it further

Resolved, that the period from April 6, 2009 to June 9, 2009 is set aside in all of Anson County as the "Season of Achievement" to encourage parental involvement and high academic achievement for students during in-school and out-of-school times.

A wealth of useful information and assistance can be obtained online:

Sample Tests for Math EOG http://www.ncpublicschools.org/accountability/testing/eog/sampleitems/math

Sample Tests for Reading Comprehension EOG
http://www.ncpublicschools.org/accountability/testing/eog/sampleitems/reading

Sample High School Comprehensive Test (Grade 10)
http://www.ncpublicschools.org/accountability/testing/highschoolcomprehensive/

Citizens wishing more information or who desire to get directly involved in the effort can do so by calling 704.694.3552 or by emailing Ansonachieve@wadesboro.com .

Article found at www.wadesboro.com

TEACH FOR AMERICA

MISSION STATEMENT

Teach For America's mission is to build the movement to eliminate educational inequity by enlisting our nation's most promising future leaders in the effort. We do this by building a 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.

OUR IMPACT ON STUDENT ACHEIVEMENT

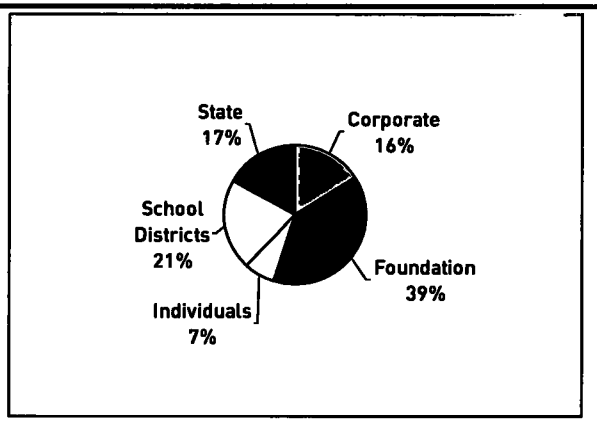
- In March 2008, the Urban Institute released a study of North Carolina student achievement data, which found that the effect of a Teach For America teacher in a high school classroom is **three times** the effect of a non-Teach For America teacher.
- Last year, Teach For America alumni were named **Granville County Teacher of the Year** and **Wake County Teacher of the Year.**
- A Teach For America teacher has been named **Charlotte-Mecklenburg Schools' Outstanding First Year Teacher every year since we began placing teachers in Charlotte in 2004.**

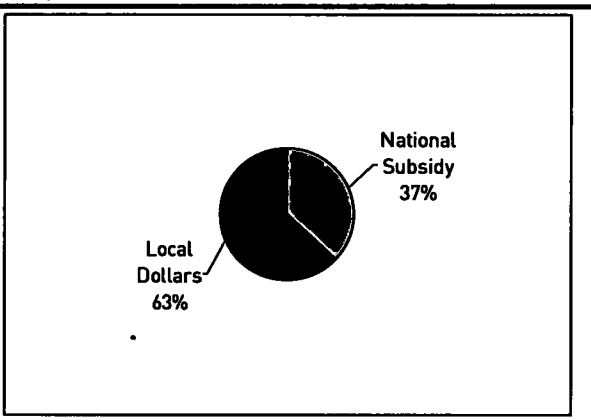
Size and Scale in North Carolina: 2008-09			
	Number of Teachers	**Students Impacted**	**Number of Schools**
Charlotte	208	12,896	53
Durham and Eastern North Carolina	157	9,734	46

RETURN ON NORTH CAROLINA'S INVESTMENT

- Teach For America received a $950,000 appropriation in the 2008-09 state budget. If funding is renewed at this level, it will be leveraged 7 to 1. The state's $2,380 investment per corps member will be matched with $16,878 to cover the costs of **recruiting, training and supporting each teacher.**
- A decrease in our appropriation will have a significant impact on our ability to grow our scale and impact.

SUMMARY OF TEACH FOR AMERICA FUNDRAISING IN NORTH CAROLINA – FY08





Attachment 10

TEACH FOR AMERICA PLACEMENT SCHOOLS
EASTERN NORTH CAROLINA

Durham Public Schools
Bethesda Elementary
C. C. Spaulding Elementary
Eastway Elementary
Fayetteville Street Elementary
Githens Middle
Glenn Elementary
Hillside High
Neal Middle
Southern High

Franklin County Schools
Louisburg High

Granville County Schools
Creedmoor Elementary
Mary Potter Middle
Webb High

Halifax County Schools
Aurelian Springs Elementary
Enfield Middle
Northwest Halifax High
Southeast Halifax High
School of Ecology

Johnston County Schools
Corinth Holders Elementary
Wilson's Mills Elementary

2009-10 Expansion Districts:
Bertie County Schools
Edgecombe County Schools

Nash-Rocky Mount Public Schools
D. S. Johnson Elementary
O. R. Pope Elementary
Southern Nash Middle

Northampton County Schools
Conway Middle
Gaston Middle
Northampton County High – East
Northampton County High – West

Vance County Schools
Clark Street Elementary
Eaton Johnson Middle
Henderson Middle
Northern Vance High
Pinkston Street Elementary
Southern Vance High

Warren County Schools
New Tech High
Northside Elementary
South Warren Elementary
Warren County High
Warren County Middle

Weldon City Schools
Weldon Elementary
Weldon Middle
Weldon High

TEACH FOR AMERICA PLACEMENT SCHOOLS
CHARLOTTE

Elementary
Albemarle Road
Allenbrook
Ashley Park
Barringer
Briarwood
Devonshire
Eastway
First Ward
Hickory Grove
Hornets Nest
Huntingtowne Farms
Idlewilde
Irwin Avenue
J. H. Gunn
Joseph W. Grier
Montclaire
Nathaniel Alexander
Nations Ford
Newell
Oakdale
Pinewood
Piney Grove
Reid Park
Shamrock Gardens
Statesville Road
Thomasboro
University Park
Walter G. Byers
Whitewater
Winterfield
Windsor Park

Middle
Bishop Spaugh
Cochrane
Coulwood
James Martin
J. T. Williams
Kennedy
Martin Luther King
McClintock
Northridge
Quail Hollow
Randolph
Ranson
Wilson

High
Garinger
Harding
Independence
Olympic
Phillip O. Berry
Vance
Waddell
West Charlotte
West Mecklenburg

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 5, 2009 after Session

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Alan B. Teasley	NC Network, PMB 318, 514 Daniels St, Raleigh, NC 27605
ERin OSMAND	TEACH FOR AMERICA
Debra Horton	NCPTA
[illegible]	NCPTA
Joan Adams	Rep Blackwell
Lina Dunford	N.C. Teacher Cadet Program
Chuck Hawkins	NCCAT
Mary McAuliffe	NCCAT
Deb Yoder	NCLC
Cynthia Chamblee	NCLC
[illegible]	WCPSS

VISITOR REGISTRATION SHEET

Hse. Approp - Ed. 5-5-09

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Sam Houston	NCSMT
JASON PAINTER	NC SCIENCE OLYMPIAD
Kelly Fair	NC Science Olympiad
Pamela Gilchrist	The Science House - NCSU
Karen Gare	NBPTS
Katie O'Neal	All Kinds of Minds
John D. Deming	All Kinds of Minds
Kendall Jorden	Public School Forum of NC
Tom Williams	NCSMT
[illegible]	GOV. OFF

House Pages

Approp Education
Name of Committee: Afternoon Date: 05/05/09

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: Marina Parrish

2. Name: Earl Coker

3. Name: Jerald Perry

4. Name: Bob Ross

Forrest Gilliam (Rep. Rapp)

From: Forrest Gilliam (Rep. Rapp)
Sent: Monday, May 11, 2009 8:48 PM
To: Rep. Thom Tillis; Rep. Julia Howard; Rep. William Wainwright
Cc: Carol Wakely (Rep. Tillis); Renee Weaver (Rep. Howard); Blinda Edwards (Rep. Wainwright)
Subject: Meeting Notice - May 12 Appropriations Subcommittee on Education

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Tuesday, May 12, 2009**

TIME: **8:30 AM**

LOCATION: **421 LOB**

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 817	Establish NC Financial Literacy Council	Representative Tillis Representative Glazier Representative Howard Representative Wainwright

Respectfully,
Representative McLawhorn
Representative Rapp
Representative Glazier
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **8:45 PM** on **May 11, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

05/12/2009

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, May 12, 2009, 8:30 AM

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building at 8:35 a.m. on Tuesday, May 12, 2009. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn and Rapp, Co-Chairs, Representatives Johnson, Tarleton, and Blackwell. Members of the Fiscal Research Division Education Team were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted the meeting.

The Chair recognized Representative Tillis, who presented H817, an act to establish a Financial Literacy Council to coordinate and expand the statewide delivery of financial education for all North Carolinians. A copy of the bill is included as Attachment #1.

After brief discussion, Representative Tarleton moved for a favorable report to the original bill. The motion passed by a voice vote.

With there being no further business, the meeting adjourned at 8:39 a.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

HOUSE BILL 817*

Short Title:	Establish NC Financial Literacy Council.	(Public)
Sponsors:	Representatives Tillis, Glazier, Howard, Wainwright (Primary Sponsors); Brubaker, Bryant, Carney, Cotham, Dollar, Faison, Fisher, Guice, Hall, Harrison, Holliman, Hughes, Insko, Jones, Justice, Killian, Lucas, McComas, McGee, Neumann, Stam, and Steen.	
Referred to:	Education, if favorable, Appropriations.	

March 30, 2009

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A FINANCIAL LITERACY COUNCIL TO COORDINATE AND EXPAND THE STATEWIDE DELIVERY OF FINANCIAL EDUCATION FOR ALL NORTH CAROLINIANS.

Whereas, The $kill Set Survey conducted through the Office of the State Treasurer found seventh graders failed in their knowledge of basic financial concepts; and

Whereas, the North Carolina Jump$tart Coalition's biannual survey of high schoolers found that North Carolina's young people understand less about financial concepts and the functioning of the economy than was the case two years previously; and

Whereas, nearly three million households in North Carolina do not have relationships with mainstream financial institutions that provide opportunities to save and access other financial services; and

Whereas, more than a quarter of all North Carolina households with children do not have enough money saved to weather a loss of earned income for three months; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 114 of the General Statutes is amended by adding a new Article to read:

"Article 8.

"Financial Literacy Council.

"**§ 114-50. Financial Literacy Council established.**

There is established within the Department of Justice the North Carolina Financial Literacy Council (Council). The Council shall monitor and assist the Department of Public Instruction in the coordination of statewide delivery of financial education within the public school system, shall identify programs designed to increase the financial literacy of North Carolinians outside the public school system, and shall work to expand access to financial education resources and programs in communities across North Carolina.

"**§ 114-51. Membership; terms.**

(a) The Council shall consist of 18 members appointed by and serving at the pleasure of the Governor. The Governor shall designate a chair from among the members of the Council. Membership shall be as follows:

(1) Ten members from government agencies with responsibility for programming and services related to financial education, financial services,

and related economic stability efforts. At least one representative shall come from each of the following government agencies:

a. Community College System.
b. Department of Commerce.
c. Department of Justice.
d. Department of Labor.
e. Department of Public Instruction.
f. Department of the Secretary of State.
g. Department of the State Treasurer.
h. Office of the Commissioner of Banks.
i. The University of North Carolina.

(2) Two public members with experience in the financial services industry.

(3) Two public members who represent employers with experience in providing financial education to their employees.

(4) Four public members with experience in consumer advocacy or nonprofit financial education.

(b) Members of the Council shall be appointed for terms of three years. Members shall serve until their successors are appointed and qualified.

"**§ 114-52. Department of Justice to support.**

The Department of Justice shall provide administrative and staff support to the Council.

"**§ 114-53. Frequency of meetings.**

The Council shall meet at least quarterly.

"**§ 114-54. Duties.**

The Council shall conduct the following activities:

(1) Study and document current financial education programs in North Carolina and best practices across the country.

(2) Coordinate activities related to financial education and asset building that occur within various government agencies, private enterprise, and the nonprofit sector to ensure dissemination of resources and information to households across the State.

(3) Propose public and private policy, organizational changes, and systemic changes to ensure all North Carolinians have access to training about necessary financial skills and experience with financial services.

(4) Consider and make recommendations specifically to address the following issues:

a. Current personal financial literacy programming in the public schools and how to integrate financial education in K-12 to ensure that young people are prepared for financial success.
b. Unique financial issues facing students in higher education through the community college and public university systems.
c. Creation and access to financial products that provide hands-on learning of financial skills.

(5) Monitor the outcomes of financial education programs, focusing specifically on the following indicators: improved financial knowledge, improved financial behaviors, and increased access to and use of affordable financial services.

(6) Use the talents, expertise, and resources within the State, especially those of the public schools, community colleges, and State university system, as well as the bank and credit union industries, in furtherance of its mission.

(7) Report to the General Assembly and the Governor annually on the performance of its prescribed duties and on the financial education activities conducted by State agencies and their impact.

"**§ 114-55. State officers, etc., upon request, to furnish data and information to the Council.**

Except as provided in G.S. 105-259, all officers, agents, agencies, and departments of the State are required to give to the Council, upon request, all information and all data within their possession or ascertainable from their records."

SECTION 2. This act is effective when it becomes law.

2009 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) Glazier, McLawhorn, Rapp (Chairs) for the Appropriations Subcommittee on Education.

☐Committee Substitute for
HB 817 A BILL TO BE ENTITLED AN ACT TO ESTABLISH A FINANCIAL LITERACY COUNCIL TO COORDINATE AND EXPAND THE STATEWIDE DELIVERY OF FINANCIAL EDUCATION FOR ALL NORTH CAROLINIANS.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:
Representative Michaux, Adams, Alexander, Crawford, Haire, Jeffus, Tolson, Yongue (Chairs) for the Standing Committee on Appropriations.

s/ _____

s/ _____

s/ _____

☒With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.

VISITOR REGISTRATION SHEET

APPR Ed House — 5-12-09

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Meredith Henderson	CIW
Pam Morris	Public School Forum of NC
Ann Maddock	Governor's Office
Chuck Berry	Noahwilk
CBrockett	ncsba

House Pages

HOUSE APPR ED

Name of Committee: _____ **Date**: 5-12-09

1. Name: Ryan McMillan

   County: Wake

   Sponsor: Joe Hackney

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

Sgt-At-Arms

ame: CHARLES WILLIAMS

2. Name: EARL COKER

3. Name: _____

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, May 20, 2009**

TIME: **8:30 AM**

LOCATION: **421 LOB**

The following bills will be considered:
Budget Reduction Options

Respectfully,
Representative Glazier
Representative McLawhorn
Representative Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **3:30 PM** on **May 18, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

TIME CHANGE!

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, May 20, 2009**

TIME: ~~**8:30 AM**~~
IMMEDIATELY AFTER SESSION

LOCATION: **421 LOB**

The following bills will be considered:
Agenda will be provided at the meeting

Respectfully,
Representative Glazier
Representative McLawhorn
Representative Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **3:30 PM** on **May 18, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

MINUTES
JOINT APPROPRIATION
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Wednesday, May 20, 2009, 3:35 p.m.

The House Appropriation Subcommittee on Education met on Wednesday, May 20, 2009, in Room 421 of the Legislative Building at 3:35 p.m. Representative Rick Glazier, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley. Members of the Education Fiscal Research Division were also in attendance. The following are attached and made part of these minutes: House Page Roster and Visitor Registration Sheet.

Chairman Glazier called the meeting to order and welcomed everyone. Chairman Glazier briefly introduced the subject matter to be covered during the committee meeting (*See* ATTACHMENT #1) and recognized the Pages and the Sergeant of Arms staff in attendance.

Chairman Glazier recognized **Andrea Poole, Fiscal Research Division,** to present an overview of the Education Subcommittee's Targets and Availability. A copy of the presentation is attached and made part of these minutes (*See* ATTACHMENT #2). Highlight included:

- Continuation Budget, General Fund Targets, ESF Availability and Total Spending Availability
- Dollar amount reductions from the Continuation Budget to Total Spending
- Percentage reductions from Continuation Budget to Total Spending
- Proportional reductions from the Continuation Budget to Total Spending regarding Public Schools, the Community Colleges and the UNC System.

Following the presentation, there were no questions or discussion.

Chairman Glazier recognized **Kristopher Nordstrom, Fiscal Research Division,** to give a presentation on the Education Stabilization Fund and the 2009-2011 Budget Process. A copy of the presentation is attached and made part of these minutes (*See* ATTACHMENT #3). Highlight included:

- Governor's 2008-2009 use of State Fiscal Stabilization Fund (SFSF)
- How General Fund Targets relate to required Maintenance of Effort (MOE) levels
    - Decisions that the General Assembly controls
    - Budgeting constraints imposed by federal guidelines

Following the presentation, there were no questions or discussion.

Chairman Glazier made a presentation on the line item rollout of the Education Budget for the Public Schools and Community Colleges. A copy of the presentation is attached and made part of these minutes (*See* ATTACHMENT #4). Highlight included:

- An explanation of the criteria for making the reductions
- Line by line explanation of the proposed reductions for the Public Schools and Community Colleges
- Line by line explanation of the proposed expansions for the Public Schools and Community Colleges

Following the presentation, there were no questions or discussion.

Due to time, the line item rollout for the UNC System was postponed until Thursday, May 21, 2009. The meeting adjourned at 4:50 p.m.

Respectfully submitted,

Representative Rick Glazier
Chair

Carin Savel
Committee Assistant

Attachment # 1

House Appropriations Subcommittee on Education

Agenda

Wednesday May 20, 2009, After Session
Room 421, Legislative Office Building
Representative Rick Glazier, Presiding

I. Welcome

Rep. Rick Glazier

II. Discussion of Committee Budget Target

Andrea Poole, Fiscal Research

III. Discussion of Education Stabilization Fund

Kristopher Nordstrom, Fiscal Research

IV. Discussion of Budget Options

Rep. Rick Glazier

V. Committee Questions & Discussion

VI. Adjourn

House Appropriations Subcommittee on Education
Rep. McLawhorn (Chair)
Rep. Glazier (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Education Subcommittee Target and Availability

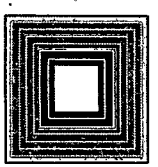
	FY 2009-10	FY 2010-11
Continuation Budget	12,344,098,234	12,573,704,392
General Fund Target	10,503,395,123	10,343,395,123
ESF Availability	467,570,877	467,570,877
Total Spending Available	10,970,966,000	10,810,966,000
$ Reduction from Continuation Budget to Total Spending	(1,373,132,234)	(1,762,738,392)
% Reduction from Continuation Budget to Total Spending	-11.1%	-14.0%
Proportional Reduction from Continuation Budget to Total Spending		
Public Schools	($917,194,957)	($1,171,840,380)
Community Colleges	($119,310,621)	($156,179,236)
UNC System	($336,626,657)	($434,718,775)
	($1,373,132,234)	($1,762,738,392)

Attachment # 2

Education Stabilization Fund and the 09-11 Budget Process

Kristopher Nordstrom
Fiscal Research Division

Attachment #3



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Overview

Key Takeaways

- Governor's 08-09 use of State Fiscal Stabilization Fund (SFSF)
- How General Fund Targets relate to required Maintenance of Effort (MOE) levels
- Budgeting the Education Stabilization Funds (ESF)
  - Decisions that the General Assembly controls
  - Budgeting constraints imposed by federal guidelines

Governor's 08-09 use of State Fiscal Stabilization Fund

Overview of State Fiscal Stabilization Fund

State Fiscal Stabilization Fund - Estimated North Carolina Distributions	
Education Stabilization Fund (81.8%)	$1,161,931,564
Government Services Fund (18.2%)	$258,522,671
Total	**$1,420,454,235**

Source: US Department of Education

- Two installments:
  - 67% within two weeks of USED receipt of an approvable SFSF application
  - 33% after approval of the State's plan detailing its strategies for addressing the education reform objectives described in the assurances (sometime after 7/1/09)

State Fiscal Stabilization Fund Usage in 08-09

- Governor is planning to use $400 million of SFSF to meet 08-09 budget shortfall

	Total	June Distribution (67%)	Governor's 08-09 Use	Net Availability 09-11 Biennium	Annual Availability
Education Stabilization Fund (ESF)	$1,161,931,564	$778,494,148	$226,789,810	$935,141,754	$467,570,877
Government Services Fund (GSF)	$258,522,671	$173,210,190	$173,210,190	$85,312,481	$42,656,241
Total SFSF	**$1,420,454,235**	**$951,704,337**	**$400,000,000**	**$1,020,454,235**	**$510,227,118**

- Education Stabilization Fund (ESF)
  - Unclear how Governor will use in 08-09
  - Remainder ($935 million) appropriated by Ed. Subcommittee over the 09-11 biennium
- Government Services Fund (GSF)
  - Remainder ($85 million) appropriated by JPS Subcommittee over the 09-11 biennium

State Fiscal Stabilization Fund Maintenance of Effort

SFSF Maintenance of Effort

- **SFSF MOE requirement**: maintain State education funding above 05-06 levels

House Targets and MOE Requirements: FY 2009-10

	2005-06 Expended Appropriation	2009-10 General Fund Targets*	2009-10 Excluded Budget Items	2009-10 State Support	2009-10 MOE Cushion
K12	6,954,242,208	7,015,829,062	-103,009,104	7,118,838,166	164,595,958
NCCCS	774,265,875	912,633,584	28,961,196	883,672,388	109,406,513
UNC	1,853,325,862	2,574,932,478	429,182,961	2,145,749,517	292,423,655
TOTAL	**9,581,833,945**	**10,503,395,123**	**355,135,053**	**10,148,260,070**	**566,426,125**

NOTE: There are no agency-specific targets. Analysis assumes agency targets based on agency share of Continuation Budget.

- If 09-10 General Fund Target apportioned based on 09-10 Continuation Budget percentages, all three satisfy MOE

SFSF Maintenance of Effort

- **SFSF MOE requirement**: maintain State education funding above 05-06 levels

House Targets and MOE Requirements: FY 2010-11

	2005-06 Expended Appropriation	2010-11 General Fund Targets	2010-11 Excluded Budget Items	2010-11 State Support	2010-11 MOE Cushion
K12	6,954,242,208	6,876,124,178	-102,330,734	6,978,454,912	24,212,704
NCCCS	774,265,875	916,428,415	28,980,973	887,447,442	113,181,567
UNC	1,853,325,862	2,550,842,530	429,191,475	2,121,651,055	268,325,193
TOTAL	**9,581,833,945**	**10,343,395,123**	**355,841,714**	**9,987,553,409**	**405,719,464**

NOTE: There are no agency-specific targets. Analysis assumes agency targets based on agency share of Continuation Budget.

- If 10-11 General Fund Target apportioned based on 10-11 Continuation Budget percentages, all three satisfy MOE...***barely***
  - Public Schools exceed 05-06 by only $24 million

SFSF Maintenance of Effort

MOE Takeaways

- Can also look at MOE on a per student basis
  - But you don't want to
- Assumes that there are no pay cuts
  - Each 1% pay cut would reduce agency budgets approximately
    - K-12: $61.3 million
    - CCs: $9.0 million
    - UNC: $23.5 million
- MOE will need to be monitored very closely as proposals are made

Budgeting the Education Stabilization Fund

Budgeting the ESF

Budgeting the ESF Takeaways

- There will be two rounds of cuts
  - Recurring cuts to meet Total Spending Target
  - Additional nonrecurring cuts to meet General Fund Target
- Allocation of ESF between Public Schools and Higher Ed determined by
  - Federal guidance
  - General Fund appropriations
- GA authority over LEA and IHE use of ESF funds
- How to show ESF within budget Committee Report

Budgeting the ESF

Overview

	2009-10	2010-11
Cont. Budget	**$12,344,098,234**	**$12,573,704,392**
GF Target	$10,503,395,123	$10,343,395,123
ESF Availability	$467,570,877	$467,570,877
Total Spending	**$10,970,966,000**	**$10,810,966,000**

- Two rounds of cuts:
  - Recurring cuts to reach "Total Spending" level
  - Nonrecurring cuts to reach General Fund Target

Budgeting the ESF

Determining Allocations of ESF Between Agencies

- Allocation of ESF between Public Schools and Higher Ed determined by
  - Federal guidance
  - General Fund appropriations
- If shortfall, State must use ESF to support public schools and higher ed. "in proportion to their relative shortfall"

	"Fully-Funded Level" (higher of 07-08 or 08-09)	2009-10 State Support	2009-10 Shortfall	2009-10 Share of Shortfall	2009-10 Calculated Distribution
K12	8,375,931,203	7,118,838,166	1,257,093,037	83%	774,930,320
NCCCS	937,591,478	883,672,388	53,919,090	4%	33,238,222
UNC	2,351,725,636	2,145,749,517	205,976,119	14%	126,973,212
TOTAL	**11,665,248,317**	**10,148,260,070**	**1,516,988,247**	**100%**	**935,141,754**

Budgeting the ESF

Determining Allocations of ESF Between Agencies

	"Fully-Funded Level" (higher of 07-08 or 08-09)	2009-10 State Support	2009-10 Shortfall	2009-10 Share of Shortfall	2009-10 Calculated Distribution
K12	8,375,931,203	7,118,838,166	1,257,093,037	83%	774,930,320
NCCCS	937,591,478	883,672,388	53,919,090	4%	33,238,222
UNC	2,351,725,636	2,145,749,517	205,976,119	14%	126,973,212
TOTAL	**11,665,248,317**	**10,148,260,070**	**1,516,988,247**	**100%**	**935,141,754**

- As GA changes 09-10 State Support, 09-10 Share of Shortfall will also change
- Can look at NCCCS and UNC separately or combined
- GA will appropriate the calculated amounts over the biennium

Budgeting the ESF

General Assembly Authority – LEAs

- The General Assembly
  - Can *recommend* uses, but cannot *mandate* uses
- The LEA determines
  - When to expend ESF funds (must be obligated by 9/30/11)
  - What to spend it on (anything permitted under Federal Impact Aid program)

Budgeting the ESF

General Assembly Authority – IHEs

- The General Assembly determines
  - How funds are distributed between IHEs
  - When they have to spend the money
  - What they can spend the money on
- The IHE determines
  - How to spend (and monitor) funds within federal and General Assembly guidelines
- Takeaway: GA can be more proscriptive with IHE usage than with LEA usage

Budgeting the ESF

ESF Committee Report Language

- For each section of Education Budget, separate section for "ESF cuts"
  - Show one or more nonrecurring "ESF cuts" that show how ESF is being appropriated
  - Explicitly state General Assembly intent on usage (non-binding for LEAs)

Budgeting the ESF

ESF Committee Report Language – Public Schools

- GA has to distribute ESF via "primary funding formulae"
- "Primary funding formulae" defined by State application
  - Does not include formulae that only go to select LEAs (Low Wealth, Small County)

Budgeting the ESF

ESF Committee Report Language – Public Schools

Public Education

	FY 09-10	FY 10-11
Adjusted Continuation Budget	**$8,245,341,827**	**$8,358,798,223**
Legislative Changes		
Application of Education Stabilization Fund		
1 General Fund Reduction to Primary Funding Formulae	($387,465,160) **NR**	($387,465,160) **NR**

Temporarily reduces the State's primarily funding formulae, as defined by the provision in Section 7.X of the budget bill, on a nonrecurring basis for both years of the biennium. This reduction will be off-set by the appropriation of the Education Stabilization Fund. It is the General Assembly's intent that LEAs utilize ESF monies to minimize disruption to classroom instruction over the biennium.

- Two-year, nonrecurring cut
- Nonbinding language stating GA intent

Budgeting the ESF

ESF Committee Report Language – Higher Ed

- GA can distribute ESF however it chooses
  - Additional NR "management flexibility" cuts
  - NR cuts to specific programs
  - NR cuts to specific institutions

Budgeting the ESF

ESF Committee Report Language – Higher Ed

UNC System

	FY 09-10	FY 10-11
Adjusted Continuation Budget	**$3,026,185,255**	**$3,100,871,575**
Legislative Changes		
Application of Education Stabilization Fund		
1 General Fund Management Flexibility Reduction	($63,486,606) **NR**	($63,486,606) **NR**
Provides a two-year, nonrecurring management flexibility reduction. This reduction will be off-set by the appropriation of the Education Stabilization Fund.		

- Two-year, nonrecurring cut
- Rather than management flexibility, could also name specific programs or initiatives

Budgeting the ESF

Budgeting the ESF Takeaways

- There will be two rounds of cuts
  - Recurring cuts to meet Total Spending Target
  - Additional nonrecurring cuts to meet General Fund Target
- Allocation of ESF between Public Schools and Higher Ed determined by
  - Federal guidance
  - General Fund appropriations
- GA authority over LEA and IHE use of ESF funds
- How to show ESF within budget Committee Report

Questions

Education Summary as of 5/20/09

FY 2009-10					
	Continuation	Governor	Senate	Potential House Decisions to Date	House - Continuation
Public Schools	$8,245,341,827	$7,947,740,343	7,629,717,045	7,312,393,871	(932,947,956)
Community Colleges	$1,072,571,152	$1,026,792,328	1,059,888,269	952,200,046	(120,371,106)
UNC	$3,026,185,255	$2,858,118,256	2,991,037,716	2,689,597,599	(336,587,657)
Total	$12,344,098,234	$11,832,650,927	**$11,680,643,030**	$10,954,191,516	($1,389,906,718)
Less Unspecified ESF-Related NR Cuts				($467,570,877)	
Adjusted House Decisions to Date:				$10,486,620,639	
Target				**$10,503,395,123**	
Amount Under/(Over) Target				**$16,774,484**	
% Reduction to General Fund Target				**14.9%**	
% Reduction to Total Spending Amount				**11.1%**	

FY 2010-11					
	Continuation	Governor	Senate	Potential House Decisions to Date	House - Continuation
Public Schools	$8,358,798,223	$8,109,136,300	7,784,909,413	7,284,741,905	(1,074,056,318)
Community Colleges	$1,114,034,594	$1,068,146,255	1,104,442,194	953,182,175	(160,852,419)
UNC	$3,100,871,575	$2,928,498,331	3,066,568,103	2,666,186,800	(434,684,776)
Total	$12,573,704,392	$12,105,780,886	**$11,955,919,710**	$10,904,110,880	($1,669,593,512)
Less Unspecified ESF-Related NR Cuts				($467,570,877)	
Adjusted House Decisions to Date:				$10,436,540,003	
Target				**$10,343,395,123**	
Amount Under/(Over) Target				**($93,144,880)**	
% Reduction to General Fund Target				**17.7%**	
% Reduction to Total Spending Amount				**14.0%**	

Attachment #4

Education Summary FY 2009-10

GOVERNOR						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Governor's Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(297,601,484)	$7,947,740,343	-3.6%	-4.9%
Community Colleges	$1,016,658,560	$1,072,571,152	(45,778,824)	$1,026,792,328	-4.3%	1.0%
UNC	$2,894,709,782	$3,026,185,255	(168,066,999)	$2,858,118,256	-5.6%	-1.3%
Total	$12,267,313,635	$12,344,098,234	($511,447,307)	$11,832,650,927	-4.1%	-3.5%

SENATE						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(615,624,782)	$7,629,717,045	-7.5%	-8.7%
Community Colleges	$1,016,658,560	$1,072,571,152	(12,682,883)	$1,059,888,269	-1.2%	4.3%
UNC	$2,894,709,782	$3,026,185,255	(35,147,539)	$2,991,037,716	-1.2%	3.3%
Total	$12,267,313,635	$12,344,098,234	($663,455,204)	$11,680,643,030	-5.4%	-4.8%

HOUSE						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(932,947,956)	$7,312,393,871	-11.3%	-12.5%
Community Colleges	$1,016,658,560	$1,072,571,152	(120,371,106)	$952,200,046	-11.2%	-6.3%
UNC	$2,894,709,782	$3,026,185,255	(336,587,657)	$2,689,597,599	-11.1%	-7.1%
Total	$12,267,313,635	$12,344,098,234	($1,389,906,718)	$10,954,191,516	-11.3%	-10.7%

Education Summary FY 2010-11

GOVERNOR				
	FY 2010-11			
	Continuation	Governor's Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(249,661,923)	$8,109,136,300	-3.0%
Community Colleges	$1,114,034,594	(45,888,339)	$1,068,146,255	-4.1%
UNC	$3,100,871,575	(172,373,244)	$2,928,498,331	-5.6%
Total	$12,573,704,392	($467,923,506)	$12,105,780,886	-3.7%

SENATE				
	FY 2010-11			
	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(573,888,810)	$7,784,909,413	-6.9%
Community Colleges	$1,114,034,594	(9,592,400)	$1,104,442,194	-0.9%
UNC	$3,100,871,575	(34,303,472)	$3,066,568,103	-1.1%
Total	$12,573,704,392	($617,784,682)	$11,955,919,710	-4.9%

HOUSE				
	FY 2010-11			
	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(1,074,056,318)	$7,284,741,905	-12.8%
Community Colleges	$1,114,034,594	(160,852,419)	$953,182,175	-14.4%
UNC	$3,100,871,575	(434,684,776)	$2,666,186,800	-14.0%
Total	$12,573,704,392	($1,669,593,512)	$10,904,110,880	-13.3%

Public Sch oll-Up Sheet

		Continuation Budget		Governor				Senate				House			
		FY 2009-10	FY 2010-11	FY 2009-10		FY 2010-11		FY 2009-10		FY 2010-11		FY 2009-10		FY 2010-11	
#	Item											R	NR	R	NR
Adjustments to Continuation Budget															
1	Adjustment to Continuation Budget											(73,903,050)	-	(118,955,313)	-
2	ADM Increases											27,269,605		61,106,959	
Adjustments Subtotal		-	-	-		-		-		-		**(46,633,445)**	-	**(57,848,354)**	-
Reductions															
1	Civil Penalties Receipts	114,038,000	114,038,000	(6,324,790)	R	(6,324,790)	R	(24,508,041)	R/NR	(6,324,790)	R	(6,324,790)	SP for $18m	(6,324,790)	-
2	Financing School Bus Replacement	77,390,884	87,126,917	(7,500,000)	R	(7,500,000)	R	(7,500,000)	R	(7,500,000)	R	(6,347,581)	-	(10,334,288)	-
3	Textbook Freight	217,837	217,837	(217,837)	R	(217,837)	R	(217,837)	R	(217,837)	R	(217,837)	-	(217,837)	-
4	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases			-		-		(10,114,135)	R	(10,114,135)	R	Included in "Adjustment to Continuation Budget"			
5	Information Highway	1,200,000	1,200,000	(1,200,000)	R	(1,200,000)	R	(1,200,000)	R	(1,200,000)	R	(1,200,000)	-	(1,200,000)	-
6	Adjust At-Risk Allotment (for SROs)	226,614,401	227,971,150	(1,202,256)	R	(1,202,256)	R	(1,202,256)	R	(1,202,256)	R	Addressed on line 54			
7	School Technology	10,000,000	10,000,000	(4,000,000)	NR	(4,000,000)	NR	(4,000,000)	NR	(4,000,000)	NR	-	(7,000,000)	-	(7,000,000)
8	Textbooks	109,140,068	115,410,044	(37,977,278)	NR	-		(37,977,278)	NR	-		-	(37,977,278)	-	(60,000,000)
9	NC Wise Owl			(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	-	(500,000)	-
10	Central Office	120,855,235	121,095,235	(6,470,262)	R	(6,470,262)	R	(6,470,262)	R	(6,470,262)	R	(6,470,262)	-	(6,470,262)	-
11	More at Four -5% (R)	86,062,842	86,062,842	(1,010,000)	R	(1,010,000)	R	(86,000,000)	R	(86,000,000)	R	(8,600,000)	-	(8,600,000)	-
12	Senate Management Flexibility Reduction	N/A	N/A	-		-		(9,432,140)	R	(8,782,140)	R	-	-	-	-
13	Testing	16,485,051	17,920,724	(2,000,000)	R	(2,000,000)	R	(3,636,594)	R	(3,636,594)	R	(2,000,000)	-	(2,000,000)	-
14	Focused Education Reform	4,833,728	4,833,728	(483,373)	R	(483,373)	R	(483,373)	R	(483,373)	R	(483,373)	-	(4,833,728)	4,350,355
15	Staff Development	12,557,920	12,619,829	(6,278,960)	NR	(6,278,960)	NR	(6,278,960)	NR	(6,278,960)	NR	-	(12,557,920)	-	(12,557,920)
16	Improving Student Accountability	38,339,798	38,339,798	(38,339,798)	R	(38,339,798)	R	(38,339,798)	R	(38,339,798)	R	(38,339,798)	-	(38,339,798)	-
17	Critical Foreign Language Pilot	500,000	500,000	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	100,000	(500,000)	-
18	Increase Class Size by 2 Students	2,955,374,664	2,984,581,313	-		-		(322,705,848)	R	(322,705,848)	R	(322,705,848)	-	(322,705,848)	-
19	DPI Position Reductions Governor - Not specific Senate - 100 positions in Y1 300 total positions in Y2 House - 52 positions in Y1 (11%) 71 total positions in Y2 (15%)	802.75 total/ 475.5 state	802.75 total/ 475.5 state	(1,998,705)	R	(1,998,705)	R	(5,420,925)	R	(12,648,825)	R	(3,780,553)	-	(5,155,300)	-
20	Membership Dues	1,591,094	1,591,094	(209,238)	R	(209,238)	R	(209,238)	R	(209,238)	R	Included in "Adjustment to Continuation Budget"			
21	Legacy Funds	2,000,000	2,000,000	(2,000,000)	NR	-		senate 2.0m	NR	-		-	(3,000,000)	-	-
22	Agency Operating Reduction	53,137,189	53,137,189	(1,591,552)	R	(1,591,552)	R	(1,591,552)	R	(1,591,552)	R	(2,087,638)	-	(2,846,779)	-
23	Personal Financial Literacy	500,000	500,000	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	-	(500,000)	-
24	Governor's Schools	1,386,607	1,458,704	(59,752)	NR	(789,409)	NR	(59,752)	NR	(439,409)	NR	(75,000)	-	(475,000)	-
25	Passthroughs (10% for all recurring and literacy coach training)	6,141,036	6,141,036	-		-		(614,104)	R	(614,104)	R	See Passthroughs Itemized Below			
26	Communities in Schools	1,607,500	1,607,500									(160,750)		(160,750)	
27	Schools Attuned	820,911	820,911									(820,911)		(820,911)	
28	ExploreNet	400,000	400,000									(300,000)		(300,000)	
29	Teacher Cadet	400,000	400,000									(60,000)		(60,000)	
30	NC Network	312,625	312,625									(312,625)		(312,625)	
31	Science Olympiad	150,000	150,000									(22,500)		(22,500)	
32	Teach for America	950,000	950,000									(50,000)		(50,000)	
33	NC Math & Science	200,000	200,000									(100,000)		(100,000)	
34	Literacy Coaches (Teacher Academy)	1,500,000	1,500,000									(1,500,000)		(1,500,000)	
35	Teacher Academy (Other)	5,556,413	5,556,413									(833,462)		(833,462)	
36	Public School Forum	2,342,705	2,342,705									(234,271)	-	(2,342,705)	2,108,434
37	Project Enlightenment	200,000	200,000									(200,000)		(200,000)	
38	Teaching Fellows Trust Fund	N/A	N/A	(16,500,000)	NR	-		senate 4.5m	NR	-		-	(4,500,000)	-	-
39	Children's Trust Fund	247,500	247,500	(247,500)	R	(247,500)	R	(247,500)	R	(247,500)	R	(247,500)	-	(247,500)	-
40	Redirect Capital Funds (ADM Fund)	N/A	N/A	-		-		(60,500,000)	NR	(64,500,000)	NR	-	(60,500,000)	-	(64,500,000)
41	Truth-in-Budgeting Reform	N/A	N/A	(23,310,334)	R	(23,310,334)	R	-		-					

Public Schools Roll-Up Sheet

#	Item	Continuation Budget FY 2009-10	Continuation Budget FY 2010-11	Governor FY 2009-10		Governor FY 2010-11		Senate FY 2009-10		Senate FY 2010-11		House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
42	LEA Flexibility Reduction	N/A	N/A	(144,000,000)	R	(144,000,000)	R	-		-					
43	Finance Officer Staff Development	64,500	64,500	(64,500)	R	(64,500)	R	-		-		(14,500)	-	(14,500)	-
44	Instructional Materials	88,238,683	94,390,396	(2,565,064)	R	(5,207,207)	R	-		-					
45	Noninstructional Support	403,126,930	406,926,298	(10,305,072)	R	(10,305,072)	R	-		-		(20,156,347)		(20,346,315)	
46	Truth-in-Budgeting Reform (DPI)			(929,001)	R	(929,001)	R	-		-					
47	Eliminate Teacher Assistants in Grade 3	503,837,592	505,965,687									(130,135,446)	-	(130,135,446)	-
48	Instructional Support	357,595,392	360,981,712									(21,506,394)	-	(21,506,394)	-
49	School Building Administration	262,034,980	265,003,158									(17,586,720)	-	(17,586,720)	-
50	Classroom Materials/Supplies	2,955,374,664	2,984,581,313									-	-	-	-
51	Math and Science Salary Supplement	515,000	515,000									(515,115)	-	(515,115)	-
52	Mentor Pay	11,164,616	11,164,616									(2,791,154)	-	(2,791,154)	-
53	Literacy Coaches	12,034,400	12,034,400									(12,034,400)	-	(12,034,400)	-
54	At-risk Student Services	226,614,401	227,971,150									(22,895,155)	-	(22,895,155)	-
55	Limited English Proficient	78,731,314	88,257,897									(1,000,000)	-	(1,000,000)	-
56	Low Wealth	207,499,970	207,499,970									(18,161,868)	-	(18,161,868)	-
57	Small County	45,189,185	45,189,185									(4,518,919)	-	(6,080,361)	-
58	Transportation	388,445,596	410,320,113									(19,422,280)	-	(20,516,006)	-
59	Learn and Earn Online	1,351,752	1,351,752									(1,351,752)	-	(1,351,752)	-
60	Small Specialty Schools	7,239,800	7,239,800									(3,222,496)	-	(3,222,496)	-
61	Child and Family Support Teams	12,521,831	12,521,831									(1,252,183)	-	(1,252,183)	-
62	National Board Application Cost	3,274,500	3,274,500									(3,274,500)	-	(3,274,500)	-
63	Teacher Working Conditions - Fund once every three years	215,000	215,000									-	(215,000)	-	-
64	Shorten School Year - 5 Days in 2009-10 10 Days in 2010-11	N/A	N/A									(100,000,000)	-	(200,000,000)	-
Reductions Subtotal				**(318,285,272)**		**(265,179,794)**		**(630,209,593)**		**(585,006,621)**		**(784,813,928)**	**(125,650,198)**	**(900,638,448)**	**(137,599,131)**
Expansion															
1	Activity Bus Plan	N/A	N/A	-		-		5,000	NR	-		-	-	-	-
2	Tarheel ChalleNGe	N/A	N/A	-		-		1,293,000	NR	1,293,000	NR	1,228,350	-	1,228,350	-
3	Learn and Earn Early College High Schools	18,988,008	18,988,008	3,721,265	R/NR	3,601,265	R	3,721,265	R/NR	3,601,265	R	3,601,265	120,000	3,601,265	-
4	Dropout Prevention Grants	0	0	6,693,060	R	6,693,060	R	1,000,000	NR	1,000,000	NR	14,000,000	-	14,000,000	-
5	NCVPS Virtual Public School	2,700,000	2,700,000	2,000,000	R	2,000,000	R	2,000,000	R	2,000,000	R	2,000,000		2,000,000	
6	Leadership Academy	N/A	N/A	200,000	R	200,000	R	200,000	R	200,000	R	200,000		200,000	
7	Comprehensive School Reform	5,903,120	5,903,120	3,365,546	R/NR	3,023,546	R	3,365,546	R/NR	3,023,546	R	1,000,000	-	1,000,000	-
8	Diagnostic Assessment and Accountability	N/A	N/A	4,703,917	NR	-		3,000,000	NR	-		-	2,000,000	-	-
Expansion Subtotal				**20,683,788**		**15,517,871**		**14,584,811**		**11,117,811**		**22,029,615**	**2,120,000**	**22,029,615**	-
Total Adjustments				**(297,601,484)**		**(249,661,923)**		**(615,624,782)**		**(573,888,810)**		**(809,417,758)**	**(123,530,198)**	**(936,457,187)**	**(137,599,131)**
Continuation Budget				$8,245,341,827		$8,358,798,223		$8,245,341,827		$8,358,798,223			8,245,341,827		8,358,798,223
Total Adjustments				(297,601,484)		(249,661,923)		(615,624,782)		(573,888,810)			(932,947,956)		(1,074,056,318)
Proposed Budget				**$7,947,740,343**		**$8,109,136,300**		**$7,629,717,045**		**$7,784,909,413**			**7,312,393,871**		**7,284,741,905**

Community ges Roll-Up Sheet

#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
Adjustments to Continuation Budget										
1	Adjustment to Continuation Budget	n/a					(67,749,922)		(109,213,360)	
2	Enrollment Growth	47,688,333	500,000 R	500,000 R	10,380,387 R	10,380,387 R	58,068,720	-	99,195,570	-
Adjustments Subtotal			500,000 #	500,000 #	10,380,387 #	10,380,387 #	(9,681,202)		(10,017,790)	
Reductions										
1	Eliminate Vacant Positions 7 positions	236 positions in SO	(523,128) R	(523,128) R	(523,128) R	(523,128) R	(523,128)	-	(523,128)	-
2	Eliminate Filled Positions 12 positions	236 positions in SO	(124,040) R	(124,040) R	(124,040) R	(124,040) R	(835,708)	-	(835,708)	-
3	Move Positions to Receipt Support	236 positions in SO	(85,454) R	(85,454) R	(85,454) R	(85,454) R	(85,454)	-	(85,454)	-
4	Reduce SO Operating Budget	28,961,196	(462,425) R	(462,425) R	(462,425) R	(462,425) R	(952,248)	-	(952,248)	-
5	Reduce 2+2 E-Learning Initiative	1,000,000	(250,000) R	(250,000) R	(140,000) R	(140,000) R	(250,000)	-	(250,000)	-
6	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases - Unemployment Compensation	6,500	-	-	(6,500) R	(6,500) R	Included in Continuation Budget Adjustments			
7	Senate Management Flexibility Reduction - System Office	28,961,196	-	-	(489,823) R	(489,823) R	-	-	-	-
8	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases - State Aid Increases	514,887,284	-	-	(18,543,704) R	(18,543,704) R	Included in Continuation Budget Adjustments			
9	Senate - Management Flexibility - State Aid	1,043,609,956	-	-	(1,023,133) R	(1,023,133) R	-	-	-	-
10	House - Specialized Center Regionalization	2,298,133	-	-	-	-	(1,023,133)	-	(1,023,133)	-
11	Maintenance of Plant Reduction	787,877	(787,877) R	(787,877) R	(787,877) R	(787,877) R	(787,877)	-	(787,877)	-
12	Botanical Lab at FTCC eliminated 100%	300,000	(150,000) R	(150,000) R	(300,000) R	(300,000) R	(300,000)	-	(300,000)	-
13	Community Service Block Grant eliminated 100%	1,066,603	(1,066,603) R	(1,066,603) R	(1,066,603) R	(1,066,603) R	(1,066,603)	-	(1,066,603)	-
14	Baccalaureate Education Attainment Funds eliminated 100%	112,751	(112,751) R	(112,751) R	(112,751) R	(112,751) R	(112,751)	-	(112,751)	-
15	Faculty and Staff Development Funds - 100%	507,068	(507,068) R	(507,068) R	(507,068) R	(507,068) R	(507,068)	-	(507,068)	-
16	Compensatory Education Administration - 100%	1,229,760	(1,229,760) R	(1,229,760) R	(1,229,760) R	(1,229,760) R	(1,229,760)	-	(1,229,760)	-
17	Reduce Supplemental MCC Funds - 13%	14,813,894	(1,896,178) R	(1,896,178) R	(1,036,973) R	(1,036,973) R	(1,896,178)	-	(1,896,178)	-
18	Eliminate OCC Funds Eliminated Off Campus Cntr	1,000,000	(1,000,000) R	(1,000,000) R	(1,000,000) R	(1,000,000) R	(1,000,000)	-	(1,000,000)	-
19	Eliminate One Virtual Learning Community Development Center -24%	850,000	(200,000) R	(200,000) R	(200,000) R	(200,000) R	(200,000)	-	(200,000)	-
20	Reduce Funding for Library Books and Materials -21%	4,324,641	(1,324,641) R	(1,641,456) R	(476,250) R	(793,067) R	(848,391)	-	(848,391)	-
21	Reduce BioNetwork Grants and Marketing Funds -25%	5,762,697	(1,440,675) R	(1,440,675) R	(1,440,675) R	(1,440,675) R	(1,440,675)	-	(1,440,675)	-
22	Eliminate Hearing Impaired Supplemental Funding -100%	190,000	-	-	(190,000) R	(190,000) R	(190,000)	-	(190,000)	-
23	Eliminate Funds for Disadvantaged Nursing Students 100%	80,000	-	-	(80,000) R	(80,000) R	(80,000)	-	(80,000)	-
24	Eliminate Funds for Regional Criminal Justice Coordinators - 100%	430,119	-	-	(430,119) R	(430,119) R	(430,119)	-	(430,119)	-
25	Senate - Eliminate Funds for Regional Fire Training Coordinators - 63% House - Eliminate all but three Fire Coordinators, supervision by System Office	772,293	-	-	(772,293) R	(772,293) R	(489,018)	-	(489,018)	-
26	Eliminate Pass-Through Funds for Public Radio Stations -100%	458,921	-	-	(458,921) R	(458,921) R	(458,921)	-	(458,921)	-
27	Reduce Child Care Grants to FY 2007-08 Actual Expenditures -4%	1,923,016	-	-	(84,801) R	(84,801) R	(84,801)	-	(84,801)	-
28	Restructure ConEd Fee Rates	9,491,506	(9,426,885) R	(9,426,885) R	(9,426,885) R	(9,426,885) R	(9,426,885)	-	(9,426,885)	-
29	Eliminate Senior Citizen Tuition Waiver 100%	1,462,435 waived	-	-	(1,316,192) R	(1,316,192) R	(1,316,192)	-	(1,316,192)	-
30	Eliminate Tuition Waiver for Prisoners 100%	4,832,895 waived	-	-	(4,832,895) R	(4,832,895) R	Included in Minimum Payment in Lieu of Tuition Waiver Below			
31	Prisoner Education Continuation Review						(32,899,715)	32,899,715	(32,899,715)	-
32	Truth-in-Budgeting - SO	28,961,196	(496,323) R	(496,323) R	-	-	-	-	-	-
33	Truth-in-Budgeting - Colleges	1,043,609,956	(18,543,704) R	(18,543,704) R	-	-	-	-	-	-
34	Overrealized Receipts	184,878,574	(3,000,000) R	(3,000,000) R	-	-	-	-	-	-

#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate 010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010 R	House FY 2010 NR
35	Merger of HMHEC	505,834	(505,834) R	(505,834) R	-	-	(505,834)	-	(505,834)	-
36	House - CC Staffing Flexibility (Furloughs for 9 days) Gov - Management Flexibility Reduction - State Aid		(20,930,478) R	(20,930,478) R	-	-	-	(27,000,000)	-	(27,000,000)
37	Minimum Payment in Lieu of Tuition Waiver for: -Public Safety Personnel -Prisoners -Remaining High School Students -Other Populations (excluding HRD) [$25/credit hour (Curriculum) or $25/course (ConEd)]	Estimated 40,541,321 waived					(18,855,923)	-	(18,855,923)	-
38	Eliminate College Transfer Dual Enrollment and Huskins	100%					(17,612,950)	-	(17,612,950)	-
39	Increase Curriculum Tuition by $8/credit hour	$42/credit hour					(30,522,884)	-	(30,522,884)	-
40	Thai Entrepreneurship	221					-	(221)	-	-
41	Reduce Small Business Center Funding (eliminates additional funding for A-B Tech, reduces all colleges by $6,000)	5,756,853					(402,861)	-	(402,861)	-
42	Reduce Customized Training by 9%	12,457,121					(1,121,141)	-	(1,121,141)	-
43	Consolidate 3 Colleges into Others (Pamlico, Montgomery, Tri-County)						-	-	(4,045,230)	-
44	Eliminate Special Allotment Funding (Truck driving, Marine Technology, Heavy Equipment)	1,295,428					(1,295,428)		(1,295,428)	
45	Eliminate 1 Clerical Position from Formula Budget	8 clerical/college					(2,287,752)		(2,287,752)	
	Reductions Subtotal		**(64,063,824)**	**(64,380,639)**	**(47,148,270)**	**(47,465,087)**	**(131,039,398)**	**5,899,494**	**(135,084,629)**	**(27,000,000)**
	Expansion									
1	Enrollment Growth Reserve	n/a	3,000,000 R	3,000,000 R	3,000,000 R	3,000,000 R	-	3,000,000	-	-
2	Allied Health Programs - Additional Faculty	9,600,000	4,835,000 R	5,242,300 R	4,835,000 R	6,242,300 R	-	-	-	-
3	Vocational and Technical Education Programs	1,000,000	3,000,000 R	3,000,000 R	4,500,000 R	4,500,000 R	-	-	-	-
4	Equipment and Technology	+ 31,319,732	5,000,000 R	5,000,000 R	10,000,000 R	12,000,000 R	10,000,000	-	10,000,000	-
5	Military Business Center	1,250,000	1,250,000 R	1,250,000 R	1,250,000 R	1,250,000 R	1,250,000	-	1,250,000	-
6	Senate - $250,000 for Customized Training Program, $250,000 for NC REAL House - NC REAL	12,457,121	-	-	500,000 R	500,000 R	Include special provision to fund $125,000 from existing Customized Training Funding			
7	Fayetteville Tech 3-D Technology	-200K NR	200,000 NR	-	-	-	-	200,000	-	-
8	Restructure Apprenticeship Training Program	-	500,000 R	500,000 R	-	-	-	-	-	-
	Expansion Subtotal		**17,785,000**	**17,992,300**	**24,085,000**	**27,492,300**	**11,250,000**	**3,200,000**	**11,250,000**	
	Total Adjustments		**(45,778,824)**	**(45,888,339)**	**(12,682,883)**	**(9,592,400)**	**(129,470,600)**	**9,099,494**	**(133,852,419)**	**(27,000,000)**
	Continuation Budget		$1,072,571,152	$1,114,034,594	$1,072,571,152	$1,114,034,594		1,072,571,152		1,114,034,594
	Total Adjustments		(45,778,824)	(45,888,339)	(12,682,883)	(9,592,400)		(120,371,106)		(160,852,419)
	Proposed Budget		**$1,026,792,328**	**$1,068,146,255**	**$1,059,888,269**	**$1,104,442,194**		**952,200,046**		**953,182,175**

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#	Item	Continuation Budget	Governor		Senate		House			
			FY 2009-10	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10		FY 2010-11	
							R	NR	R	NR
Adjustments to Continuation Budget										
1	Adjustment to Continuation Budget						(171,869,601)	-	(246,791,153)	-
2	Enrollment Growth						44,197,776	-	44,197,776	-
Adjustments Subtotal			-	-	-	-	**(127,671,825)**	-	**(202,593,377)**	-
Reductions										
1	Management Flexibility Reduction		-	-	(75,436,798) R/NR	(70,066,227) R	(147,261,002)		(153,979,069)	-
2	Eliminate Truth-in-Budgeting-Salary Related Continuation Budget Increases		-	-	(7,757,661) R	(7,741,169) R	Included in Continuation Budget Adjustments			
3	Building Reserve Adjustment for Delays		(2,692,333) NR	(2,256,597) NR	(2,692,333) NR	(2,256,597) NR	Included in Continuation Budget Adjustments			
4	Remove Inflationary Increase for Library Books	65,520,622	(14,129,584) R	(18,411,905) R	(14,129,584) R	(18,411,905) R	Included in Continuation Budget Adjustments			
5	Reduction to Reflect Decrease in Utility Costs (Fuel Oil)	207,700,000	(1,603,910) R	(1,362,610) R	(1,302,965) R	(1,061,665) R	Included in Continuation Budget Adjustments			
6	University Cancer Center Research Fund - Adjust Appropriation for New Tax Projections	25,561,179	(561,179) R	(592,890) R	(561,179) R	(592,890) R	Included in Continuation Budget Adjustments			
7	Reduce Reserve for Online and Distance Education Programs	1,160,014	(112,936) R	(112,936) R	(112,936) R	(112,936) R	(225,872)	-	(225,872)	-
8	Reduce Reserve for IT	935,867	(90,592) R	(90,592) R	(90,592) R	(90,592) R	(150,000)	-	(150,000)	-
9	NR Reduction to Strategic Initiative Reserve	3,300,000	(1,000,000) NR	(1,000,000) NR	(1,000,000) NR	(1,000,000) NR	-	(1,000,000)	-	(1,000,000)
10	Abolish Legislature Schools for Leadership Development	500,000	(500,000) NR	(500,000) NR	(500,000) R	(500,000) R	(500,000)	-	(500,000)	-
11	Redirect Receipts for Operations for UNC (Bowles) Center for Alcohol Studies	537,455	(500,000) R	(500,000) R	(500,000) R	(500,000) R	(537,455)	-	(537,455)	-
12	Eliminate Reserve for Focused Growth-Admin	1,343,002	(1,343,002) R	(1,343,002) R	(1,343,002) R	(1,343,002) R	(1,343,002)	-	(1,343,002)	-
13	Phase Out Tuition Waiver for NCSSM (Senate - starts with current juniors)	3,259,732	(990,619) R	(2,034,190) R	-	(1,000,000) R	Special provision eliminating waiver going forward, but grandfathering in current seniors and juniors			
14	Nurse Educators of Tomorrow	1,674,000	-	-	$1 million Senate NR	- NR	-	(1,000,000)	-	-
15	Future Teachers Scholarship Loan	1,950,000	-	-	(1,000,000) R	(1,000,000) R	(1,267,500)		(1,495,000)	-
16	NCCU Technical Adjustment (Salary)		-	-	-	(36,000) R	Included in Continuation Budget Adjustments			
17	Truth-in-Budgeting -GA		(766,000) R	(766,000) R	-	-	-	-	-	-
18	Truth-in-Budgeting -UNC Campuses		(54,238,000) R	(54,238,000) R	-	-	-	-	-	-
19	Building Reserve Reductions		(4,013,038) R/NR	(10,973,091) R/NR	-	-	-	-	-	-
20	Reduce UNC Hospital Transfer	46,011,882	(10,000,000) NR	(10,000,000) NR	-	-	-	(4,000,000)	-	(4,000,000)
21	Reduce Funding for NC Live	1,454,399	(145,440) R	(145,440) R	-	-	(145,440)	-	(145,440)	-
22	Reduce Non-Need-Based Grants to Private Colleges House - Reduce from $1,950 to $1,850	59,074,905	(3,700,343) R	(3,700,343) R	-	-	(3,180,000)	-	(3,180,000)	-
23	Management Flexibility Reduction - GA		(2,507,683) R	(2,507,683) R	-	-	-	-	-	-
24	Management Flexibility Reduction - UNC Campuses		(96,569,651) R	(85,235,276) R	-	-	-	-	-	-
25	Tuition Increase House - $256/year increase in tuition						(46,953,472)	-	(46,953,472)	-
26	Tuition Surcharge - Increase from 25% to 50%						-	-	(1,000,000)	-
27	Resident Tuition for Non-resident Students						(13,880,000)	-	(13,880,000)	
28	Faculty/Staff Tuition Waiver						(700,000)	-	(700,000)	-
29	Senior Citizen Tuition Waiver						(300,000)	-	(300,000)	
30	Special Talent Tuition Waiver - Athletics						(300,000)	-	(300,000)	-
31	EARN Scholarship - $2,000 in Fy 2009-10, Eliminate in FY 2010-11						-	-	(16,225,000)	-

#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
32	Aid to Private Medical Schools	1,767,000					(1,461,000)	-	(1,466,000)	-
33	NCCAT	6,956,740					(1,043,511)		(1,043,511)	
34	Center for International Understanding	635,155					(317,578)		(317,578)	
35	A+Schools	100,000					(100,000)	-	(100,000)	-
Reductions Subtotal			**(195,464,310)**	**(195,770,555)**	**(106,427,050)**	**(105,712,983)**	**(219,665,832)**	**(6,000,000)**	**(243,841,399)**	**(5,000,000)**
Expansion										
1	Need-Based Financial Aid - College Promise	116,400,000 Escheats	23,397,311 R	23,397,311 R	23,397,311 R	23,397,311 R	11,500,000	-	11,500,000	-
2	Distinguished Professorships/Spangler Match	8,000,000	-	-	6,800,000 R	6,800,000 R	Special provision directing use of base budget funds to match Spangler grant.			
3	Campus Safety	6,000,000 (new)	-	-	5,000,000 R	5,000,000 R	-	-	-	-
4	NCSU Vet School		-	-	250,000 NR	-	-	-	-	-
5	ECU Dental	2,313,224	-	-	3,000,000 R	3,000,000 R	3,000,000	-	3,000,000	-
6	ECU Indigent Care	0	4,000,000 NR	-	2,000,000 R	2,000,000 R	2,000,000	-	2,000,000	-
7	UNC Indigent Care	46,011,882	-	-	2,000,000 R	2,000,000 R				
8	Medical School Expansion	0	-	-	2,620,000 NR	-	-	-	-	-
9	Nursing Program Expansion - NCCU and UNC-CH	NCCU $2 million UNC-CH $9.2 million	-	-	835,000 R	835,000 R	-	-	-	-
10	ASU College of Health Sciences	1,364,000	-	-	250,000 R	250,000 R	Special provision to fund within existing resources.			
11	UNCW Health & Human Services	6,100,000	-	-	400,000 R	400,000 R	Special provision to fund within existing resources.			
12	Kannapolis	19,500,000	-	-	3,000,000 R	3,000,000 R	-	-	-	-
13	EPIC	0	-	-	2,000,000 R	5,000,000 R	-	-	-	-
14	Engineering - A&T	14,100,000	-	-	2,000,000 R	2,000,000 R	-	-	-	-
15	Engineering NCSU	52,400,000	-	-	5,000,000 R	5,000,000 R	-	-	-	-
16	UNCG Nanotechnology	2,900,000	-	-	1,000,000 R	1,000,000 R	-	-	-	-
17	WCU Rapid Product Development	0	-	-	200,000 R	200,000 R	Special provision to fund within existing resources.			
18	ECSU Aviation - Flight School	672,000	-	-	300,000 R	300,000 R	-	-	-	-
19	Research Competitiveness Fund		-	-	3,000,000 R	3,000,000 R	-	-	-	-
20	Graduate Student Recruitment and Retention	43,000,000	-	-	2,000,000 R	2,000,000 R	-	-	-	-
21	School of the Arts - School of Film Making	3,475,000	-	-	1,000,000 R/NR	1,000,000 R/NR	-	-	-	-
22	Faculty Recruitment & Retention		-	-	2,000,000 R	2,000,000 R	-	-	-	-
23	NCSSM Online Initiative	0	-	-	200,000 R	200,000 R	-	-	-	-
24	UNCA & UNCSA Special Focus Institutions		-	-	2,000,000 R	2,000,000 R	-	-	-	-
25	FSU BRAC		-	-	251,500 R	251,500 R	-	-	-	-
26	UNCP Student Support	6,800,000	-	-	300,000 R	300,000 R	-	-	-	-
27	WSSU Adult and Transfer Student Recruitment		-	-	475,700 R	475,700 R	-	-	-	-
28	Hickory Regional Partnership	125,000	200,000 R	200,000 R	-	-	250,000	-	250,000	-
Expansion Subtotal			**27,397,311**	**23,397,311**	**71,279,511**	**71,409,511**	**16,750,000**	**-**	**16,750,000**	**-**
Total Adjustments			**(168,066,999)**	**(172,373,244)**	**(35,147,539)**	**(34,303,472)**	**(330,587,657)**	**(6,000,000)**	**(429,684,776)**	**(5,000,000)**
Continuation Budget			$3,026,185,255	$3,100,871,575	$3,026,185,255	$3,100,871,575	3,026,185,255		3,100,871,575	
Total Adjustments			(168,066,999)	(172,373,244)	(35,147,539)	(34,303,472)	(336,587,657)		(434,684,776)	
Proposed Budget			**$2,858,118,256**	**$2,928,498,331**	**$2,991,037,716**	**$3,066,568,103**	**2,689,597,599**		**2,666,186,800**	

VISITOR REGISTRATION SHEET

5-20-09

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Joyce Wallace	OSBM
Ann Maddocks	Governor's Office
Elizabeth Groves	OSBM
Karen Gare	NRPDS
Mable Penderman	EGHS
Dee Rosser	NAPA
Sam Harris	WCPSS
Evelyn Hawthorne	PENC / CPSNC
Conor Brockett	ncsba
Jessica Gray	VIF Program
Amy Schilder	MWE
Robin Ford	ExplorNet
Phyllis West	Phyllis West
Chuck Hawkins	NCCAT
Jordan Schrader	Asheville Citizen-Times
[illegible]	Public School Forum
[illegible]	All Kinds of Minds
Katherine W Joyce	NCASA
EMILY DOYLE	NCPAPA
Roz Sawitt	NC Child Care Coalition
Chris Minard	State Bd of Ed
Jim Stegall	U.C.P.S.

VISITOR REGISTRATION SHEET

Approp. Ed. — 5-20-09 - 12m

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kevin Howell	NC State
David Rice	Manning Fulton
Joel Maynard	CMS
Tony Johnson	NC REAL
Philip Rogers	ECU
Katherine Porter	Teach For America
Karen Baumhover	ASU
Brad Winslow	UNC-NCSSM
Amy Burke	UNC GA
Jennifer Haymon	NCCCS
Mary Foreman	NCAE

VISITOR REGISTRATION SHEET

5-20-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Scott Anderson	NCAE
[signature]	OSBM
Bryan Conrad	OSBM
TINA GORDON	NC Nurses Assoc
[signature]	NCAE
Julia Kuan	NC Teacher Academy
Ken Bryan	NC Teacher Academy
Tom Howe	UNC-TV
Leanne Winner	NCSBA
Annaliese Ralph	DPNC
TOM BOWLIN	NC NATIONAL GUARD

House Pages

Name Of Committee: Ag - Ed. Date: 5-20-09

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
2. Name: EARL COKER
3. Name: _____
4. Name: _____
5. Name: _____

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Thursday, May 21, 2009**

TIME: **8:30 AM**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

Budget Reduction Options

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **12:00 PM** on **May 20, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

House Appropriations Subcommittee on Education
Agenda

Thursday, May 21, 2009
8:30 AM
Room 421, Legislative Office Building
Representative McLawhorn, Presiding

DISCUSSION OF BUDGET OPTIONS

Rep. Rick Glazier

COMMITTEE QUESTIONS & DISCUSSION

Adjournment

05/20/2009 2:19 PM

Education Summary as of 5/20/09

FY 2009-10					
	Continuation	Governor	Senate	Potential House Decisions to Date	House - Continuation
Public Schools	$8,245,341,827	$7,947,740,343	7,629,717,045	7,312,393,871	(932,947,956)
Community Colleges	$1,072,571,152	$1,026,792,328	1,059,888,269	952,200,046	(120,371,106)
UNC	$3,026,185,255	$2,858,118,256	2,991,037,716	2,689,597,599	(336,587,657)
Total	$12,344,098,234	$11,832,650,927	**$11,680,643,030**	$10,954,191,516	($1,389,906,718)
Less Unspecified ESF-Related NR Cuts				($467,570,877)	
Adjusted House Decisions to Date:				$10,486,620,639	
Target				**$10,503,395,123**	
Amount Under/(Over) Target				**$16,774,484**	
% Reduction to General Fund Target				**14.9%**	
% Reduction to Total Spending Amount				**11.1%**	

FY 2010-11					
	Continuation	Governor	Senate	Potential House Decisions to Date	House - Continuation
Public Schools	$8,358,798,223	$8,109,136,300	7,784,909,413	7,284,741,905	(1,074,056,318)
Community Colleges	$1,114,034,594	$1,068,146,255	1,104,442,194	953,182,175	(160,852,419)
UNC	$3,100,871,575	$2,928,498,331	3,066,568,103	2,666,186,800	(434,684,776)
Total	$12,573,704,392	$12,105,780,886	**$11,955,919,710**	$10,904,110,880	($1,669,593,512)
Less Unspecified ESF-Related NR Cuts				($467,570,877)	
Adjusted House Decisions to Date:				$10,436,540,003	
Target				**$10,343,395,123**	
Amount Under/(Over) Target				**($93,144,880)**	
% Reduction to General Fund Target				**17.7%**	
% Reduction to Total Spending Amount				**14.0%**	

Education Summary FY 2009-10

GOVERNOR						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Governor's Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(297,601,484)	$7,947,740,343	-3.6%	-4.9%
Community Colleges	$1,016,658,560	$1,072,571,152	(45,778,824)	$1,026,792,328	-4.3%	1.0%
UNC	$2,894,709,782	$3,026,185,255	(168,066,999)	$2,858,118,256	-5.6%	-1.3%
Total	$12,267,313,635	$12,344,098,234	($511,447,307)	$11,832,650,927	-4.1%	-3.5%

SENATE						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(615,624,782)	$7,629,717,045	-7.5%	-8.7%
Community Colleges	$1,016,658,560	$1,072,571,152	(12,682,883)	$1,059,888,269	-1.2%	4.3%
UNC	$2,894,709,782	$3,026,185,255	(35,147,539)	$2,991,037,716	-1.2%	3.3%
Total	$12,267,313,635	$12,344,098,234	($663,455,204)	$11,680,643,030	-5.4%	-4.8%

HOUSE						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(932,947,956)	$7,312,393,871	-11.3%	-12.5%
Community Colleges	$1,016,658,560	$1,072,571,152	(120,371,106)	$952,200,046	-11.2%	-6.3%
UNC	$2,894,709,782	$3,026,185,255	(336,587,657)	$2,689,597,599	-11.1%	-7.1%
Total	$12,267,313,635	$12,344,098,234	($1,389,906,718)	$10,954,191,516	-11.3%	-10.7%

Education Summary FY 2010-11

GOVERNOR				
	FY 2010-11			
	Continuation	Governor's Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(249,661,923)	$8,109,136,300	-3.0%
Community Colleges	$1,114,034,594	(45,888,339)	$1,068,146,255	-4.1%
UNC	$3,100,871,575	(172,373,244)	$2,928,498,331	-5.6%
Total	$12,573,704,392	($467,923,506)	$12,105,780,886	-3.7%

SENATE				
	FY 2010-11			
	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(573,888,810)	$7,784,909,413	-6.9%
Community Colleges	$1,114,034,594	(9,592,400)	$1,104,442,194	-0.9%
UNC	$3,100,871,575	(34,303,472)	$3,066,568,103	-1.1%
Total	$12,573,704,392	($617,784,682)	$11,955,919,710	-4.9%

HOUSE				
	FY 2010-11			
	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(1,074,056,318)	$7,284,741,905	-12.8%
Community Colleges	$1,114,034,594	(160,852,419)	$953,182,175	-14.4%
UNC	$3,100,871,575	(434,684,776)	$2,666,186,800	-14.0%
Total	$12,573,704,392	($1,669,593,512)	$10,904,110,880	-13.3%

Public Sch. Roll-Up Sheet

#	Item	Continuation Budget FY 2009-10	Continuation Budget FY 2010-11	Governor FY 2009-10		Governor FY 2010-11		Senate FY 2009-10		Senate FY 2010-11		House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
Adjustments to Continuation Budget															
1	Adjustment to Continuation Budget											(73,903,050)	-	(118,955,313)	-
2	ADM Increases											27,269,605		61,106,959	
Adjustments Subtotal				-		-		-		-		**(46,633,445)**	-	**(57,848,354)**	-
Reductions															
1	Civil Penalties Receipts	114,038,000	114,038,000	(6,324,790)	R	(6,324,790)	R	(24,508,041)	R/NR	(6,324,790)	R	(6,324,790)	SP for $18m	(6,324,790)	-
2	Financing School Bus Replacement	77,390,884	87,126,917	(7,500,000)	R	(7,500,000)	R	(7,500,000)	R	(7,500,000)	R	(6,347,581)	-	(10,334,288)	-
3	Textbook Freight	217,837	217,837	(217,837)	R	(217,837)	R	(217,837)	R	(217,837)	R	(217,837)	-	(217,837)	-
4	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases			-		-		(10,114,135)	R	(10,114,135)	R	Included in "Adjustment to Continuation Budget"			
5	Information Highway	1,200,000	1,200,000	(1,200,000)	R	(1,200,000)	R	(1,200,000)	R	(1,200,000)	R	(1,200,000)	-	(1,200,000)	-
6	Adjust At-Risk Allotment (for SROs)	226,614,401	227,971,150	(1,202,256)	R	(1,202,256)	R	(1,202,256)	R	(1,202,256)	R	Addressed on line 54			
7	School Technology	10,000,000	10,000,000	(4,000,000)	NR	(4,000,000)	NR	(4,000,000)	NR	(4,000,000)	NR	-	(7,000,000)	-	(7,000,000)
8	Textbooks	109,140,068	115,410,044	(37,977,278)	NR	-		(37,977,278)	NR	-		-	(37,977,278)	-	(60,000,000)
9	NC Wise Owl			(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	-	(500,000)	-
10	Central Office	120,855,235	121,095,235	(6,470,262)	R	(6,470,262)	R	(6,470,262)	R	(6,470,262)	R	(6,470,262)	-	(6,470,262)	-
11	More at Four	86,062,842	86,062,842	(1,010,000)	R	(1,010,000)	R	(86,000,000)	R	(86,000,000)	R	(8,600,000)	-	(8,600,000)	-
12	Senate Management Flexibility Reduction	N/A	N/A	-		-		(9,432,140)	R	(8,782,140)	R	-	-	-	-
13	Testing	16,485,051	17,920,724	(2,000,000)	R	(2,000,000)	R	(3,636,594)	R	(3,636,594)	R	(2,000,000)	-	(2,000,000)	-
14	Focused Education Reform	4,833,728	4,833,728	(483,373)	R	(483,373)	R	(483,373)	R	(483,373)	R	(483,373)	-	(4,833,728)	4,350,355
15	Staff Development	12,557,920	12,619,829	(6,278,960)	NR	(6,278,960)	NR	(6,278,960)	NR	(6,278,960)	NR	-	(12,557,920)	-	(12,557,920)
16	Improving Student Accountability	38,339,798	38,339,798	(38,339,798)	R	(38,339,798)	R	(38,339,798)	R	(38,339,798)	R	(38,339,798)	-	(38,339,798)	-
17	Critical Foreign Language Pilot	500,000	500,000	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	100,000	(500,000)	-
18	Increase Class Size by 2 Students	2,955,374,664	2,984,581,313	-		-		(322,705,848)	R	(322,705,848)	R	(322,705,848)	-	(322,705,848)	-
19	DPI Position Reductions Governor - Not specific Senate - 100 positions in Y1 300 total positions in Y2 House - 52 positions in Y1 (11%) 71 total positions in Y2 (15%)	802.75 total/ 475.5 state	802.75 total/ 475.5 state	(1,998,705)	R	(1,998,705)	R	(5,420,925)	R	(12,648,825)	R	(3,780,553)	-	(5,155,300)	-
20	Membership Dues	1,591,094	1,591,094	(209,238)	R	(209,238)	R	(209,238)	R	(209,238)	R	Included in "Adjustment to Continuation Budget"			
21	Legacy Funds	2,000,000	2,000,000	(2,000,000)	NR	-		senate 2.0m	NR	-		-	(3,000,000)	-	-
22	Agency Operating Reduction	53,137,189	53,137,189	(1,591,552)	R	(1,591,552)	R	(1,591,552)	R	(1,591,552)	R	(2,087,638)	-	(2,846,779)	-
23	Personal Financial Literacy	500,000	500,000	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	-	(500,000)	-
24	Governor's Schools	1,386,607	1,458,704	(59,752)	NR	(789,409)	NR	(59,752)	NR	(439,409)	NR	(75,000)	-	(475,000)	-
25	Passthroughs (10% for all recurring and literacy coach training)	6,141,036	6,141,036	-		-		(614,104)	R	(614,104)	R	See Passthroughs Itemized Below			
26	Communities in Schools	1,607,500	1,607,500									(160,750)		(160,750)	
27	Schools Attuned	820,911	820,911									(820,911)		(820,911)	
28	ExploreNet	400,000	400,000									(300,000)		(300,000)	
29	Teacher Cadet	400,000	400,000									(60,000)		(60,000)	
30	NC Network	312,625	312,625									(312,625)		(312,625)	
31	Science Olympiad	150,000	150,000									(22,500)		(22,500)	
32	Teach for America	950,000	950,000									(50,000)		(50,000)	
33	NC Math & Science	200,000	200,000									(100,000)		(100,000)	
34	Literacy Coaches (Teacher Academy)	1,500,000	1,500,000									(1,500,000)		(1,500,000)	
35	Teacher Academy (Other)	5,556,413	5,556,413									(833,462)		(833,462)	
36	Public School Forum	2,342,705	2,342,705									(234,271)	-	(2,342,705)	2,108,434
37	Project Enlightenment	200,000	200,000									(200,000)		(200,000)	
38	Teaching Fellows Trust Fund	N/A	N/A	(16,500,000)	NR	-		senate 4.5m	NR	-		-	(4,500,000)	-	-
39	Children's Trust Fund	247,500	247,500	(247,500)	R	(247,500)	R	(247,500)	R	(247,500)	R	(247,500)	-	(247,500)	-
40	Redirect Capital Funds (ADM Fund)	N/A	N/A	-		-		(60,500,000)	NR	(64,500,000)	NR	-	(60,500,000)	-	(64,500,000)
41	Truth-in-Budgeting Reform	N/A	N/A	(23,310,334)	R	(23,310,334)	R	-		-					

Public Schools Roll-Up Sheet

#	Item	Continuation Budget FY 2009-10	Continuation Budget FY 2010-11	Governor FY 2009-10		Governor FY 2010-11		Senate FY 2009-10		Senate FY 2010-11		House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
42	LEA Flexibility Reduction	N/A	N/A	(144,000,000)	R	(144,000,000)	R	-		-					
43	Finance Officer Staff Development	64,500	64,500	(64,500)	R	(64,500)	R	-		-		(14,500)	-	(14,500)	-
44	Instructional Materials	88,238,683	94,390,396	(2,565,064)	R	(5,207,207)	R	-		-					
45	Noninstructional Support	403,126,930	406,926,298	(10,305,072)	R	(10,305,072)	R	-		-		(20,156,347)		(20,346,315)	
46	Truth-in-Budgeting Reform (DPI)			(929,001)	R	(929,001)	R	-		-					
47	Eliminate Teacher Assistants in Grade 3	503,837,592	505,965,687									(130,135,446)	-	(130,135,446)	-
48	Instructional Support	357,595,392	360,981,712									(21,506,394)	-	(21,506,394)	-
49	School Building Administration	262,034,980	265,003,158									(17,586,720)	-	(17,586,720)	-
50	Classroom Materials/Supplies	2,955,374,664	2,984,581,313									-	-	-	-
51	Math and Science Salary Supplement	515,000	515,000									(515,115)	-	(515,115)	-
52	Mentor Pay	11,164,616	11,164,616									(2,791,154)	-	(2,791,154)	-
53	Literacy Coaches	12,034,400	12,034,400									(12,034,400)	-	(12,034,400)	-
54	At-risk Student Services	226,614,401	227,971,150									(22,895,155)	-	(22,895,155)	-
55	Limited English Proficient	78,731,314	88,257,897									(1,000,000)	-	(1,000,000)	-
56	Low Wealth	207,499,970	207,499,970									(18,161,868)	-	(18,161,868)	-
57	Small County	45,189,185	45,189,185									(4,518,919)	-	(6,080,361)	-
58	Transportation	388,445,598	410,320,113									(19,422,280)	-	(20,516,006)	-
59	Learn and Earn Online	1,351,752	1,351,752									(1,351,752)	-	(1,351,752)	-
60	Small Specialty Schools	7,239,800	7,239,800									(3,222,496)	-	(3,222,496)	-
61	Child and Family Support Teams	12,521,831	12,521,831									(1,252,183)	-	(1,252,183)	-
62	National Board Application Cost	3,274,500	3,274,500									(3,274,500)	-	(3,274,500)	-
63	Teacher Working Conditions - Fund once every three years	215,000	215,000									-	(215,000)	-	-
64	Shorten School Year - 5 Days in 2009-10 10 Days in 2010-11	N/A	N/A									(100,000,000)	-	(200,000,000)	-
Reductions Subtotal				**(318,285,272)**		**(265,179,794)**		**(630,209,593)**		**(585,006,621)**		**(784,813,928)**	**(125,650,198)**	**(900,638,448)**	**(137,599,131)**
Expansion															
1	Activity Bus Plan	N/A	N/A	-		-		5,000	NR	-		-	-	-	-
2	Tarheel ChalleNGe	N/A	N/A	-		-		1,293,000	NR	1,293,000	NR	1,228,350	-	1,228,350	-
3	Learn and Earn Early College High Schools	18,988,008	18,988,008	3,721,265	R/NR	3,601,265	R	3,721,265	R/NR	3,601,265	R	3,601,265	120,000	3,601,265	-
4	Dropout Prevention Grants	0	0	6,693,060	R	6,693,060	R	1,000,000	NR	1,000,000	NR	14,000,000	-	14,000,000	-
5	NCVPS	2,700,000	2,700,000	2,000,000	R	2,000,000	R	2,000,000	R	2,000,000	R	2,000,000		2,000,000	
6	Leadership Academy	N/A	N/A	200,000	R	200,000	R	200,000	R	200,000	R	200,000		200,000	
7	Comprehensive School Reform	5,903,120	5,903,120	3,365,546	R/NR	3,023,546	R	3,365,546	R/NR	3,023,546	R	1,000,000	-	1,000,000	-
8	Diagnostic Assessment and Accountability	N/A	N/A	4,703,917	NR	-		3,000,000	NR	-		-	2,000,000	-	-
Expansion Subtotal				**20,683,788**		**15,517,871**		**14,584,811**		**11,117,811**		**22,029,615**	**2,120,000**	**22,029,615**	-
Total Adjustments				**(297,601,484)**		**(249,661,923)**		**(615,624,782)**		**(573,888,810)**		**(809,417,758)**	**(123,530,198)**	**(936,457,187)**	**(137,599,131)**
Continuation Budget				$8,245,341,827		$8,358,798,223		$8,245,341,827		$8,358,798,223			8,245,341,827		8,358,798,223
Total Adjustments				(297,601,484)		(249,661,923)		(615,624,782)		(573,888,810)			(932,947,956)		(1,074,056,318)
Proposed Budget				**$7,947,740,343**		**$8,109,136,300**		**$7,629,717,045**		**$7,784,909,413**			**7,312,393,871**		**7,284,741,905**

Community ges Roll-Up Sheet

#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
Adjustments to Continuation Budget										
1	Adjustment to Continuation Budget	n/a					(67,749,922)		(109,213,360)	
2	Enrollment Growth	47,688,333	500,000 R	500,000 R	10,380,387 R	10,380,387 R	58,068,720	-	99,195,570	-
Adjustments Subtotal			**500,000 #**	**500,000 #**	**10,380,387 #**	**10,380,387 #**	**(9,681,202)**	-	**(10,017,790)**	-
Reductions										
1	Eliminate Vacant Positions	236 positions in SO	(523,128) R	(523,128) R	(523,128) R	(523,128) R	(523,128)	-	(523,128)	-
2	Eliminate Filled Positions	236 positions in SO	(124,040) R	(124,040) R	(124,040) R	(124,040) R	(835,708)	-	(835,708)	-
3	Move Positions to Receipt Support	236 positions in SO	(85,454) R	(85,454) R	(85,454) R	(85,454) R	(85,454)	-	(85,454)	-
4	Reduce SO Operating Budget	28,961,196	(462,425) R	(462,425) R	(462,425) R	(462,425) R	(952,248)	-	(952,248)	-
5	Reduce 2+2 E-Learning Initiative	1,000,000	(250,000) R	(250,000) R	(140,000) R	(140,000) R	(250,000)	-	(250,000)	-
6	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases - Unemployment Compensation	6,500	-	-	(6,500) R	(6,500) R	Included in Continuation Budget Adjustments			
7	Senate Management Flexibility Reduction - System Office	28,961,196	-	-	(489,823) R	(489,823) R	-	-	-	-
8	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases - State Aid Increases	514,887,284	-	-	(18,543,704) R	(18,543,704) R	Included in Continuation Budget Adjustments			
9	Senate - Management Flexibility - State Aid	1,043,609,956	-	-	(1,023,133) R	(1,023,133) R	-	-	-	-
10	House - Specialized Center Regionalization	2,298,133	-	-	-	-	(1,023,133)	-	(1,023,133)	-
11	Maintenance of Plant Reduction	787,877	(787,877) R	(787,877) R	(787,877) R	(787,877) R	(787,877)	-	(787,877)	-
12	Botanical Lab at FTCC	300,000	(150,000) R	(150,000) R	(300,000) R	(300,000) R	(300,000)	-	(300,000)	-
13	Community Service Block Grant	1,066,603	(1,066,603) R	(1,066,603) R	(1,066,603) R	(1,066,603) R	(1,066,603)	-	(1,066,603)	-
14	Baccalaureate Education Attainment Funds	112,751	(112,751) R	(112,751) R	(112,751) R	(112,751) R	(112,751)	-	(112,751)	-
15	Faculty and Staff Development Funds	507,068	(507,068) R	(507,068) R	(507,068) R	(507,068) R	(507,068)	-	(507,068)	-
16	Compensatory Education Administration	1,229,760	(1,229,760) R	(1,229,760) R	(1,229,760) R	(1,229,760) R	(1,229,760)	-	(1,229,760)	-
17	Reduce Supplemental MCC Funds	14,813,894	(1,896,178) R	(1,896,178) R	(1,036,973) R	(1,036,973) R	(1,896,178)	-	(1,896,178)	-
18	Eliminate OCC Funds	1,000,000	(1,000,000) R	(1,000,000) R	(1,000,000) R	(1,000,000) R	(1,000,000)	-	(1,000,000)	-
19	Eliminate One Virtual Learning Community Development Center	850,000	(200,000) R	(200,000) R	(200,000) R	(200,000) R	(200,000)	-	(200,000)	-
20	Reduce Funding for Library Books and Materials	4,324,641	(1,324,641) R	(1,641,456) R	(476,250) R	(793,067) R	(848,391)	-	(848,391)	-
21	Reduce BioNetwork Grants and Marketing Funds	5,762,697	(1,440,675) R	(1,440,675) R	(1,440,675) R	(1,440,675) R	(1,440,675)	-	(1,440,675)	-
22	Eliminate Hearing Impaired Supplemental Funding	190,000	-	-	(190,000) R	(190,000) R	(190,000)	-	(190,000)	-
23	Eliminate Funds for Disadvantaged Nursing Students	80,000	-	-	(80,000) R	(80,000) R	(80,000)	-	(80,000)	-
24	Eliminate Funds for Regional Criminal Justice Coordinators	430,119	-	-	(430,119) R	(430,119) R	(430,119)	-	(430,119)	-
25	Senate - Eliminate Funds for Regional Fire Training Coordinators House - Eliminate all but three Fire Coordinators, supervision by System Office	772,293	-	-	(772,293) R	(772,293) R	(489,018)	-	(489,018)	-
26	Eliminate Pass-Through Funds for Public Radio Stations	458,921	-	-	(458,921) R	(458,921) R	(458,921)	-	(458,921)	-
27	Reduce Child Care Grants to FY 2007-08 Actual Expenditures	1,923,016	-	-	(84,801) R	(84,801) R	(84,801)	-	(84,801)	-
28	Restructure ConEd Fee Rates	9,491,506	(9,426,885) R	(9,426,885) R	(9,426,885) R	(9,426,885) R	(9,426,885)	-	(9,426,885)	-
29	Eliminate Senior Citizen Tuition Waiver	1,462,435 waived	-	-	(1,316,192) R	(1,316,192) R	(1,316,192)	-	(1,316,192)	-
30	Eliminate Tuition Waiver for Prisoners	4,832,895 waived	-	-	(4,832,895) R	(4,832,895) R	Included in Minimum Payment in Lieu of Tuition Waiver Below			
31	Prisoner Education Continuation Review						(32,899,715)	32,899,715	(32,899,715)	-
32	Truth-in-Budgeting - SO	28,961,196	(496,323) R	(496,323) R	-	-	-	-	-	-
33	Truth-in-Budgeting - Colleges	1,043,609,956	(18,543,704) R	(18,543,704) R	-	-	-	-	-	-
34	Overrealized Receipts	184,878,574	(3,000,000) R	(3,000,000) R	-	-	-	-	-	-

#	Item	Con[illegible]ion Budget	Governor FY 2009-10	Governor FY 2010-11	Sena[illegible] FY 2009-10	Sena[illegible] 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010[illegible] R	House FY 2010[illegible] NR
35	Merger of HMHEC	505,834	(505,834) R	(505,834) R	-	-	(505,834)	-	(505,834)	-
36	House - CC Staffing Flexibility (Furloughs for 9 days) Gov - Management Flexibility Reduction - State Aid		(20,930,478) R	(20,930,478) R	-	-	-	(27,000,000)	-	(27,000,000)
37	Minimum Payment in Lieu of Tuition Waiver for: -Public Safety Personnel -Prisoners -Remaining High School Students -Other Populations (excluding HRD) [$25/credit hour (Curriculum) or $25/course (ConEd)]	Estimated 40,541,321 waived					(18,855,923)	-	(18,855,923)	-
38	Eliminate College Transfer Dual Enrollment and Huskins						(17,612,950)	-	(17,612,950)	-
39	Increase Curriculum Tuition by $8/credit hour	$42/credit hour					(30,522,884)	-	(30,522,884)	-
40	Thai Entrepreneurship	221					-	(221)	-	-
41	Reduce Small Business Center Funding (eliminates additional funding for A-B Tech, reduces all colleges by $6,000)	5,756,853					(402,861)	-	(402,861)	-
42	Reduce Customized Training by 9%	12,457,121					(1,121,141)	-	(1,121,141)	-
43	Consolidate 3 Colleges into Others (Pamlico, Montgomery, Tri-County)						-	-	(4,045,230)	-
44	Eliminate Special Allotment Funding (Truck driving, Marine Technology, Heavy Equipment)	1,295,428					(1,295,428)		(1,295,428)	
45	Eliminate 1 Clerical Position from Formula Budget	8 clerical/college					(2,287,752)		(2,287,752)	
Reductions Subtotal			**(64,063,824)**	**(64,380,639)**	**(47,148,270)**	**(47,465,087)**	**(131,039,398)**	**5,899,494**	**(135,084,629)**	**(27,000,000)**
Expansion										
1	Enrollment Growth Reserve	n/a	3,000,000 R	3,000,000 R	3,000,000 R	3,000,000 R	-	3,000,000	-	-
2	Allied Health Programs - Additional Faculty	9,600,000	4,835,000 R	5,242,300 R	4,835,000 R	6,242,300 R	-	-	-	-
3	Vocational and Technical Education Programs	1,000,000	3,000,000 R	3,000,000 R	4,500,000 R	4,500,000 R	-	-	-	-
4	Equipment and Technology	31,319,732	5,000,000 R	5,000,000 R	10,000,000 R	12,000,000 R	10,000,000	-	10,000,000	-
5	Military Business Center	1,250,000	1,250,000 R	1,250,000 R	1,250,000 R	1,250,000 R	1,250,000	-	1,250,000	-
6	Senate - $250,000 for Customized Training Program, $250,000 for NC REAL House - NC REAL	12,457,121	-	-	500,000 R	500,000 R	Include special provision to fund $125,000 from existing Customized Training Funding			
7	Fayetteville Tech 3-D Technology	-	200,000 NR	-	-	-	-	200,000	-	-
8	Restructure Apprenticeship Training Program	-	500,000 R	500,000 R	-	-	-	-	-	-
Expansion Subtotal			**17,785,000**	**17,992,300**	**24,085,000**	**27,492,300**	**11,250,000**	**3,200,000**	**11,250,000**	**-**
Total Adjustments			**(45,778,824)**	**(45,888,339)**	**(12,682,883)**	**(9,592,400)**	**(129,470,600)**	**9,099,494**	**(133,852,419)**	**(27,000,000)**
Continuation Budget			$1,072,571,152	$1,114,034,594	$1,072,571,152	$1,114,034,594		1,072,571,152		1,114,034,594
Total Adjustments			(45,778,824)	(45,888,339)	(12,682,883)	(9,592,400)		(120,371,106)		(160,852,419)
Proposed Budget			**$1,026,792,328**	**$1,068,146,255**	**$1,059,888,269**	**$1,104,442,194**		**952,200,046**		**953,182,175**

UNC Roll- -heet

#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
Adjustments to Continuation Budget										
1	Adjustment to Continuation Budget						(171,869,601)	-	(246,791,153)	-
2	Enrollment Growth						44,197,776	-	44,197,776	-
Adjustments Subtotal			-	-	-	-	**(127,671,825)**	-	**(202,593,377)**	-
Reductions										
1	Management Flexibility Reduction		-	-	(75,436,798) R/NR	(70,066,227) R	(147,261,002)		(153,979,069)	-
2	Eliminate Truth-in-Budgeting-Salary Related Continuation Budget Increases		-	-	(7,757,661) R	(7,741,169) R	Included in Continuation Budget Adjustments			
3	Building Reserve Adjustment for Delays		(2,692,333) NR	(2,256,597) NR	(2,692,333) NR	(2,256,597) NR	Included in Continuation Budget Adjustments			
4	Remove Inflationary Increase for Library Books	65,520,622	(14,129,584) R	(18,411,905) R	(14,129,584) R	(18,411,905) R	Included in Continuation Budget Adjustments			
5	Reduction to Reflect Decrease in Utility Costs (Fuel Oil)	207,700,000	(1,603,910) R	(1,362,610) R	(1,302,965) R	(1,061,665) R	Included in Continuation Budget Adjustments			
6	University Cancer Center Research Fund - Adjust Appropriation for New Tax Projections	25,561,179	(561,179) R	(592,890) R	(561,179) R	(592,890) R	Included in Continuation Budget Adjustments			
7	Reduce Reserve for Online and Distance Education Programs	1,160,014	(112,936) R	(112,936) R	(112,936) R	(112,936) R	(225,872)	-	(225,872)	-
8	Reduce Reserve for IT	935,867	(90,592) R	(90,592) R	(90,592) R	(90,592) R	(150,000)	-	(150,000)	-
9	NR Reduction to Strategic Initiative Reserve	3,300,000	(1,000,000) NR	(1,000,000) NR	(1,000,000) NR	(1,000,000) NR	-	(1,000,000)	-	(1,000,000)
10	Abolish Legislature Schools for Leadership Development	500,000	(500,000) NR	(500,000) NR	(500,000) R	(500,000) R	(500,000)	-	(500,000)	-
11	Redirect Receipts for Operations for UNC (Bowles) Center for Alcohol Studies	537,455	(500,000) R	(500,000) R	(500,000) R	(500,000) R	(537,455)	-	(537,455)	-
12	Eliminate Reserve for Focused Growth-Admin	1,343,002	(1,343,002) R	(1,343,002) R	(1,343,002) R	(1,343,002) R	(1,343,002)	-	(1,343,002)	-
13	Phase Out Tuition Waiver for NCSSM (Senate - starts with current juniors)	3,259,732	(990,619) R	(2,034,190) R	-	(1,000,000) R	Special provision eliminating waiver going forward, but grandfathering in current seniors and juniors			
14	Nurse Educators of Tomorrow	1,674,000	-	-	$1 million Senate NR	- NR	-	(1,000,000)	-	-
15	Future Teachers Scholarship Loan	1,950,000	-	-	(1,000,000) R	(1,000,000) R	(1,267,500)		(1,495,000)	-
16	NCCU Technical Adjustment (Salary)		-	-	-	(36,000) R	Included in Continuation Budget Adjustments			
17	Truth-in-Budgeting -GA		(766,000) R	(766,000) R	-	-	-	-	-	-
18	Truth-in-Budgeting -UNC Campuses		(54,238,000) R	(54,238,000) R	-	-	-	-	-	-
19	Building Reserve Reductions		(4,013,038) R/NR	(10,973,091) R/NR	-	-	-	-	-	-
20	Reduce UNC Hospital Transfer	46,011,882	(10,000,000) NR	(10,000,000) NR	-	-	-	(4,000,000)	-	(4,000,000)
21	Reduce Funding for NC Live	1,454,399	(145,440) R	(145,440) R	-	-	(145,440)	-	(145,440)	-
22	Reduce Non-Need-Based Grants to Private Colleges House - Reduce from $1,950 to $1,850	59,074,905	(3,700,343) R	(3,700,343) R	-	-	(3,180,000)	-	(3,180,000)	-
23	Management Flexibility Reduction - GA		(2,507,683) R	(2,507,683) R	-	-	-	-	-	-
24	Management Flexibility Reduction - UNC Campuses		(96,569,651) R	(85,235,276) R	-	-	-	-	-	-
25	Tuition Increase House - $256/year increase in tuition						(46,953,472)	-	(46,953,472)	-
26	Tuition Surcharge - Increase from 25% to 50%						-	-	(1,000,000)	-
27	Resident Tuition for Non-resident Students						(13,880,000)	-	(13,880,000)	
28	Faculty/Staff Tuition Waiver						(700,000)	-	(700,000)	-
29	Senior Citizen Tuition Waiver						(300,000)	-	(300,000)	
30	Special Talent Tuition Waiver - Athletics						(300,000)	-	(300,000)	-
31	EARN Scholarship - $2,000 in Fy 2009-10, Eliminate in FY 2010-11						-	-	(16,225,000)	-

#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
32	Aid to Private Medical Schools	1,767,000					(1,461,000)	-	(1,466,000)	-
33	NCCAT	6,956,740					(1,043,511)		(1,043,511)	
34	Center for International Understanding	635,155					(317,578)		(317,578)	
35	A+Schools	100,000					(100,000)	-	(100,000)	-
Reductions Subtotal			**(195,464,310)**	**(195,770,555)**	**(106,427,050)**	**(105,712,983)**	**(219,665,832)**	**(6,000,000)**	**(243,841,399)**	**(5,000,000)**
Expansion										
1	Need-Based Financial Aid - College Promise	116,400,000 Escheats	23,397,311 R	23,397,311 R	23,397,311 R	23,397,311 R	11,500,000	-	11,500,000	-
2	Distinguished Professorships/Spangler Match	8,000,000	-	-	6,800,000 R	6,800,000 R	Special provision directing use of base budget funds to match Spangler grant.			
3	Campus Safety	6,000,000 (new)	-	-	5,000,000 R	5,000,000 R	-	-	-	-
4	NCSU Vet School		-	-	250,000 NR	-	-	-	-	-
5	ECU Dental	2,313,224	-	-	3,000,000 R	3,000,000 R	3,000,000	-	3,000,000	-
6	ECU Indigent Care	0	4,000,000 NR	-	2,000,000 R	2,000,000 R	2,000,000	-	2,000,000	-
7	UNC Indigent Care	46,011,882	-	-	2,000,000 R	2,000,000 R				
8	Medical School Expansion	0	-	-	2,620,000 NR	-	-	-	-	-
9	Nursing Program Expansion - NCCU and UNC-CH	NCCU $2 million UNC-CH $9.2 million	-	-	835,000 R	835,000 R	-	-	-	-
10	ASU College of Health Sciences	1,364,000	-	-	250,000 R	250,000 R	Special provision to fund within existing resources.			
11	UNCW Health & Human Services	6,100,000	-	-	400,000 R	400,000 R	Special provision to fund within existing resources.			
12	Kannapolis	19,500,000	-	-	3,000,000 R	3,000,000 R	-	-	-	-
13	EPIC	0	-	-	2,000,000 R	5,000,000 R	-	-	-	-
14	Engineering - A&T	14,100,000	-	-	2,000,000 R	2,000,000 R	-	-	-	-
15	Engineering NCSU	52,400,000	-	-	5,000,000 R	5,000,000 R	-	-	-	-
16	UNCG Nanotechnology	2,900,000	-	-	1,000,000 R	1,000,000 R	-	-	-	-
17	WCU Rapid Product Development	0	-	-	200,000 R	200,000 R	Special provision to fund within existing resources.			
18	ECSU Aviation - Flight School	672,000	-	-	300,000 R	300,000 R	-	-	-	-
19	Research Competitiveness Fund		-	-	3,000,000 R	3,000,000 R	-	-	-	-
20	Graduate Student Recruitment and Retention	43,000,000	-	-	2,000,000 R	2,000,000 R	-	-	-	-
21	School of the Arts - School of Film Making	3,475,000	-	-	1,000,000 R/NR	1,000,000 R/NR	-	-	-	-
22	Faculty Recruitment & Retention		-	-	2,000,000 R	2,000,000 R	-	-	-	-
23	NCSSM Online Initiative	0	-	-	200,000 R	200,000 R	-	-	-	-
24	UNCA & UNCSA Special Focus Institutions		-	-	2,000,000 R	2,000,000 R	-	-	-	-
25	FSU BRAC		-	-	251,500 R	251,500 R	-	-	-	-
26	UNCP Student Support	6,800,000	-	-	300,000 R	300,000 R	-	-	-	-
27	WSSU Adult and Transfer Student Recruitment		-	-	475,700 R	475,700 R	-	-	-	-
28	Hickory Regional Partnership	125,000	200,000 R	200,000 R	-	-	250,000	-	250,000	-
Expansion Subtotal			**27,397,311**	**23,397,311**	**71,279,511**	**71,409,511**	**16,750,000**	**-**	**16,750,000**	**-**
Total Adjustments			**(168,066,999)**	**(172,373,244)**	**(35,147,539)**	**(34,303,472)**	**(330,587,657)**	**(6,000,000)**	**(429,684,776)**	**(5,000,000)**
Continuation Budget			$3,026,185,255	$3,100,871,575	$3,026,185,255	$3,100,871,575	3,026,185,255		3,100,871,575	
Total Adjustments			(168,066,999)	(172,373,244)	(35,147,539)	(34,303,472)	(336,587,657)		(434,684,776)	
Proposed Budget			**$2,858,118,256**	**$2,928,498,331**	**$2,991,037,716**	**$3,066,568,103**	**2,689,597,599**		**2,666,186,800**	

EARN Scholarship Revision

FY 2009-10	Number of students	Available GF funding	Needed from Escheat Fund
UNC	10,725		
CC	12,197		
Private	3,935		
Total headcount	26,857		
EARN Grant	$2,000		
Total funds	$53,714,000	$16,225,000	$37,489,000

Escheat Fund

End of Year Fund Balances	2007-08	2008-09	2009-10	2010-11	2011-12
Actual	$658,808,250				
Estimated		$544,371,308			
Senate Budget (Add $43.7 million GF and use $40 million Escheat Fund)			$342,616,836	$146,033,543	($48,781,898)
House Proposal * ($2000 grant in FY 09-10 only / use $16.2 million GF (base) and $37.5 million Escheat Fund)			$345,028,651	$186,770,092	$31,954,651

* $2,000 EARN grant paid in Fall 2009 semester

Attachment 3

ESCHEAT FUND PROJECTIONS
HOUSE PROPOSAL

Interest Rate

3.95%

				Projections			
	06/30/2006	06/30/2007	06/30/2008	06/30/2009	06/30/2010	06/30/2011	06/30/2012
Cash invested in STIF	224,004,344	286,785,787	240,078,334	22,926,037	0	0	0
Investments	336,372,106	419,925,575	448,884,128	448,884,128	267,690,941	107,060,847	(47,224,357)
Escheat Fund Collections				100,500,000	100,500,000	100,500,000	100,500,000
N.C. Global Transpark Authority Loan	30,469,678	32,062,906	33,933,088	35,421,127	37,151,397	38,881,667	40,611,937
Administrative Expenses				(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Accounts Payable	(19,060)	(10,938)	(849)	(849)	(849)	(849)	(849)
Escheat Claims Payable	(32,632,000)	(26,599,000)	(26,218,000)	(31,427,801)	(36,017,817)	(41,278,203)	(47,306,866)
Interest due to SEAA	(24,726,366)	(22,730,705)	(27,483,812)	(18,636,502)	(10,573,792)	(4,228,903)	0
Deferred Revenue	(11,394,380)	(3,173,607)	(10,384,639)	(10,794,832)	(11,221,228)	(11,664,467)	(12,125,213)
Fund Balance	522,074,323	686,260,019	658,808,250	544,371,308	345,028,651	186,770,092	31,954,651

**-0- Due to SEAA - Expenses exceed income for the year*

Note: Session Law 2007-323, House Bill 1473, Section 9.3.(a) states under no circumstances shall the Escheat Fund principal be reduced below the sum of four hundred million dollars ($400,000,000).

Additional Principal used for various scholarship programs				$ -	$ -	$ -	$ -
Transfers of Principal for various scholarship programs:							
UNC University System-Need based financial aid	39,992,754	42,911,650	79,329,522	124,831,216	124,831,216	124,831,216	124,831,216
UNC-Millennium Scholars				1,157,000		1,157,000	1,157,000
Governor's EARN Scholars ($2000 Grant in FY 09-10 only)				50,000,000	37,489,000		
Community Colleges Grant	13,981,202	13,981,202	13,981,202	13,981,202	13,981,202	13,981,202	13,981,202
DHHS-Child Welfare Postsecondary Support				3,168,250	3,168,250	3,168,250	3,168,250
DOA Veteran's Scholarship Fund	4,297,544	5,568,222	6,228,633	6,918,633	6,918,633	6,918,633	6,918,633
Transfers of Principal for various scholarship programs:	58,271,500	62,461,074	99,539,357	200,056,301	186,388,301	150,056,301	150,056,301
Estimated Interest due to SEAA			(27,483,812)	(18,636,502)	(10,573,792)	(4,228,903)	0

Tuition and Fees Comparisons for UNC Peer Institutions*

	Undergraduate Resident Tuition and Fees
California State University-Fresno	$3,687
California State University-Chico	$4,008
Georgia Southern University	$4,050
Appalachian State University	$4,661
Stephen F Austin State University	$5,280
Western Washington University	$5,535
Sam Houston State University	$5,910
University of Wisconsin-Whitewater	$6,162
University of Northern Iowa	$6,376
University of Wisconsin-LaCrosse	$6,648
West Chester University of Pennsylvania	$6,737
James Madison University	$6,964
Towson University	$7,234
George Mason University	$7,512
College of Charleston	$8,400
Eastern Illinois University	$8,782
Western Illinois University	$8,862
Bowling Green State University-Main Camp	$9,060
Miami University	$10,452

	Undergraduate Resident Tuition and Fees
Florida International University	$3,901
East Carolina University	$4,467
University of Nevada-Reno	$4,653
Old Dominion University	$5,574
Texas Tech University	$5,594
SUNY at Buffalo	$6,285
University of North Dakota	$6,513
Virginia Commonwealth University	$6,779
Wright State University-Main Campus	$7,018
University of Wisconsin-Milwaukee	$7,305
University of Louisville	$7,564
Western Michigan University	$7,928
University of Missouri-Kansas City	$8,273
University of South Carolina-Columbia	$8,838
Ohio University-Main Campus	$8,907
Northern Illinois University	$9,278

*FY 2008-09 tuition and fees data from IPEDS (Integrated Postsecondary Education Data System) plus UNC Board of Governors approved fees for FY 2009-10 fees and $256 annual tuition increase for all UNC system students

Tuition and Fees Comparisons for UNC Peer Institutions*

	Undergraduate Resident Tuition and Fees
Elizabeth City State University	$3,219
Savannah State University	$3,726
Concord University	$4,578
University of Arkansas at Pine Bluff	$4,676
SUNY College at Old Westbury	$5,177
Central State University	$5,294
Eastern Oregon University	$6,225
Black Hills State University	$6,268
The University of Virginia's College at Wise	$6,439
Texas A & M University at Galveston	$6,454
Western State College of Colorado	$6,538
Christopher Newport University	$7,550
University of Maine at Farmington	$8,206
Lyndon State College	$8,284
Coastal Carolina University	$8,650

	Undergraduate Resident Tuition and Fees
Fayetteville State University	$3,353
California State University-San Marcos	$3,650
Southwestern Oklahoma State University	$4,110
Angelo State University	$4,596
Tarleton State University	$4,613
SUNY College at Oneonta	$5,502
Northwest Missouri State University	$5,530
University of North Alabama	$5,598
Northern State University	$5,712
Bowie State University	$6,005
University of Wisconsin-Parkside	$6,068
Western Oregon University	$6,318
Eastern Connecticut State University	$7,406
Francis Marion University	$7,632
Lake Superior State University	$7,894

*FY 2008-09 tuition and fees data from IPEDS (Integrated Postsecondary Education Data System) plus UNC Board of Governors approved fees for FY 2009-10 fees and $256 annual tuition increase for all UNC system students

Tuition and Fees Comparisons for UNC Peer Institutions*

	Undergraduate Resident Tuition and Fees
Florida Agricultural and Mechanical University	$3,582
North Carolina A & T State University	$3,927
Jackson State University	$4,634
Tennessee Technological University	$5,216
The University of Tennessee at Chattanooga	$5,310
University of South Alabama	$5,512
Montana State University	$5,798
South Dakota State University	$5,808
The University of Texas at El Paso	$5,925
Portland State University	$6,147
North Dakota State University-Main Campus	$6,236
Cleveland State University	$7,945
University of Massachusetts-Dartmouth	$8,858
University of Maine	$9,100
New Jersey Institute of Technology	$12,482

	Undergraduate Resident Tuition and Fees
Florida Agricultural and Mechanical University	$3,582
The University of West Florida	$3,654
North Carolina Central University	$4,071
California State University-Bakersfield	$4,077
Valdosta State University	$4,158
University of Houston-Clear Lake	$4,640
West Texas A & M University	$4,950
Tennessee State University	$5,132
The University of Tennessee at Chattanooga	$5,310
University of Colorado at Colorado Springs	$5,477
Washburn University	$5,996
Salem State College	$6,460
Edinboro University of Pennsylvania	$7,042
Chicago State University	$7,922
New Jersey City University	$8,727
The University of Texas at Dallas	$9,050
Rutgers University-Camden	$11,358

*FY 2008-09 tuition and fees data from IPEDS (Integrated Postsecondary Education Data System) plus UNC Board of Governors approved fees for FY 2009-10 fees and $256 annual tuition increase for all UNC system students

Tuition and Fees Comparisons for UNC Peer Institutions*

	Undergraduate Resident Tuition and Fees
University of North Carolina School of the A	$5,501
SUNY College at Purchase	$5,801
Massachusetts College of Art and Design	$7,900
Columbia College Chicago	$18,418
Memphis College of Art	$21,560
Milwaukee Institute of Art & Design	$25,365
Cornish College of the Arts	$25,600
Savannah College of Art and Design	$26,465
The Juilliard School	$28,640
San Francisco Art Institute	$30,196
The University of the Arts	$30,600
Maryland Institute College of Art	$32,680
Cleveland Institute of Music	$33,258
California Institute of the Arts	$33,660

	Undergraduate Resident Tuition and Fees
University of Florida	$3,778
University of Georgia	$5,569
Georgia Institute of Technology-Main Campus	$5,579
North Carolina State University	$5,690
Iowa State University	$6,360
University of Wisconsin-Madison	$7,564
Purdue University-Main Campus	$7,750
Texas A & M University	$7,844
University of Maryland-College Park	$8,005
Virginia Tech University	$8,198
University of California-Davis	$8,635
Ohio State University-Main Campus	$8,676
University of Minnesota-Twin Cities	$10,634
Michigan State University	$10,690
University of Illinois at Urbana-Champaign	$12,106
Pennsylvania State University-Main Campus	$13,706

*FY 2008-09 tuition and fees data from IPEDS (Integrated Postsecondary Education Data System) plus UNC Board of Governors approved fees for FY 2009-10 fees and $256 annual tuition increase for all UNC system students

Tuition and Fees Comparisons for UNC Peer Institutions*

	Undergraduate Resident Tuition and Fees
New College of Florida	$4,127
University of North Carolina at Asheville	$4,537
The Evergreen State College	$5,343
SUNY at Geneseo	$5,658
Massachusetts College of Liberal Arts	$6,425
Truman State University	$6,692
University of Mary Washington	$6,774
Eastern Connecticut State University	$7,406
University of Minnesota-Morris	$10,006
The Richard Stockton College of New Jersey	$10,569
Ramapo College of New Jersey	$10,765
St Mary's College of Maryland	$12,604

	Undergraduate Resident Tuition and Fees
University of Florida	$3,778
University of North Carolina at Chapel Hill	$5,721
University of Washington-Seattle Campus	$6,802
University of California-Los Angeles	$7,551
University of Wisconsin-Madison	$7,564
University of California-Berkeley	$7,656
The University of Texas at Austin	$8,532
University of Virginia-Main Campus	$9,470
University of Michigan-Ann Arbor	$11,037
University of Illinois at Urbana-Champaign	$12,106
University of Pittsburgh-Pittsburgh Campus	$13,642

*FY 2008-09 tuition and fees data from IPEDS (Integrated Postsecondary Education Data System) plus UNC Board of Governors approved fees for FY 2009-10 fees and $256 annual tuition increase for all UNC system students

Tuition and Fees Comparisons for UNC Peer Institutions*

	Undergraduate Resident Tuition and Fees
San Diego State University	$3,754
University of Central Florida	$3,948
University of Nevada-Las Vegas	$4,493
University of North Carolina at Charlotte	$4,681
Georgia State University	$6,056
The University of Texas at San Antonio	$6,056
Portland State University	$6,147
University of Wisconsin-Milwaukee	$7,305
George Mason University	$7,512
University of Louisville	$7,564
The University of Texas at Arlington	$7,780
Western Michigan University	$7,928
Kent State University-Kent Campus	$8,430
University of Delaware	$8,646
University of Rhode Island	$8,678
University of Maryland-Baltimore County	$8,780

	Undergraduate Resident Tuition and Fees
Florida Atlantic University	$2,929
University of North Carolina at Greensboro	$4,410
University of Southern Mississippi	$5,096
Georgia State University	$6,056
SUNY at Binghamton	$6,072
Portland State University	$6,147
The University of Alabama	$6,400
University of Wisconsin-Milwaukee	$7,305
George Mason University	$7,512
Western Michigan University	$7,928
University of Delaware	$8,646
Ohio University-Main Campus	$8,907
Bowling Green State University-Main Campus	$9,060
University of Massachusetts-Lowell	$9,181
Northern Illinois University	$9,278
College of William and Mary	$10,246
Miami University	$10,452

*FY 2008-09 tuition and fees data from IPEDS (Integrated Postsecondary Education Data System) plus UNC Board of Governors approved fees for FY 2009-10 fees and $256 annual tuition increase for all UNC system students

Tuition and Fees Comparisons for UNC Peer Institutions*

	Undergraduate Resident Tuition and Fees
Nicholls State University	$3,651
California State University-Stanislaus	$3,819
University of North Carolina at Pembroke	$3,939
Northeastern State University	$4,155
Pittsburg State University	$4,322
The University of Tennessee-Martin	$5,255
Morehead State University	$5,400
Austin Peay State University	$5,526
Northwest Missouri State University	$5,530
SUNY at Fredonia	$5,585
University of North Alabama	$5,598
Southern Oregon University	$5,718
Salisbury University	$6,492
Westfield State College	$6,515
Radford University	$6,536
Western Connecticut State University	$7,088
East Stroudsburg University of Pennsylvania	$7,090
Shippensburg University of Pennsylvania	$7,099
Plymouth State University	$8,424

	Undergraduate Resident Tuition and Fees
Humboldt State University	$4,148
Sonoma State University	$4,272
California Polytechnic State University-San Luis Obisp	$5,043
University of North Carolina-Wilmington	$5,115
Western Washington University	$5,535
Murray State University	$5,748
University of Wisconsin-Eau Claire	$6,199
University of Northern Iowa	$6,376
Truman State University	$6,692
James Madison University	$6,964
Towson University	$7,314
College of Charleston	$8,400
The University of Texas at Dallas	$9,050
Rowan University	$10,908
The College of New Jersey	$12,308

*FY 2008-09 tuition and fees data from IPEDS (Integrated Postsecondary Education Data System) plus UNC Board of Governors approved fees for FY 2009-10 fees and $256 annual tuition increase for all UNC system students

Tuition and Fees Comparisons for UNC Peer Institutions*

	Undergraduate Resident Tuition and Fees
Georgia Southern University	$4,050
Sonoma State University	$4,272
Western Carolina University	$4,553
SUNY College at Brockport	$5,406
Murray State University	$5,748
University of Wisconsin-Stevens Point	$6,196
Salisbury University	$6,492
Radford University	$6,536
University of Wisconsin-LaCrosse	$6,648
Bloomsburg University of Pennsylvania	$6,848
Western Kentucky University	$6,930
James Madison University	$6,964
Northern Michigan University	$7,078
Shippensburg University of Pennsylvania	$7,099
Towson University	$7,314
Winona State University	$7,626

	Undergraduate Resident Tuition and Fees
Armstrong Atlantic State University	$3,616
Winston-Salem State University	$3,711
University of Louisiana at Monroe	$3,791
Florida Gulf Coast University	$3,979
Colorado State University-Pueblo	$4,418
Jacksonville State University	$4,560
Georgia College & State University	$5,043
The University of Tennessee at Chattanooga	$5,310
University of North Alabama	$5,598
Murray State University	$5,748
University of Maryland Eastern Shore	$6,042
University of Central Arkansas	$6,505
Radford University	$6,536
Lock Haven University of Pennsylvania	$6,917
Longwood University	$8,499
University of South Carolina-Upstate	$8,512
Winthrop University	$10,700

*FY 2008-09 tuition and fees data from IPEDS (Integrated Postsecondary Education Data System) plus UNC Board of Governors approved fees for FY 2009-10 fees and $256 annual tuition increase for all UNC system students

House Pages

Name of Committee: House Approp Ed Date: 5-21-09

1. Name: Auburn lance

County: Randolph

Sponsor: Rep. Hurley

2. Name: Michael McDrak

County: Iredell

Sponsor: Rep. Mills

3. Name: _____

County: _____

Sponsor: _____

4. Name: _____

County: _____

Sponsor: _____

5. Name: _____

County: _____

Sponsor: _____

Sgt-At-Arms

1. Name: Charles Williams

2. Name: Earl Coker

3. Name: _____

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Emily Doyle	NCPAPA
Katherine Joyce	NCASA
[illegible]	NCICU
C. Brockett	ncsba
Susan Harrison	WCPSS
Chris Minard	State Bd of Ed
Jim Stegall	U.C.P.S.
Ashley Perkinson	EGHS
Debra Hatem	NCPTA
Alice Garland	NCEL
Emily Williams	The Policy Group

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jordan Schrader	Asheville Citizen-Times
DAN HOLLOMAN	NCDPI
Jeanne Wachlum	DPI
Bob Edwards	DPI
Mallory Hatcher	WWC
Mary McDuffie	NCCAT
Millie Ravenel	CIU
M. Henderson	CIU
Wendell Jordan	Public School Forum of NC
Jo Ann Norris	Public School Forum
Matt Farrell	TPG

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
TOM BOWLIN	NC NATIONAL GUARD
Donald Borrings	Governor's Office
Ann Maddox	Governor's Office
Elizabeth Groomtree	OSBM
Pam Leamon	OSBM
TINA GORDON	NC Nurses Assoc.
Jennifer Willis	NLCS
Jennifer Haygood	NLCS
Skyler Moore	unaffiliated
Anita Watkins	UNC GA
Erin Schultz	UNC GA

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Philip Rogers	ECU
Karen Bacombson	ASU
Brad Wilson	UNC-Nissan
Tony Johnson	NC REAL
Leanne Winner	NCSBA
Kevin FitzGerald	UNC
Robin Fred	ExplorNet
Ken Haney	NCSU
Dwayne Pinkney	UNC - Chapel Hill
Brian Lewis	NCAE
Patrick Burke	NMRS

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 21, 2009 8:30 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Imam (Minister) Ebrahim Mohamed	Fayetteville State U. Alumni

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Thursday, May 21, 2009**

TIME: **immediately after Session**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

Continuation of Budget Reduction Options

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **10:30 AM** on **May 21, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

House Appropriations Subcommittee on Education
Agenda

Thursday, May 21, 2009
Immediately After Session
Room 421, Legislative Office Building
Representative McLawhorn, Presiding

DISCUSSION OF BUDGET OPTIONS

COMMITTEE QUESTIONS & DISCUSSION

Adjournment

ATTENDANCE

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

(Name of Committee)

DATES	5/21/09 pm													
HOUSE MEMBERS														
GLAZIER, Rick – Chair	✓													
McLAWHORN, Marian - Chair	✓													
RAPP, Ray – Chair	✓													
BELL, Larry - Vice Chair	✓													
JOHNSON, Linda – Vice Chair	✓													
LUCAS, Marvin – Vice Chair														
PARMON, Earline- Vice Chair	✓													
TARLETON, Cullie- Vice Chair	✓													
BLACKWELL, Hugh	✓													
HILTON, Mark														
HOLLOWAY, Bryan														
WILEY, Laura	✓													
STAFF														
Richard Bostic	✓													
Kristopher Nordstrom	✓													
Brian Mattson	✓													
Andrea Poole	✓													
James Robinson														

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Thursday, May 21, 2009, immediately following Session

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building on Thursday, May 21, 2009, immediately after Session. Representative Marian McLawhorn presided over the meeting. The following House members were present: Representatives McLawhorn Glazier and Rapp, Co-Chairs, Representatives Bell, Johnson, Parmon, Tarleton, Vice-Chairs, Representatives Blackwell, and Wiley. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages, Sergeant at Arms, and staff who attended and assisted with the meeting.

The Chair called the meeting to order to continue the discussion on budget reduction options. Chairwoman McLawhorn stated that there were no new funds available to work with for education budget purposes. Representative Bell expressed concern for cutting teaching positions and felt it was necessary to keep people in their jobs to help stimulate the economy. Representative Wiley expressed concern for the dropout prevention programs and the great deal of effort that had been put into them to ensure their success. Representative Wiley asked if there was adequate information available to evaluate how the dropout prevention programs were working. Staff indicated that there was a report dated February 2009, and they would provide the information to Representative Wiley.

After the discussion between the committee members was complete, the Chair allowed the audience members to address the committee. Karen Garr, Regional Outreach Director with the National Board for Professional Teaching Standards, was called on to address the committee. A copy of Ms. Garr's remarks is attached and made a part of these minutes (See Attachment 1).

With there being no further business, Rep. McLawhorn adjourned the meeting at 3:50 p.m.

Respectfully submitted,

Marian McLawhorn
Representative Marian McLawhorn

Susan Burleson
Susan Burleson, Committee Assistant

Attachment 1

House Education Appropriations
May 21, 2009
Thank you for the opportunity to speak about the National Board Certification program.

North Carolina passed legislation to support this program in 1994, the first state in the nation to have a comprehensive program of support to help teachers become National Board Certified and to pay them for their performance if they succeeded. As a result, NC has been first in the nation in the number of National Board Certified Teachers (NBCTs) since that time. We now have over 14,000 NBCTs.

But being first is not the point of the program. As you know, virtually all research studies declare that the most important element in improving student achievement is the teacher. Accomplished teachers can change students and schools. The National Research Council, an arm of the National Academies of Science, was directed by Congress to examine the National Board for Professional Teaching Standards. At the end of nearly two years of study, the NRC declared that students of NBCTs achieve more and that NBCTs are more likely to stay in teaching. The last time DPI collected data on teacher retention among NC NBCTs, it found that 93% were still in education, and 91% were still in the classroom. Furthermore, 36% of NBCTs in NC teach in Title I schools.

There is a lot of data on the positive effect of NBCTs on students, on their colleagues, and on schools. NC has benefited from 14,000 NBCTs because teachers have had access to the process. Our state has always believed that the National Board's rigorous yearlong process would improve teaching skills. That's why National Board Certification is one of the goals of the Collaborative Project and why many principals encourage teachers to pursue Certification.

The cost of the assessment is $2500, much beyond the reach of most teachers, so the state has paid it as an investment in professional growth. The state has given every teacher in every corner of the state the opportunity to pursue National Board Certification. In exchange for our paying the fee, the teacher must complete the full process and must continue to teach here the following year. Without help with the fee payment, the vast majority of teachers in NC will no longer have access to the one program that allows them to make more money while staying in the classroom with students.
There is also one further complication in making this decision. The application window opened March 1. Since that time, the state has already paid for 219 teachers to become candidates. Another 223 have applied and begun the process in the belief that their fee will be paid after July 1.
I know that, unless revenue is raised, we all have to take cuts. I ask you to consider how to make these cuts in a way that will not deny NC teachers access to National Board Certification and in a manner that will continue to make National Board Certified Teachers available to all our students. I commit to you that the National Board will work with you on finding efficiencies and funding as we work through this economic crisis. I make this commitment because every child deserves our best.

Karen Garr
Regional Outreach Director
National Board for Professional Teaching Standards (NBPTS)

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 21, 2009 after Session

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Emily Doyle	NCPAPA
Katherine Joyce	NCASA
[signature]	WCPSS
[signature]	NBPTS
Jordan Schrader	Asheville C-T
TEXRS 1	NCGA - Rep. Doug Yongue
Gene Causby	NCCCA
Debra Horton	NCPTA
[signature]	EGHS
[signature]	EGHS

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 21, 2009 after Session

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cecil Banks	NCAE
Linda Dunlap	NCAE
James Cameron	Rep Jeffus interest
Jennifer Haygood	NCCCS
Kennon Briggs	NCCCS
[illegible]	OSBM
Joyce Wallace	OSBM
David Barry	MWC
Philip Rogers	ECU
[illegible]	UNC
Erin Schwartz	MWC
Ann Maddock	Governor's Off

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — May 21, 2009 after Session

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Brookenstein	OSBM
Forest Gill	Rep. Rapp
TOM BOWLIN	NC NATIONAL GUARD
Mary McDuffie	NCCAT
Millie Ravenel	CIU
M Henderson	CIU
Leanne Winner	NCSBA
John Morris	Public School Forum of NC
Evelyn Hawthorne	PENC; CSNC
Chris Minard	State Bd of Ed
Cheryl Baggett	NC ~~Asso~~ Association of CC Trustees (NCACCT)
Jim Stegall	UCPS

House Pages

HOUSE APPR

Name of Committee: Ed **Date:** 5-21-09

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
2. Name: TREY RALEY
3. Name: EARL COKER

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Tuesday, May 26, 2009**

TIME: **8:30 AM**

LOCATION: **421 LOB**

The following bills will be considered:
Budget Reduction Options

Respectfully,
Representative Rapp
Representative Glazier
Representative McLawhorn
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **12:00 PM** on **May 22, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, May 26, 2009, 8:30AM

The House Appropriations Subcommittee on Education met in room 421 of the Legislative Office Building on Monday, June 29, 2009. Representative Ray Rapp, Co-Chair, presided over the meeting, which was called to order at 8:36 a.m. The following House members were present: Representatives Glazier and McLawhorn, Co-Chairs, Representatives Bell, Blackwell, Hilton, Johnson, Lucas, Tarleton, and Wiley. Members of the Education Team in the Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted with the meeting.

The Chair provided a brief overview of the subcommittee target as provided by the full chairs of the Appropriations Committee. He recognized **Brian Matteson**, with the Fiscal Research Division, to explain the Public School budget reductions being considered by the subcommittee chairs. Mr. Matteson referred to the Education Budget Summary and Roll-Up Sheet. A copy of the document is included as Attachment #1. The Chair recognized **Andrea Poole** and **Richard Bostic**, with Fiscal Research, to explain the budget reduction options from the Community College and University sections, respectively. During the University presentation, Mr. Bostic referred to a chart outlining projected revenues for a proposed tuition increase. The chart is included as Attachment #2.

After their presentation, Mr. Matteson, Ms. Poole, and Mr. Bostic answered questions from committee members. There was further discussion among the members and questions addressed by the chairs throughout the meeting. Chairman Rapp thanked the committee for their participation and announced that a subsequent meeting would focus on the special provisions being considered as part of the education budget.

With there being no further business, the meeting adjourned at 9:41 a.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

Education Summary as of 5/26/2009

FY 2009-10					
	Continuation	Governor	Senate	Potential House Decisions to Date	House - Continuation
Public Schools	$8,245,341,827	$7,947,740,343	7,629,717,045	7,329,148,285	(916,193,542)
Community Colleges	$1,072,571,152	$1,026,792,328	1,059,888,269	952,200,046	(120,371,106)
UNC	$3,026,185,255	$2,858,118,256	2,991,037,716	2,689,558,598	(336,626,657)
Total	$12,344,098,234	$11,832,650,927	**$11,680,643,030**	$10,970,906,929	($1,373,191,305)
Less Unspecified ESF-Related NR Cuts				($467,570,877)	
Adjusted House Decisions to Date:				$10,503,336,052	
Target				**$10,503,395,123**	
Amount Under/(Over) Target				**$59,071**	
% Reduction to General Fund Target				**14.9%**	
% Reduction to Total Spending Amount				**11.1%**	

FY 2010-11					
	Continuation	Governor	Senate	Potential House Decisions to Date	House - Continuation
Public Schools	$8,358,798,223	$8,109,136,300	7,784,909,413	7,402,850,523	(955,947,700)
Community Colleges	$1,114,034,594	$1,068,146,255	1,104,442,194	955,587,873	(158,446,721)
UNC	$3,100,871,575	$2,928,498,331	3,066,568,103	2,661,998,271	(438,873,304)
Total	$12,573,704,392	$12,105,780,886	**$11,955,919,710**	$11,020,436,668	($1,553,267,724)
Less Unspecified ESF-Related NR Cuts				($467,570,877)	
Adjusted House Decisions to Date:				$10,552,865,791	
Target				**$10,343,395,123**	
Amount Under/(Over) Target				**($209,470,668)**	
% Reduction to General Fund Target				**17.7%**	
% Reduction to Total Spending Amount				**14.0%**	

Attachment 1

Education Summary FY 2009-10

GOVERNOR						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Governor's Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(297,601,484)	$7,947,740,343	-3.6%	-4.9%
Community Colleges	$1,016,658,560	$1,072,571,152	(45,778,824)	$1,026,792,328	-4.3%	1.0%
UNC	$2,894,709,782	$3,026,185,255	(168,066,999)	$2,858,118,256	-5.6%	-1.3%
Total	$12,267,313,635	$12,344,098,234	($511,447,307)	$11,832,650,927	-4.1%	-3.5%

SENATE						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(615,624,782)	$7,629,717,045	-7.5%	-8.7%
Community Colleges	$1,016,658,560	$1,072,571,152	(12,682,883)	$1,059,888,269	-1.2%	4.3%
UNC	$2,894,709,782	$3,026,185,255	(35,147,539)	$2,991,037,716	-1.2%	3.3%
Total	$12,267,313,635	$12,344,098,234	($663,455,204)	$11,680,643,030	-5.4%	-4.8%

HOUSE						
	FY 2008-09	FY 2009-10				
	Authorized	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 09-10 Cont.	% Change vs. FY 08-09 Auth.
Public Schools	$8,355,945,293	$8,245,341,827	(916,193,542)	$7,329,148,285	-11.1%	-12.3%
Community Colleges	$1,016,658,560	$1,072,571,152	(120,371,106)	$952,200,046	-11.2%	-6.3%
UNC	$2,894,709,782	$3,026,185,255	(336,626,657)	$2,689,558,598	-11.1%	-7.1%
Total	$12,267,313,635	$12,344,098,234	($1,373,191,305)	$10,970,906,929	-11.1%	-10.6%

Education Summary FY 2010-11

GOVERNOR				
	FY 2010-11			
	Continuation	Governor's Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(249,661,923)	$8,109,136,300	-3.0%
Community Colleges	$1,114,034,594	(45,888,339)	$1,068,146,255	-4.1%
UNC	$3,100,871,575	(172,373,244)	$2,928,498,331	-5.6%
Total	$12,573,704,392	($467,923,506)	$12,105,780,886	-3.7%

SENATE				
	FY 2010-11			
	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(573,888,810)	$7,784,909,413	-6.9%
Community Colleges	$1,114,034,594	(9,592,400)	$1,104,442,194	-0.9%
UNC	$3,100,871,575	(34,303,472)	$3,066,568,103	-1.1%
Total	$12,573,704,392	($617,784,682)	$11,955,919,710	-4.9%

HOUSE				
	FY 2010-11			
	Continuation	Subcommittee Adjustments	Proposed	% Change vs. FY 10-11 Cont.
Public Schools	$8,358,798,223	(955,947,700)	$7,402,850,523	-11.4%
Community Colleges	$1,114,034,594	(158,446,721)	$955,587,873	-14.2%
UNC	$3,100,871,575	(438,873,304)	$2,661,998,271	-14.2%
Total	$12,573,704,392	($1,553,267,724)	$11,020,436,668	-12.4%

Public Scl Roll-Up Sheet

#	Item	Continuation Budget FY 2009-10	Continuation Budget FY 2010-11	Governor FY 2009-10		Governor FY 2010-11		Senate FY 2009-10		Senate FY 2010-11		House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
Adjustments to Continuation Budget															
1	Adjustment to Continuation Budget											(73,903,050)	-	(118,955,313)	-
2	Exceptional Children Headcount Adjustment											(15,000,000)	-	(15,000,000)	-
3	Average Daily Membership Adjustment											27,269,605		61,106,959	
Adjustments Subtotal				-		-		-		-		**(61,633,445)**	-	**(72,848,354)**	-
Reductions															
1	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases	N/A	N/A	-		-		(10,114,135)	R	(10,114,135)	R	Included in "Adjustment to Continuation Budget"			
2	Truth-in-Budgeting Reductions	N/A	N/A	(23,310,334)	R	(23,310,334)	R	-		-					
3	Truth-in-Budgeting Agency Reductions			(929,001)	R	(929,001)	R	-		-					
4	Membership Dues/Subscriptions	1,591,094	1,591,094	(209,238)	R	(209,238)	R	(209,238)	R	(209,238)	R	Included in "Adjustment to Continuation Budget"			
5	Management Flexibility Reduction	N/A	N/A	(144,000,000)	R	(144,000,000)	R	(9,432,140)	R	(8,782,140)	R	-	-	-	-
6	Legacy Funds	2,000,000	2,000,000	(2,000,000)	NR	-		senate 2.0m	NR	-		-	(3,000,000)	-	-
7	Civil Penalties Receipts	114,038,000	114,038,000	(6,324,790)	R	(6,324,790)	R	(24,508,041)	R/NR	(6,324,790)	R	(6,324,790)	SP for $18m	(6,324,790)	-
8	Financing School Bus Replacement	77,390,884	87,126,917	(7,500,000)	R	(7,500,000)	R	(7,500,000)	R	(7,500,000)	R	(6,347,581)	-	(10,334,288)	-
9	DPI Position Reduction: Governor - Not specific Senate - 100 positions in Y1 300 total positions in Y2 House - 52 positions in Y1 (11%) 71 total positions in Y2 (15%)	802.75 total/ 475.5 state	802.75 total/ 475.5 state	(1,998,705)	R	(1,998,705)	R	(5,420,925)	R	(12,648,825)	R	(3,780,553)	-	(5,155,300)	-
10	DPI Operating Reduction	53,137,189	53,137,189	(1,591,552)	R	(1,591,552)	R	(1,591,552)	R	(1,591,552)	R	(2,087,638)	-	(2,846,779)	-
11	Textbook Freight	217,837	217,837	(217,837)	R	(217,837)	R	(217,837)	R	(217,837)	R	(217,837)	-	(217,837)	-
12	Information Highway	1,200,000	1,200,000	(1,200,000)	R	(1,200,000)	R	(1,200,000)	R	(1,200,000)	R	(1,200,000)	-	(1,200,000)	-
13	At-risk Student Services	226,614,401	227,971,150	(1,202,256)	R	(1,202,256)	R	(1,202,256)	R	(1,202,256)	R	(70,000,000)		(70,000,000)	
14	School Technology Fund	10,000,000	10,000,000	(4,000,000)	NR	(4,000,000)	NR	(4,000,000)	NR	(4,000,000)	NR	-	(9,000,000)	-	(9,000,000)
15	Textbooks	109,140,068	115,410,044	(37,977,278)	NR	-		(37,977,278)	NR	-		-	(47,977,278)	-	(60,000,000)
16	NC Wise Owl			(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	-	(500,000)	-
17	Central Office	120,855,235	121,095,235	(6,470,262)	R	(6,470,262)	R	(6,470,262)	R	(6,470,262)	R	(9,064,143)	-	(9,082,143)	-
18	More at Four	86,062,842	86,062,842	(1,010,000)	R	(1,010,000)	R	(86,000,000)	R	(86,000,000)	R	(10,000,000)	-	(10,000,000)	-
19	Testing	16,485,051	17,920,724	(2,000,000)	R	(2,000,000)	R	(3,636,594)	R	(3,636,594)	R	(2,000,000)	-	(2,000,000)	-
20	Focused Education Reform	4,833,728	4,833,728	(483,373)	R	(483,373)	R	(483,373)	R	(483,373)	R	(483,373)	-	(4,833,728)	4,350,355
21	Staff Development	12,557,920	12,619,829	(6,278,960)	NR	(6,278,960)	NR	(6,278,960)	NR	(6,278,960)	NR	-	(12,557,920)	-	(12,557,920)
22	Improving Student Accountability	38,339,798	38,339,798	(38,339,798)	R	(38,339,798)	R	(38,339,798)	R	(38,339,798)	R	(38,339,798)	-	(38,339,798)	-
23	Critical Foreign Language Pilot	500,000	500,000	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	100,000	(500,000)	-
24	Increase Class Size by 2 Students	2,955,374,664	2,984,581,313	-		-		(322,705,848)	R	(322,705,848)	R	(322,705,848)	-	(322,705,848)	-
25	Personal Financial Literacy	500,000	500,000	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	R	(500,000)	-	(500,000)	-
26	Governor's Schools	1,386,607	1,458,704	(59,752)	NR	(789,409)	NR	(59,752)	NR	(439,409)	NR	(75,000)	-	(475,000)	-
27	Passthroughs (Senate cut 10% for most R pgms and lit. coach training):	6,141,036	6,141,036	-		-		(614,104)	R	(614,104)	R	See Passthroughs Itemized Below:			
28	Communities in Schools	1,607,500	1,607,500									(160,750)		(160,750)	
29	Schools Attuned	820,911	820,911									(820,911)		(820,911)	
30	ExplorNet	300,000	300,000									(300,000)		(300,000)	
31	Teacher Cadet	400,000	400,000									(60,000)		(60,000)	
32	NC Network	312,625	312,625									(312,625)		(312,625)	
33	Science Olympiad	150,000	150,000									(22,500)		(22,500)	
34	Teach for America	950,000	950,000									(50,000)		(50,000)	
35	NC Math & Science	100,000	100,000									(100,000)		(100,000)	
36	Public School Forum	2,342,705	2,342,705									(234,271)	-	(2,342,705)	2,108,434
37	Project Enlightenment	200,000	200,000									(200,000)		(200,000)	

Public Schools Roll-Up Sheet

#	Item	Continuation Budget FY 2009-10	Continuation Budget FY 2010-11	Governor FY 2009-10		Governor FY 2010-11		Senate FY 2009-10		Senate FY 2010-11		House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
38	Literacy Coach Training (Teacher Academy)	1,500,000	1,500,000									(1,500,000)		(1,500,000)	
39	Teacher Academy (Other)	5,556,413	5,556,413									(833,462)		(833,462)	
40	Literacy Coaches	12,034,400	12,034,400									(12,034,400)	-	(12,034,400)	-
41	Teaching Fellows Trust Fund	N/A	N/A	(16,500,000)	NR	-		Senate 4.5m	NR	-		-	(5,500,000)	-	-
42	Children's Trust Fund	247,500	247,500	(247,500)	R	(247,500)	R	(247,500)	R	(247,500)	R	(247,500)	-	(247,500)	-
43	Redirect Capital Funds (ADM Fund)	N/A	N/A	-		-		(60,500,000)	NR	(64,500,000)	NR	-	(60,500,000)	-	(64,500,000)
44	Finance Officer Staff Development	64,500	64,500	(64,500)	R	(64,500)	R	-		-		(14,500)	-	(14,500)	-
45	Classroom Materials/Supplies	88,238,683	94,390,396	(2,565,064)	R	(5,207,207)	R	-		-		(2,000,000)	-	(2,000,000)	-
46	Noninstructional Support Personnel	403,126,930	406,926,298	(10,305,072)	R	(10,305,072)	R	-		-		(20,156,347)		(20,346,315)	
47	Teacher Assistants	503,837,592	505,965,687									(130,135,446)	-	(130,135,446)	-
48	Instructional Support	357,595,392	360,981,712									(21,506,394)	-	(21,506,394)	-
49	School Building Administration	262,034,980	265,003,158									(17,586,720)	-	(17,586,720)	-
50	Math and Science Salary Supplement	515,000	515,000									(515,115)	-	(515,115)	-
51	Mentoring	11,164,616	11,164,616									(5,582,308)	-	(5,582,308)	-
53	Limited English Proficiency	78,731,314	88,257,897									(2,000,000)	-	(2,000,000)	-
54	Low Wealth Supplemental Funding	207,499,970	207,499,970									(9,080,934)	-	(18,161,868)	-
55	Small County Supplemental Funding	45,189,185	45,189,185									(4,518,919)	-	(6,080,361)	-
56	Transportation	388,445,598	410,320,113									(29,133,420)	-	(30,774,008)	-
57	Learn and Earn Online	1,351,752	1,351,752									(1,351,752)	-	(1,351,752)	-
58	Small Specialty High Schools	7,239,800	7,239,800									(3,222,496)	-	(3,222,496)	-
59	Child and Family Support Teams	12,521,831	12,521,831									(1,252,183)	-	(1,252,183)	-
60	National Board Application Cost	3,274,500	3,274,500									Change to revolving 3-yr loan program. State will not cover 3 days release time			
61	Teacher Working Conditions - Fund once every three years	215,000	215,000									-	(215,000)	-	-
	Reductions Subtotal			**(318,285,272)**		**(265,179,794)**		**(630,209,593)**		**(585,006,621)**		**(739,059,514)**	**(138,650,198)**	**(764,529,830)**	**(139,599,131)**
	Additional Adjustments														
1	Activity Bus Plan	N/A	N/A	-		-		5,000	NR	-		-	-	-	-
2	Tarheel ChalleNGe	N/A	N/A	-		-		1,293,000	NR	1,293,000	NR	1,228,350	-	1,228,350	-
3	Learn and Earn Early College High Schools	18,988,008	18,988,008	3,721,265	R/NR	3,601,265	R	3,721,265	R/NR	3,601,265	R	3,601,265	120,000	3,601,265	-
4	Dropout Prevention Grants	0	0	6,693,060	R	6,693,060	R	1,000,000	NR	1,000,000	NR	13,000,000	-	13,000,000	-
5	NC Virtual Public School	2,700,000	2,700,000	2,000,000	R	2,000,000	R	2,000,000	R	2,000,000	R	2,000,000		2,000,000	
6	Leadership Academy	N/A	N/A	200,000	R	200,000	R	200,000	R	200,000	R	200,000		200,000	
7	Comprehensive School Reform	5,903,120	5,903,120	3,365,546	R/NR	3,023,546	R	3,365,546	R/NR	3,023,546	R	1,000,000	-	1,000,000	-
8	Diagnostic Assessment and Accountability	N/A	N/A	4,703,917	NR	-		3,000,000	NR	-		-	2,000,000	-	-
	Additional Adjustments Subtotal			**20,683,788**		**15,517,871**		**14,584,811**		**11,117,811**		**21,029,615**	**2,120,000**	**21,029,615**	-
	Total Adjustments			**(297,601,484)**		**(249,661,923)**		**(615,624,782)**		**(573,888,810)**		**(779,063,344)**	**(136,530,198)**	**(816,348,660)**	**(139,599,131)**
	Continuation Budget			$8,245,341,827		$8,358,798,223		$8,245,341,827		$8,358,798,223			8,245,341,827		8,358,798,223
	Total Adjustments			(297,601,484)		(249,661,923)		(615,624,782)		(573,888,810)			(916,193,542)		(955,947,700)
	Proposed Budget			**$7,947,740,343**		**$8,109,136,300**		**$7,629,717,045**		**$7,784,909,413**			**7,329,148,285**		**7,402,850,523**

Community Colleges Roll-Up Sheet

#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
Adjustments to Continuation Budget										
1	Adjustment to Continuation Budget	n/a					(67,749,922)	-	(109,213,360)	
2	Enrollment Growth	47,688,333	500,000 R	500,000 R	10,380,387 R	10,380,387 R	58,068,720	-	99,195,570	-
Adjustments Subtotal			**500,000 #**	**500,000 #**	**10,380,387 #**	**10,380,387 #**	**(9,681,202)**	-	**(10,017,790)**	-
Reductions										
1	Eliminate Vacant Positions	236 positions in SO	(523,128) R	(523,128) R	(523,128) R	(523,128) R	(523,128)	-	(523,128)	-
2	Eliminate Filled Positions	236 positions in SO	(124,040) R	(124,040) R	(124,040) R	(124,040) R	(835,708)	-	(835,708)	-
3	Move Positions to Receipt Support	236 positions in SO	(85,454) R	(85,454) R	(85,454) R	(85,454) R	(85,454)	-	(85,454)	-
4	Reduce SO Operating Budget	28,961,196	(462,425) R	(462,425) R	(462,425) R	(462,425) R	(952,248)	-	(952,248)	-
5	Reduce 2+2 E-Learning Initiative	1,000,000	(250,000) R	(250,000) R	(140,000) R	(140,000) R	(250,000)	-	(250,000)	-
6	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases - Unemployment Compensation	6,500	-	-	(6,500) R	(6,500) R	Included in Continuation Budget Adjustments			
7	Senate Management Flexibility Reduction - System Office	28,961,196	-	-	(489,823) R	(489,823) R	-	-	-	-
8	Eliminate Truth-in-Budgeting-Related Continuation Budget Increases - State Aid Increases	514,887,284	-	-	(18,543,704) R	(18,543,704) R	Included in Continuation Budget Adjustments			
9	Management Flexibility - State Aid	1,043,609,956	(20,930,478) R	(20,930,478) R	(1,023,133) R	(1,023,133) R	(27,000,000)	-	(27,000,000)	-
10	House - Specialized Center Regionalization	2,298,133	-	-	-	-	(1,023,133)	-	(1,023,133)	-
11	Maintenance of Plant Reduction	787,877	(787,877) R	(787,877) R	(787,877) R	(787,877) R	(787,877)	-	(787,877)	-
12	Botanical Lab at FTCC	300,000	(150,000) R	(150,000) R	(300,000) R	(300,000) R	(300,000)	-	(300,000)	-
13	Community Service Block Grant	1,066,603	(1,066,603) R	(1,066,603) R	(1,066,603) R	(1,066,603) R	(1,066,603)	-	(1,066,603)	-
14	Baccalaureate Education Attainment Funds	112,751	(112,751) R	(112,751) R	(112,751) R	(112,751) R	(112,751)	-	(112,751)	-
15	Faculty and Staff Development Funds	507,068	(507,068) R	(507,068) R	(507,068) R	(507,068) R	(507,068)	-	(507,068)	-
16	Compensatory Education Administration	1,229,760	(1,229,760) R	(1,229,760) R	(1,229,760) R	(1,229,760) R	(1,229,760)	-	(1,229,760)	-
17	Reduce Supplemental MCC Funds	14,813,894	(1,896,178) R	(1,896,178) R	(1,036,973) R	(1,036,973) R	(1,896,178)	-	(1,896,178)	-
18	Eliminate OCC Funds	1,000,000	(1,000,000) R	(1,000,000) R	(1,000,000) R	(1,000,000) R	(1,000,000)	-	(1,000,000)	-
19	Eliminate One Virtual Learning Community Development Center	850,000	(200,000) R	(200,000) R	(200,000) R	(200,000) R	(200,000)	-	(200,000)	-
20	Reduce Funding for Library Books and Materials	4,324,641	(1,324,641) R	(1,641,456) R	(476,250) R	(793,067) R	(848,391)	-	(848,391)	-
21	Reduce BioNetwork Grants and Marketing Funds	5,762,697	(1,440,675) R	(1,440,675) R	(1,440,675) R	(1,440,675) R	(1,440,675)	-	(1,440,675)	-
22	Eliminate Hearing Impaired Supplemental Funding	190,000	-	-	(190,000) R	(190,000) R	(190,000)	-	(190,000)	-
23	Eliminate Funds for Disadvantaged Nursing Students	80,000	-	-	(80,000) R	(80,000) R	(80,000)	-	(80,000)	-
24	Eliminate Funds for Regional Criminal Justice Coordinators	430,119	-	-	(430,119) R	(430,119) R	(430,119)	-	(430,119)	-
25	Senate - Eliminate Funds for Regional Fire Training Coordinators House - Eliminate all but three Fire Coordinators, supervision by System Office	772,293	-	-	(772,293) R	(772,293) R	(489,018)	-	(489,018)	-
26	Eliminate Pass-Through Funds for Public Radio Stations	458,921	-	-	(458,921) R	(458,921) R	(458,921)	-	(458,921)	-
27	Reduce Child Care Grants to FY 2007-08 Actual Expenditures	1,923,016	-	-	(84,801) R	(84,801) R	(84,801)	-	(84,801)	-
28	Restructure ConEd Fee Rates	9,491,506	(9,426,885) R	(9,426,885) R	(9,426,885) R	(9,426,885) R	(9,426,885)	-	(9,426,885)	-
29	Eliminate Senior Citizen Tuition Waiver	1,462,435 waived	-	-	(1,316,192) R	(1,316,192) R	(1,316,192)	-	(1,316,192)	-
30	Eliminate Tuition Waiver for Prisoners	4,832,895 waived	-	-	(4,832,895) R	(4,832,895) R	Included in Minimum Payment in Lieu of Tuition Waiver Below			
31	Prisoner Education Continuation Review						(32,899,715)	32,899,715	(32,899,715)	-
32	Truth-in-Budgeting - SO	28,961,196	(496,323) R	(496,323) R	-	-	-	-	-	-
33	Truth-in-Budgeting - Colleges	1,043,609,956	(18,543,704) R	(18,543,704) R	-	-	-	-	-	-

#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 R
34	Overrealized Receipts	184,878,574	(3,000,000) R	(3,000,000) R	-	-	-	-	-	-
35	Merger of HMHEC	505,834	(505,834) R	(505,834) R	-	-	(505,834)	-	(505,834)	-
36	Minimum Payment in Lieu of Tuition Waiver for: -Public Safety Personnel -Prisoners -Remaining High School Students -Other Populations (excluding HRD) [$25/credit hour (Curriculum) or $25/course (ConEd)]	Estimated 40,541,321 waived					(16,450,225)	(2,405,698)	(16,450,225)	-
37	Eliminate College Transfer Dual Enrollment and Huskins						(17,612,950)	-	(17,612,950)	-
38	Increase Curriculum Tuition by $8/credit hour	$42/credit hour					(30,522,884)	-	(30,522,884)	-
39	Thai Entrepreneurship	221					-	(221)	-	-
40	Reduce Small Business Center Funding (eliminates additional funding for A-B Tech, reduces all colleges by $6,000)	5,756,853					(402,861)	-	(402,861)	-
41	Reduce Customized Training by 9%	12,457,121					(1,121,141)	-	(1,121,141)	-
42	Consolidate 3 Colleges into Others (Pamlico, Montgomery, Tri-County)						-	-	(4,045,230)	-
43	Eliminate Special Allotment Funding (Truck driving, Marine Technology, Heavy Equipment)	1,295,428					(1,295,428)		(1,295,428)	
44	Eliminate 1 Clerical Position from Formula Budget	8 clerical/college					(2,287,752)		(2,287,752)	
Reductions Subtotal			**(64,063,824)**	**(64,380,639)**	**(47,148,270)**	**(47,465,087)**	**(155,633,700)**	**30,493,797**	**(159,678,931)**	-
Additional Adjustments										
1	Enrollment Growth Reserve	n/a	3,000,000 R	3,000,000 R	3,000,000 R	3,000,000 R	-	3,000,000	-	-
2	Allied Health Programs - Additional Faculty	9,600,000	4,835,000 R	5,242,300 R	4,835,000 R	6,242,300 R	-	-	-	-
3	Vocational and Technical Education Programs	1,000,000	3,000,000 R	3,000,000 R	4,500,000 R	4,500,000 R	-	-	-	-
4	Equipment and Technology	31,319,732	5,000,000 R	5,000,000 R	10,000,000 R	12,000,000 R	10,000,000	-	10,000,000	-
5	Military Business Center	1,250,000	1,250,000 R	1,250,000 R	1,250,000 R	1,250,000 R	1,250,000	-	1,250,000	-
6	Senate - $250,000 for Customized Training Program, $250,000 for NC REAL House - NC REAL	12,457,121	-	-	500,000 R	500,000 R	Include special provision to fund $125,000 from existing Customized Training Funding			
7	Fayetteville Tech 3-D Technology	-	200,000 NR	-	-	-	-	200,000	-	-
8	Restructure Apprenticeship Training Program	-	500,000 R	500,000 R	-	-	-	-	-	-
Additional Adjustments Subtotal			**17,785,000**	**17,992,300**	**24,085,000**	**27,492,300**	**11,250,000**	**3,200,000**	**11,250,000**	-
Total Adjustments			**(45,778,824)**	**(45,888,339)**	**(12,682,883)**	**(9,592,400)**	**(154,064,902)**	**33,693,797**	**(158,446,721)**	-
Continuation Budget			$1,072,571,152	$1,114,034,594	$1,072,571,152	$1,114,034,594	1,072,571,152		1,114,034,594	
Total Adjustments			(45,778,824)	(45,888,339)	(12,682,883)	(9,592,400)	(120,371,106)		(158,446,721)	
Proposed Budget			**$1,026,792,328**	**$1,068,146,255**	**$1,059,888,269**	**$1,104,442,194**	**952,200,046**		**955,587,873**	

UNC Roll-I et

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#	Item	Continuation Budget	Governor FY 2009-10	Governor FY 2010-11	Senate FY 2009-10	Senate FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
Adjustments to Continuation Budget										
1	Adjustment to Continuation Budget						(171,869,601)	-	(246,791,153)	-
2	Enrollment Growth						44,197,776	-	44,197,776	-
Adjustments Subtotal			-	-	-	-	**(127,671,825)**	-	**(202,593,377)**	-
Reductions										
1	Management Flexibility Reduction		-	-	(75,436,798) R/NR	(70,066,227) R	(153,101,798)		(163,979,069)	-
2	Eliminate Truth-in-Budgeting-Salary Related Continuation Budget Increases		-	-	(7,757,661) R	(7,741,169) R	Included in Continuation Budget Adjustments			
3	Building Reserve Adjustment for Delays		(2,692,333) NR	(2,256,597) NR	(2,692,333) NR	(2,256,597) NR	Included in Continuation Budget Adjustments			
4	Remove Inflationary Increase for Library Books	65,520,622	(14,129,584) R	(18,411,905) R	(14,129,584) R	(18,411,905) R	Included in Continuation Budget Adjustments			
5	Reduction to Reflect Decrease in Utility Costs (Fuel Oil)	207,700,000	(1,603,910) R	(1,362,610) R	(1,302,965) R	(1,061,665) R	Included in Continuation Budget Adjustments			
6	University Cancer Center Research Fund - Adjust Appropriation for New Tax Projections	25,561,179	(561,179) R	(592,890) R	(561,179) R	(592,890) R	Included in Continuation Budget Adjustments			
7	Reduce Reserve for Online and Distance Education Programs	1,160,014	(112,936) R	(112,936) R	(112,936) R	(112,936) R	(225,872)	-	(225,872)	-
8	Reduce Reserve for IT	935,867	(90,592) R	(90,592) R	(90,592) R	(90,592) R	(150,000)	-	(150,000)	-
9	NR Reduction to Strategic Initiative Reserve	3,300,000	(1,000,000) NR	(1,000,000) NR	(1,000,000) NR	(1,000,000) NR	-	(1,000,000)	-	(1,000,000)
10	Abolish Legislature Schools for Leadership Development	500,000	(500,000) NR	(500,000) NR	(500,000) R	(500,000) R	(500,000)	-	(500,000)	-
11	Redirect Receipts for Operations for UNC (Bowles) Center for Alcohol Studies	537,455	(500,000) R	(500,000) R	(500,000) R	(500,000) R	(537,455)	-	(537,455)	-
12	Eliminate Reserve for Focused Growth-Admin	1,343,002	(1,343,002) R	(1,343,002) R	(1,343,002) R	(1,343,002) R	(1,343,002)	-	(1,343,002)	-
13	Phase Out Tuition Waiver for NCSSM (Senate - starts with current juniors)	3,259,732	(990,619) R	(2,034,190) R	-	(1,000,000) R	Special provision eliminating waiver going forward, but grandfathering in current seniors and juniors			
14	Nurse Educators of Tomorrow	1,674,000	-	-	$1 million Senate NR	- NR	-	(1,000,000)	-	-
15	Future Teachers Scholarship Loan	1,950,000	-	-	(1,000,000) R	(1,000,000) R	(1,267,500)		(1,495,000)	-
16	NCCU Technical Adjustment (Salary)		-	-	-	(36,000) R	Included in Continuation Budget Adjustments			
17	Truth-in-Budgeting -GA		(766,000) R	(766,000) R	-	-	-	-	-	-
18	Truth-in-Budgeting -UNC Campuses		(54,238,000) R	(54,238,000) R	-	-	-	-	-	-
19	Building Reserve Reductions		(4,013,038) R/NR	(10,973,091) R/NR	-	-	-	-	-	-
20	Reduce UNC Hospital Transfer	46,011,882	(10,000,000) NR	(10,000,000) NR	-	-	-	(10,000,000)	-	(10,000,000)
21	Reduce Funding for NC Live	1,454,399	(145,440) R	(145,440) R	-	-	(145,440)	-	(145,440)	-
22	Reduce Non-Need-Based Grants to Private Colleges House - Reduce from $1,950 to $1,850	59,074,905	(3,700,343) R	(3,700,343) R	-	-	(3,180,000)	-	(3,180,000)	-
23	Management Flexibility Reduction - GA		(2,507,683) R	(2,507,683) R	-	-	-	-	-	-
24	Management Flexibility Reduction - UNC Campuses		(96,569,651) R	(85,235,276) R	-	-	-	-	-	-
25	Tuition Increase House - $200/year increase in tuition						(34,776,301)	-	(34,776,301)	-
26	Tuition Surcharge - Increase from 25% to 50%						-	-	(1,000,000)	-
27	Resident Tuition for Non-resident Students	13,880,000					(13,880,000)	-	(13,880,000)	
28	Faculty/Staff Tuition Waiver	2,100,000					(700,000)	-	(700,000)	-
29	Senior Citizen Tuition Waiver	300,000					(300,000)	-	(300,000)	
30	Special Talent Tuition Waiver - Athletics	300,000					(300,000)	-	(300,000)	-
31	EARN Scholarship - $2,000 in FY 2009-10, Eliminate in FY 2010-11						-	-	(16,225,000)	-
32	Aid to Private Medical Schools	1,767,000					(1,461,000)	-	(1,466,000)	-
33	NC Center for Advancement of Teaching	6,956,740					(1,043,511)		(1,043,511)	
34	Center for International Understanding	635,155					(217,578)		(217,578)	
35	A+Schools	100,000					(100,000)	-	(100,000)	-

#	Item	Continuation Budget	Governor		Senate		House			
			2009-10	FY 2010-11	FY 2009-10	FY 201	FY 2009-10		FY 2010-11	
							R	NR	R	NR
36	CFNC Teacher Recruitment and Marketing Online Module	25,000					(25,000)	-	(25,000)	-
37	Model Teaching Education Consortium						(400,000)	-	(400,000)	-
38	Gateway Technology Center (Rocky Mount)	177,000					(17,700)	-	(17,700)	-
39	Academic Summer Bridge and Retention Pilot Programs (FSU & NCCU)	1,193,000					(238,600)	-	(238,600)	-
40	Teacher Education Pilot Program (FSU & UNCW)	750,000					(150,000)	-	(150,000)	-
41	NCSU Horticultural Program (Manteo)	200,000					(200,000)	-	(200,000)	-
42	Manufacturing Extension Partnership									
43	Tuition Grants for Bible College Students	321,900					(17,400)	-	(17,400)	-
44	Center for Craft, Creativity, and Design (UNCA)	216,225					(40,000)	-	(40,000)	-
45	Judicial College (UNCCH School of Govt.)	1,000,000					(250,000)	-	(250,000)	-
46	DESTINY Traveling Science Lab									
47	UNC-CH Translational Medicine Program	3,500,000					(700,000)	-	(700,000)	-
48	UNC-CH School of Law						(500,000)	-	(500,000)	-
49	Hunt Institute (UNC-CH)	1,357,812					(271,562)	-	(271,562)	-
50	UNC 2+2 E-Learning	1,000,000					(250,000)	-	(250,000)	-
51	Institute for Emerging Issues (NCSU)	567,109					(113,422)	-	(113,422)	-
52	Center for Design Innovation (WSSU & UNCSA)	507,047					(100,000)	-	(100,000)	-
53	Coastal Studies Institute (ECU)	664,606					(132,800)	-	(132,800)	-
54	Teacher Education Recruitment and Retention Efforts (UNCCH & NCSU)	750,000					(350,000)	-	(350,000)	-
55	Friday Institute for Educational Innovation	2,605,958					(521,192)	-	(521,192)	-
56	Center for Developmental Science (UNC-CH)	109,345					(109,345)	-	(109,345)	-
57	Highway Safety Research Center (UNC-CH)	589,440					(117,888)	-	(117,888)	-
58	UNC Institute on Aging (UNC-CH)	678,628					(135,725)	-	(135,725)	-
59	Small Business & Technology Center (NCSU)	2,004,051								
60	Water Resources Institute of UNC (NCSU)	640,262					(128,052)	-	(128,052)	-
61	Appalachian Regional Development Institute	260,087					(52,017)		(52,017)	-
62	ASU Institute for Health & Human Services	666,422								
63	ASU Center for Entrepreneurship	88,338					(17,668)	-	(17,668)	-
64	ASU Hubbard Center for Faculty Development	278,433					(55,687)	-	(55,687)	-
65	ASU Math and Science Education Center	542,444					(108,489)	-	(108,489)	-
66	ASU National Center for Developmental Education	210,744					(42,149)	-	(42,149)	-
67	ASU NC Center for Engineering and Technology	365,889								
68	ECU Academic Support and Enrichment Center	191,929					(38,386)	-	(38,386)	-
69	ECU Center for Economic Education	64,278					(64,278)	-	(64,278)	-
70	ECU Center for Faculty Excellence	437,016					(87,403)	-	(87,403)	-
71	ECU Center for Health Disparities Research	37,000					(37,000)	-	(37,000)	-
72	ECU Center for Hazard Mitigation Research	10,000					(10,000)	-	(10,000)	-
73	ECU Center for Science, Math, and Tech Ed	264,945					(52,989)	-	(52,989)	-
74	ECU Center for Security Studies and Research	394,998					(78,998)	-	(78,998)	-
75	ECU Center for the Liberal Arts	24,000					(24,000)	-	(24,000)	-
76	ECU Center for Aging	10,757					(10,757)	-	(10,757)	-
77	ECU Field Station at Lake Mattamuskeet Lodge	3,451					(3,451)	-	(3,451)	-
78	ECU Institute for Coastal Science and Policy	959,990					(191,998)	-	(191,998)	-
79	ECU Center for Sustainable Tourism	374,574					(74,915)	-	(74,915)	-

#	Item	Continuation Budget	Gover FY 2009-10	2010-11	Senate FY 2009-10	FY 2010-11	House R	NR	FY 2010-11 R	NR
80	ECU Pediatric Healthy Weight and Treatment Center	14,855					(14,855)	-	(14,855)	-
81	ECU Regional Development Services	2,084,754					(416,951)	-	(416,951)	-
82	ECU Rural Education Institute	45,513								
83	ECU Small Business Institute	20,384								
84	FSU Center for Innovation in Teaching and Learning	180,832					(180,832)	-	(180,832)	-
85	FSU Math and Science Center	368,029					(73,606)	-	(73,606)	-
86	NCCU Center for Excellence in Science, Math, and Technology Education	42,083								
87	NCCU Center for Univ.Teaching and Learning	113,940					(22,788)	-	(22,788)	-
88	NCCU Juvenile Justice Institute	255,579					(51,116)	-	(51,116)	-
89	NCSU Analytical Instrumentation Facility	313,000					(62,600)	-	(62,600)	-
90	NCSU Animal and Poultry Waste Mgmt Ctr.	192,000					(38,400)	-	(38,400)	-
91	NCSU Ctr for Chemical Toxicology and Research Pharmacokinetics	511,441					(102,288)	-	(102,288)	-
92	NCSU Center for Environmental and Resource Economic Policy	96,750					(19,350)	-	(9,675)	-
93	NCSU Center for Family and Community Engagement	204,539					(40,908)	-	(40,908)	-
94	NCSU Center for High Performance Simulation	174,000					(34,800)	-	(34,800)	-
95	NCSU Center for Integrated Fungal Research	38,100					(38,100)	-	(38,100)	-
96	NCSU Center for Plant Breeding and Applied Plant Genomics	116,071					(23,214)	-	(23,214)	-
97	NCSU Center for Quantitative Sciences in Biomedicine	111,175					(2,235)	-	(2,235)	-
98	NCSU Ctr for R&D in Math and Science Ed.	317,593					(63,519)	-	(63,519)	-
99	NCSU Center for the Biology of Nematode Parasitism	64,964					(12,993)	-	(12,993)	-
100	NCSU Center for Urban Affairs and Community Services	151,559					(30,312)	-	(30,312)	-
101	NCSU Encore Center for Lifelong Enrichment	71,243					(47,020)	-	(47,020)	-
102	NCSU Furniture Manufacturing and Mgmt Ctr	546,225					(109,245)	-	(109,245)	-
103	NCSU Gen. Hugh Shelton Leadership Ctr	168,571					(33,714)	-	(33,714)	-
104	NCSU Institute for Statistics	833,129					(166,626)	-	(166,626)	-
105	NCSU Institute for Manufacturing Systems Engineering Institute	211,434					(42,287)	-	(42,287)	-
106	NCSU Minerals Research Lab	570,000					(114,000)	-	(114,000)	-
107	NCSU Nonwovens Institute	340,174					(68,035)	-	(68,035)	-
108	NCSU Southeastern Plant Environment Lab	576,491					(115,298)	-	(115,298)	-
109	NCSU Ergonomics Center of NC	704,157					(140,831)	-	(140,831)	-
110	UNCA National Environmental Modeling Analysis Center	657,700					(131,540)	-	(131,540)	-
111	UNCCH Ackland Art Museum	882,916					(176,583)	-	(176,583)	-
112	UNCCH American Indian Center	177,563					(35,513)	-	(35,513)	-
113	UNCCH Carolina Cardiovascular Biology	287,970					(57,594)	-	(57,594)	-
114	UNCCH Carolina Center for Public Service	422,253					(84,451)	-	(84,451)	-
115	UNCCH Carolina Population Center	605,077					(121,015)	-	(121,015)	-
116	UNCCH Carolina Women's Center	270,259					(54,052)	-	(54,052)	-
117	UNCCH Sheps Center for Health Services Research	1,095,279					(219,056)	-	(219,056)	-
118	UNCCH Center for Banking and Finance	7,500					(7,500)	-	(7,500)	-
119	UNCCH Center for Civil Rights	278,875					(55,775)	-	(55,775)	-
120	UNCCH Center for European Studies	494,031					(98,806)	-	(98,806)	-

#	Item	Continuation Budget	Governor		Senate		House			
			FY 2009-10	FY 2010-11	FY 2009-10	FY 201	FY 2009-10		FY 2010-11	
							R	NR	R	NR
121	UNCCH Center for Infectious Diseases	110,789					(27,697)	-	(27,697)	-
122	UNCCH Ctr for Math & Science Education	491,650					(98,330)	-	(98,330)	-
123	UNCCH Center for Slavic, Eurasian, and East European Studies	135,247					(27,049)	-	(27,049)	-
124	UNCCH Center for Teaching and Learning	990,944					(100,000)	-	(100,000)	-
125	UNCCH Study of the American South	676,414					(135,283)	-	(135,283)	-
126	UNCCH Center for Urban and Regional Studies	369,928					(73,986)	-	(73,986)	-
127	UNCCH Center on Poverty, Work, and Opportunity	90,710					(18,142)	-	(18,142)	-
128	UNCCH Clinical Nutrition Center	11,846,309					(2,369,262)	-	(2,369,262)	-
129	UNCCH Collaborative Studies Coordinating Center	100,036					(20,007)	-	(20,007)	-
130	UNCCH DD Training Institute	293,448					(58,690)	-	(58,690)	-
131	UNCCH Frank Porter Graham Child Development Center	2,383,740					(476,748)	-	(476,748)	-
132	UNCCH Gene Therapy Center	87,293					(87,239)	-	(87,239)	-
133	UNCCH Injury Prevention Research Center	124,675					(24,935)	-	(24,935)	-
134	UNCCH Renaissance Computing Institute	9,796,440							-	
135	UNCCH Institute for the Arts and Humanities	181,559							-	
136	UNCCH Institute of Latin American Studies	227,981							-	
137	UNCCH Institute of Marine Sciences	1,853,373					(370,675)	-	(370,675)	-
138	UNCCH Institute of Outdoor Drama	115,766					(23,153)	-	(23,153)	-
139	UNCCH Neurodevelopmental Disorders Research Center	191,421					(38,284)	-	(38,284)	-
140	UNCCH NC Botanical Garden	1,212,185					(242,437)	-	(242,437)	-
141	UNCCH Odum Institute for Research in Social Science	1,247,362					(249,472)	-	(249,472)	-
142	UNCCH Survey Research Institute	47,520					(47,520)	-	(47,520)	-
143	UNCCH Institute for Public Health	3,724,794					(372,479)	-	(372,479)	-
144	UNCCH Thurston Arthritis Research Center	180,786					(36,157)	-	(36,157)	-
145	UNCCH Lineberger Comprehensive Cancer Center	2,099,904					2,099,904		2,099,904	-
146	UNCCH Center for International Studies	213,019					(42,604)	-	(42,604)	-
147	UNCCH Friday Center for ConEd	10,533,577							-	
148	UNCC Bioinformatics Research Center								-	
149	UNCC Center for Applied GIS								-	
150	UNCC Center for Biomedical Engineering Systems	53,338					(10,668)	-	(10,668)	-
151	UNCC Center for Math, Science, and Tech Ed								-	
152	UNCC Center for Professional and Applied Ethics	165,743					(165,743)	-	(165,743)	-
153	UNCC Center for Real Estate	90,399					(90,399)	-	(90,399)	-
154	UNCC Center for Transportation Policy Studies	132,421							-	
155	UNCC Global Institute for Energy and Environmental Systems	56,985					(11,397)	-	(11,397)	-
156	UNCC Urban Institute	428,685					(85,737)	-	(85,737)	-
157	UNCG Center for Applied Research	108,741					(21,748)	-	(21,748)	-
158	UNCG Center for Critical Inquiry in the Liberal Arts	103,453					(103,453)	-	(103,453)	-
159	UNCG Center for Educational Studies and Development	28,195					(28,195)	-	(28,195)	-
160	UNCG Center for Women's Health and Wellness	108,266					(21,653)	-	(21,653)	-
161	UNCG Family Research Center	23,562					(23,562)	-	(23,562)	-

#	Item	Continuation Budget	Gover FY 2009-10	2010-11	Senate FY 2009-10	FY 2010-11	House FY 2009-10 R	House FY 2009-10 NR	House FY 2010-11 R	House FY 2010-11 NR
162	UNCP Regional Center for Economic, Community, and Professional Development	43,225					(8,645)	-	(8,645)	-
163	WCU Ctr for Math & Science Education	171,906					(34,381)	-	(34,381)	-
164	WCU ML Coulter Faculty Center	223,866					(44,773)	-	(44,773)	-
165	WSSU Biomedical Research Infrastructure Center	114,000								
166	WSSU Center for Community Safety	119,845					(23,969)	-	(23,969)	-
167	WSSU Maya Angelou Institute	157,201					(31,440)	-	(31,440)	-
Reductions Subtotal			**(195,464,310)**	**(195,770,555)**	**(106,427,050)**	**(105,712,983)**	**(225,602,143)**	**(12,000,000)**	**(253,927,238)**	**(11,000,000)**
Additional Adjustments										
1	Need-Based Financial Aid - College Promise	116,400,000 Escheats	23,397,311 R	23,397,311 R	23,397,311 R	23,397,311 R	23,397,311	-	23,397,311	-
2	Distinguished Professorships/Spangler Match	8,000,000	-	-	6,800,000 R	6,800,000 R	Special provision directing use of base budget funds to match Spangler grant.			
3	Campus Safety	6,000,000 (new)	-	-	5,000,000 R	5,000,000 R	-	-	-	-
4	NCSU Vet School		-	-	250,000 NR	-	-	-	-	-
5	ECU Dental	2,313,224	-	-	3,000,000 R	3,000,000 R	3,000,000	-	3,000,000	-
6	ECU Indigent Care	0	4,000,000 NR	-	2,000,000 R	2,000,000 R	2,000,000	-	2,000,000	-
7	UNC Indigent Care	46,011,882	-	-	2,000,000 R	2,000,000 R				
8	Medical School Expansion	0	-	-	2,620,000 NR	-	-	-	-	-
9	Nursing Program Expansion - NCCU and UNC-CH	NCCU $2 million UNC-CH $9.2 million	-	-	835,000 R	835,000 R	-	-	-	-
10	ASU College of Health Sciences	1,364,000	-	-	250,000 R	250,000 R	Special provision to fund within existing resources.			
11	UNCW Health & Human Services	6,100,000	-	-	400,000 R	400,000 R	Special provision to fund within existing resources.			
12	Kannapolis	19,500,000	-	-	3,000,000 R	3,000,000 R	-	-	-	-
13	EPIC	0	-	-	2,000,000 R	5,000,000 R	-	-	-	-
14	Engineering - A&T	14,100,000	-	-	2,000,000 R	2,000,000 R	-	-	-	-
15	Engineering NCSU	52,400,000	-	-	5,000,000 R	5,000,000 R	-	-	-	-
16	UNCG Nanotechnology	2,900,000	-	-	1,000,000 R	1,000,000 R	-	-	-	-
17	WCU Rapid Product Development	0	-	-	200,000 R	200,000 R	Special provision to fund within existing resources.			
18	ECSU Aviation - Flight School	672,000	-	-	300,000 R	300,000 R	-	-	-	-
19	Research Competitiveness Fund		-	-	3,000,000 R	3,000,000 R	-	-	-	-
20	Graduate Student Recruitment and Retention	43,000,000	-	-	2,000,000 R	2,000,000 R	-	-	-	-
21	School of the Arts - School of Film Making	3,475,000	-	-	1,000,000 R/NR	1,000,000 R/NR	-	-	-	-
22	Faculty Recruitment & Retention		-	-	2,000,000 R	2,000,000 R	-	-	-	-
23	NCSSM Online Initiative	0	-	-	200,000 R	200,000 R	-	-	-	-
24	UNCA & UNCSA Special Focus Institutions		-	-	2,000,000 R	2,000,000 R	-	-	-	-
25	FSU BRAC		-	-	251,500 R	251,500 R	-	-	-	-
26	UNCP Student Support	6,800,000	-	-	300,000 R	300,000 R	-	-	-	-
27	WSSU Adult and Transfer Student Recruitment		-	-	475,700 R	475,700 R	-	-	-	-
28	Hickory Regional Partnership	125,000	200,000 R	200,000 R	-	-	250,000	-	250,000	-
Additional Adjustments Subtotal			**27,397,311**	**23,397,311**	**71,279,511**	**71,409,511**	**28,647,311**	**-**	**28,647,311**	**-**
Total Adjustments			**(168,066,999)**	**(172,373,244)**	**(35,147,539)**	**(34,303,472)**	**(324,626,657)**	**(12,000,000)**	**(427,873,304)**	**(11,000,000)**
Continuation Budget			$3,026,185,255	$3,100,871,575	$3,026,185,255	$3,100,871,575		3,026,185,255		3,100,871,575
Total Adjustments			(168,066,999)	(172,373,244)	(35,147,539)	(34,303,472)		(336,626,657)		(438,873,304)
Proposed Budget			**$2,858,118,256**	**$2,928,498,331**	**$2,991,037,716**	**$3,066,568,103**		**2,689,558,598**		**2,661,998,271**

The University of North Carolina

FY 2009-10 House Proposed $200 or 8% Tuition Increase

Projected Revenues

Student FTE	ASU	ECU	ECSU	FSU	NC&AT	NCCU	NCSU	UNCA	UNC-CH	UNCC	UNCG	UNCP	UNCW	UNCSA	WCU	WSSU	Total
UG Residents	12,348	15,643	2,471	4,638	7,096	4,415	20,265	2,754	13,933	14,916	12,283	4,140	8,762	327	5,602	4,835	134,428
UG Nonresidents	1,096	2,494	418	269	2,333	661	1,413	377	2,887	1,652	820	243	1,523	386	280	459	17,311
Graduate Residents	807	4,323	68	449	1,036	1,305	3,031	19	7,079	2,404	2,584	290	762	60	663	272	25,152
Graduate Nonresident	162	371	3	17	171	158	1,947	0	2,282	746	363	10	111	53	113	14	6,521
Total FTE	**14,413**	**22,831**	**2,960**	**5,373**	**10,636**	**6,539**	**26,656**	**3,150**	**26,181**	**19,718**	**16,050**	**4,683**	**11,158**	**826**	**6,658**	**5,580**	**183,412**

2008 tuition	ASU	ECU	ECSU	FSU	NC&AT	NCCU	NCSU	UNCA	UNC-CH	UNCC	UNCG	UNCP	UNCW	UNCSA	WCU	WSSU
UG Residents	$2,263	$2,445	$1,611	$1,826	$1,994	$2,218	$3,860	$2,339	$3,705	$2,516	$2,507	$2,007	$2,459	$3,224	$2,078	$1,701
UG Nonresidents	$12,322	$12,959	$10,625	$12,008	$11,436	$11,962	$16,158	$13,669	$20,603	$12,928	$14,001	$11,267	$12,626	$15,104	$11,661	$10,341
Graduate Residents	$2,642	$2,926	$1,675	$2,118	$2,066	$2,757	$4,268	$2,743	$5,013	$2,919	$2,899	$2,079	$2,769	$3,797	$2,372	$2,142
Graduate Nonresident	$12,541	$13,242	$10,855	$11,708	$11,651	$12,578	$16,316	$13,949	$19,411	$13,126	$14,170	$11,486	$12,829	$15,670	$11,957	$10,975
Rate Increase																
UG Residents	$181	$196	$129	$146	$160	$178	$200	$187	$200	$200	$200	$161	$197	$200	$166	$136
UG Nonresidents	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200
Graduate Res.	$200	$200	$134	$170	$165	$200	$200	$200	$200	$200	$200	$166	$200	$200	$190	$171
Graduate Nonresident	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200
2009 Tuition w/Increase																
UG Residents	$2,444	$2,641	$1,740	$1,972	$2,154	$2,396	$4,060	$2,526	$3,905	$2,716	$2,707	$2,168	$2,656	$3,424	$2,244	$1,837
UG Nonresidents	$12,522	$13,159	$10,825	$12,208	$11,636	$12,162	$16,358	$13,869	$20,803	$13,128	$14,201	$11,467	$12,826	$15,304	$11,861	$10,541
Graduate Residents	$2,842	$3,126	$1,809	$2,288	$2,231	$2,957	$4,468	$2,943	$5,213	$3,119	$3,099	$2,245	$2,969	$3,997	$2,562	$2,313
Graduate Nonresident	$12,741	$13,442	$11,055	$11,908	$11,851	$12,778	$16,516	$14,149	$19,611	$13,326	$14,370	$11,686	$13,029	$15,870	$12,157	$11,175

Attachment 2

Tuition - Percentage Increase

UG Residents	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	5.2%	8.0%	5.4%	7.9%	8.0%	8.0%	8.0%	6.2%	8.0%	8.0%
UG Nonresidents	1.6%	1.5%	1.9%	1.7%	1.7%	1.7%	1.2%	1.5%	1.0%	1.5%	1.4%	1.8%	1.6%	1.3%	1.7%	1.9%
Graduate Residents	7.6%	6.8%	8.0%	8.0%	8.0%	7.3%	4.7%	7.3%	4.0%	6.9%	6.9%	8.0%	7.2%	5.3%	8.0%	8.0%
Graduate Nonresident	1.6%	1.5%	1.8%	1.7%	1.7%	1.6%	1.2%	1.4%	1.0%	1.5%	1.4%	1.7%	1.6%	1.3%	1.7%	1.8%

New Revenue

UG Residents	$2,234,988	$3,066,028	$318,759	$677,148	$1,135,360	$785,870	$4,053,000	$514,998	$2,786,600	$2,983,200	$2,456,600	$666,540	$1,726,114	$65,400	$929,932	$657,560	$25,058,097
UG Nonresidents	$219,200	$498,800	$83,600	$53,800	$466,600	$132,200	$282,600	$75,400	$577,400	$330,400	$164,000	$48,600	$304,600	$77,200	$56,000	$91,800	$3,462,200
Graduate Residents	$161,400	$864,600	$9,112	$76,330	$170,940	$261,000	$606,200	$3,800	$1,415,800	$480,800	$516,800	$48,140	$152,400	$12,000	$125,970	$46,512	$4,951,804
Graduate Nonresident	$32,400	$74,200	$600	$3,400	$34,200	$31,600	$389,400	$0	$456,400	$149,200	$72,600	$2,000	$22,200	$10,600	$22,600	$2,800	$1,304,200
Total Revenue	$2,647,988	$4,503,628	$412,071	$810,678	$1,807,100	$1,210,670	$5,331,200	$594,198	$5,236,200	$3,943,600	$3,210,000	$765,280	$2,205,314	$165,200	$1,134,502	$798,672	$34,776,301

House Pages

House APPR

Name of Committee: Ed Date: 5-26-09

1. Name: PeNetHa Williams

County: Johnston

Sponsor: Daughtry

2. Name: Hillary ~~Mc~~ moo shacka

County: Wayne

Sponsor: Wainwright

3. Name:

County:

Sponsor:

4. Name:

County:

Sponsor:

5. Name:

County:

Sponsor:

Sgt-At-Arms

1. Name: CHARLES WILLIAMS

2. Name: EARL COKER

3. Name:

VISITOR REGISTRATION SHEET

5-26-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Emily Welborne	The Policy Group
Gene Causby	NCSCA
Joel Mayhard	CMS
[illegible]	[illegible]
Lenn Winn	NCSBA
Patrick Baker	NMPS
[illegible]	Boos Fire
[illegible]	State Bucket

VISITOR REGISTRATION SHEET

House Approp Ed — 5-26-09

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Donald Barringer	office of the Governor
Ann Maddock	office of the Governor
Elizabeth Brownstein	OSBM
Lloyd McKinney	NC Prof. Teaching Standards Comm.
Karen Gray	Nat'l Bd. for Prof. Teaching Standards
[illegible]	WCPSS
Katherine W. Joyce	NCASA
Emily Doyle	NCPAPA
Robin Fred	Exp. Net
C Minard	State Bd of Ed
Jim Stegall	W.C.P.S.
Alice Garland	NCEL

VISITOR REGISTRATION SHEET

5-26-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Meredith Henderson	CIU
Carol Brodett	NCSBA
[illegible]	NHC-NCSBA
[illegible]	EGHS
Ros Savitt	NC Child Care Coalition
[illegible]	NCCAT
[illegible]	[illegible]
[illegible]	CIU
[illegible]	PSF of NC
ANN LOPEZ	ONLE
[illegible]	NCICU

VISITOR REGISTRATION SHEET

House Approp. Ed — 3-26-09

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
JOHN D. DENNING	All Kinds of Minds
Jodi Thompson	Covenant with NC's Children
Ami Allen	BEGINNINGS
Bryan Conrad	OSBM
Joyce Wallace	OSBM
Linda Suda	NCAE
Keeley Ward	Literacy Coach (Iredell Co.)
Julia Kroon	NC Teacher Academy
Ken Bryan	NC Teacher Academy
Richard Greene	Bd. Chair Buncombe Co. Schools
Tony Baldwin	Buncombe County Schools
[illegible]	DPI
Carol Banks	NCAE
Kris Nelson	UNC
Anita Watkins	UNC
David Bowy	MWC
Al Boulden	PSC Environmental
Jeff Cox	PSC Environmental
[illegible]	UNC
Erin Stubbs	Carolinas Healthcare System
Martha A McConnell	Carolinas HealthCare System
DAVID RICE	MANNING FULTON
Abi Gray	John Locke Foundation
[illegible]	NCCS
[illegible]	NCLCSC
[illegible]	NCPAPE & NCDS

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, May 28, 2009**

TIME: **8:30 AM**

LOCATION: **421 LOB**

The following bills will be considered:
Budget Special Provisions

Respectfully,
Representative Glazier
Representative McLawhorn
Representative Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **3:30 PM** on **May 18, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

MINUTES
JOINT APPROPRIATION
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Thursday, May 28, 2009, 8:35 p.m.

The House Appropriation Subcommittee on Education met on Thursday, May 28, 2009, in Room 421 of the Legislative Building at 8:35 a.m. Representative Rick Glazier, Co-Chair, presided over the meeting. ***The following House members were present: Representatives McLawhorn and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton and Wiley. Members of the Education Fiscal Research Division were also in attendance. The following are attached and made part of these minutes: House Page Roster and Visitor Registration Sheet.***

Chairman Glazier called the meeting to order and welcomed everyone. Chairman Glazier briefly introduced the subject matter to be covered during the committee meeting and recognized the Pages and the Sergeant of Arms staff in attendance.

Chairman Glazier recognized **Kristopher Nordstrom, Fiscal Research Division,** to present the Public Schools House Budget Special Provisions. A copy of the presentation is attached and made part of these minutes (*See* ATTACHMENT #1). The Low Wealth Supplemental Funding FY 09-10 Planning Allotment document was distributed to the committee members during this presentation. A copy of this document is also attached and made part of these minutes (*See* ATTACHMENT #2). Discussion and questions followed the presentation.

Chairman Glazier recognized **Andrea Poole, Fiscal Research Division,** to present the Community College Draft Provisions. A copy of the presentation is attached and made part of these minutes (*See* ATTACHMENT #3). Discussion and questions followed the presentation.

Chairman Glazier recognized **Richard Bostic, Fiscal Research Division,** to present the UNC System Special Provisions. A copy of the presentation is attached and made part of these minutes (*See* ATTACHMENT #4). Discussion and questions followed the presentation.

The meeting adjourned at 9:50 a.m.

Respectfully submitted,

Representative Rick Glazier
Chair

Carin Savel
Committee Assistant

Attachment #1

Public Schools

House Budget – Special Provisions

DRAFT

May 28, 2009

GENERAL ASSEMBLY OF NORTH CAROLINA

SPECIAL PROVISIONS
PUBLIC SCHOOLS REPORT

MAY 27, 2009

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GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H3(S5.1)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

CIVIL FORFEITURE FUNDS

SECTION 5.1.(a) Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2011, as follows:

	FY 2009-2010	FY 2010-2011
School Technology Fund	$36,183,251	$18,000,000
State Public School Fund	120,362,790	120,362,790
Total Appropriation	$156,546,041	$138,362,790

SECTION 5.1.(b) All University of North Carolina campuses shall remit all parking fines held in escrow in the amount of eighteen million one hundred eighty-three thousand two hundred fifty-one dollars ($18,183,251) to the Civil Penalties and Forfeitures Fund for appropriation.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H9(S7.1)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate funds for children with disabilities on the basis of three thousand five hundred dollars and seventy-seven cents ($3,500.77) per child for a maximum of 168,947 children for the 2009-2010 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 2009-2010 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H10(S7.2)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of one thousand one hundred sixty-three dollars and seven cents ($1,163.07) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2009-2010 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 58,597 children for the 2009-2010 school year.

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

Requested by: Representative

USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks; (ii) for salary supplements for instructional personnel and instructional support personnel; and (iii) to pay an amount not to exceed ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II in grades 4 and 7.

SECTION 7.3.(b) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
   a. Anticipated county property tax revenue availability,
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
   c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and
   d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains

only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
   c. Add to the resulting amount the:
      1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
      2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
      3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:
   a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
   b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
   c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
   d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the

most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.3.(d) Allocation of Funds. – Except as provided in subsections (f) and (f1) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for

distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.3.(f) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only. This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws. If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.3.(f1) For the 2009-2010 fiscal year, a county with wealth that is greater than ninety percent (90%) of the State average wealth shall receive only fifty percent (50%) of a full allotment of these funds.

For the 2010-2011 fiscal year, a county with wealth that is greater than ninety percent (90%) of the State average wealth shall not receive funds from this allotment.

SECTION 7.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.3.(h) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.3.(i) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least seven hundred eighty-eight thousand seven hundred eighty-nine dollars ($672,343), excluding textbooks, for the 2009-2010 fiscal year and a base of seven hundred eighty-eight thousand seven hundred eighty-nine dollars ($672,343) for the 2010-2011 fiscal year.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12. If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any

commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.4.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.4.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula because of (i) an increase in the population of the county in which the local school administrative unit is located or (ii) an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be continued for nine years after the unit becomes ineligible.

SECTION 7.4.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(3) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(4) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(5) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(6) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(7) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.4.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7.

DRAFT
SPECIAL PROVISION



2009-DPI-H12(S7.5)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

REPLACEMENT SCHOOL BUSES/FUNDS

SECTION 7.5.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

(1) The local board of education shall use the funds only to make the first, second, third, or fourth year's payment on a financing contract entered into pursuant to G.S. 115C-528.

(2) The term of a financing contract entered into under this section shall not exceed four years.

(3) The local board of education shall purchase the buses only from vendors selected by the State Board of Education and on terms approved by the State Board of Education.

(4) The Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for the direct purchase of school buses and activity buses and shall establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.

(5) A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.5.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.6.(a) If the State Board of Education does not have sufficient resources in the ADM Contingency Reserve line item to make allotment adjustments in accordance with the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual, the State Board of Education may use funds appropriated to State Aid for Public Schools for this purpose.

SECTION 7.6.(b) If the higher of the first or second month average daily membership in a local school administrative unit is at least two percent (2%) or 100 students lower than the anticipated average daily membership used for allotments for the unit, the State Board of Education shall reduce allotments for the unit. The reduced allotments shall be based on the higher of the first or second month average daily membership plus one-half of the number of students overestimated in the anticipated average daily membership.

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

DRAFT
SPECIAL PROVISION



2009-DPI-H13(S7.7)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

LITIGATION RESERVE FUNDS

SECTION 7.7. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2009-2010 and 2010-2011 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to litigation.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H6(S7.8)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

LEA FLEXIBILITY

SECTION 7.8. Notwithstanding section 7.23 of this act, the State Board of Education shall implement temporary modifications to the limitations on budget flexibility set out in G.S. 115C-105.25, including modifications to class size requirements. For the 2009-2010 and 2010-2011 fiscal years, local school administrators shall make every effort to reduce spending whenever and wherever such budget reductions are appropriate as long as the targeted reductions do not directly impact classroom services or any services for students at risk or children with special needs.

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS

SECTION 7.9.(a) Beginning with the 2010-2011 fiscal year, the State Board of Education shall implement an allotment formula for e-learning developed pursuant to Section 7.16(d) of S.L. 2006-66.

The North Carolina Virtual Public School (NCVPS) shall be available at no cost to all high school students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

The Department of Public Instruction shall communicate to local school administrative units all applicable guidelines regarding the enrollment of nonpublic school students in these courses.

SECTION 7.9.(b) In order to ensure funds are available to operate NCVPS for the 2009-2010 fiscal year, the State Board of Education shall use funding sources in the following order:

(1) The General Fund appropriation for NCVPS;

(2) Available funds received under the American Recovery and Reinvestment Act;

(3) Up to three million dollars ($3,000,000) of funds appropriated for school technology;

(4) Funds from the State Public School Fund.

SECTION 7.9.(c) NCVPS courses shall be available only to high school students.

SECTION 7.9.(d) The State Board of Education shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, on its implementation of this section.

If the State Board of Education fails to report a new allotment formula for NCVPS to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, the State Treasurer, the Office of State Budget and Management and the Office of State Controller shall prevent the expenditure of funds related to the operation of the State Board of Education.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H14(S7.11)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ABCS OF PUBLIC EDUCATION

SECTION 7.11.(a) Notwithstanding G.S. 115C-105.36, the State Board of Education shall place a one-year moratorium on financial awards paid to school personnel in the 2009-2010 fiscal year based on 2008-2009 student academic performance.

SECTION 7.11.(b) The Joint Legislative Education Oversight Committee shall study the ABC Bonus Program. In the course of the study, the Committee shall consider (i) the current mechanism for determining which schools' employees are entitled to bonuses, (ii) the relationship of bonuses awarded to the improvement of student performance and outcomes and reduction in dropout rates, and (iii) any equities and inequities in the current program. The Committee shall report the results of this study to the General Assembly by March 31, 2010.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.12.(a) Up to two hundred fifty thousand dollars ($250,000) may be transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet. These funds may be used for services to coordinate e-learning activities across all State educational agencies.

SECTION 7.12.(b) Section 7.6(a) of S.L. 2008-107 reads as rewritten:

"**SECTION 7.6.(a)** Up to three hundred thousand dollars ($300,000) may be transferred annually through June 30, 2013, to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century Teaching and Learning outcomes approved by the State Board of Education. The Friday Institute shall report annually to the State Board of Education on the evaluation results."

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DRAFT
SPECIAL PROVISION

2009-DPI-H16(S7.13)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DROPOUT PREVENTION GRANTS

SECTION 7.13.(a) Dropout Prevention Grants. – The Committee on Dropout Prevention, as reestablished in Section 7.14 of S.L. 2008-107, may use funds appropriated in this act to provide grants to new recipients or to extend additional funding to organizations that received funding previously.

SECTION 7.13.(b) Criteria for Dropout Prevention Grants. – The following criteria apply to all types of dropout prevention grants approved by the Committee:

(1) Grants shall be issued in varying amounts up to a maximum of one hundred fifty thousand dollars ($150,000).

(2) These grants shall be provided to innovative programs and initiatives that target students at risk of dropping out of school and that demonstrate the potential to (i) be developed into effective, sustainable, and coordinated dropout prevention and reentry programs in middle schools and high schools and (ii) serve as effective models for other programs.

(3) Grants shall be distributed geographically throughout the State and throughout the eight educational districts as defined in G.S. 115C-65. No more than three grants shall be awarded in any one county under this section in a single fiscal year.

(4) Grants may be made to local school administrative units, schools, local agencies, or nonprofit organizations.

(5) Grants shall be to programs and initiatives that hold all students to high academic and personal standards.

(6) Grant applications shall state (i) how grant funds will be used, (ii) what, if any, other resources will be used in conjunction with the grant funds, (iii) how the program or initiative will be coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community, and (iv) a process for evaluating the success of the program or initiative.

(7) Programs and initiatives that receive grants under this section shall be based on best practices for helping at-risk students achieve successful academic progress, preventing students from dropping out of school, or for increasing the high school completion rate for those students who already have dropped out of school.

(8) Priority for grants shall be given to proposals that demonstrate input from the local community and coordination with other available programs or resources.

(9) Grantees shall assure their compliance with applicable laws and rules regulating conflicts of interest.

(10) Priority for grants shall be given to programs that would serve students in local schools that have a four-year cohort graduation rate of less than sixty-five percent (65%). The Committee shall establish a grant rating cutoff score at such a level as to allow for consideration of all viable grants in this priority category. The Committee may require grantees to provide supplemental information in response to any prior reviewer comments.

(11) The demonstrated need for a grant, level of collaboration, ability to increase attendance, persistence, academic success, ability to increase parental involvement, and graduation shall be given more weight than the quality of the written grant.

(12) Grants shall be made no later than November 1, 2009.

The Committee shall report to the Joint Legislative Commission on Dropout Prevention and High School Graduation and the Joint Legislative Education Oversight Committee on the grants awarded under this section by March 1, 2010.

SECTION 7.13.(c) Evaluation. – The Committee shall evaluate the impact of the dropout prevention grants awarded under this section. In evaluating the impact of the grants, the Committee shall consider:

(1) How grant funds were used, including the services provided for teen pregnancy prevention and for pregnant and parenting teens;

(2) The success of the program or initiative, as indicated by the evaluation process stated in its grant application;

(3) The extent to which the program or initiative has improved students' attendance, test scores, persistence, and graduation rates;

(4) How the program or initiative was coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community;

(5) What, if any, other resources were used in conjunction with the grant funds;

(6) The sustainability of the program;

(7) The number, gender, ethnicity, and grade level of students being served as well as whether the students left school due to pregnancy or parenting responsibilities;

(8) The potential for the program to serve as a model for achieving successful academic progress for at-risk students; and

(9) Other indicators of the impact of the grant on dropout prevention.

The recipients of the dropout prevention grants awarded under this section shall report to the Committee on Dropout Prevention by January 31, 2011, and by September 30, 2011. The reports shall provide information to assist the Committee in conducting its evaluation. The reports shall include a statement that the recipients used grant funds for the purposes appropriated by the General Assembly and complied with

applicable laws, regulations, and terms and conditions of the grant documents. The Committee shall make an interim report of the results of its evaluation of the grants awarded under this section by March 31, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee. The Committee shall make a final report of the results of its evaluation of the grants awarded under subsection (c) of this section by November 15, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee.

SECTION 7.13.(d) Of the funds appropriated in this act for Dropout Prevention, the sum of:

(1) One hundred thousand dollars ($100,000) for the 2009-2010 and 2010-2011 fiscal years may be used to issue a request for proposals from qualified vendors on a competitive basis to contract as a consultant to assist with the evaluation. The factors to be considered in awarding the contract shall be identified in the request for proposals; and

(2) Up to fifty thousand dollars ($50,000) for the 2009-2010 and 2010-2011 fiscal years may be used by the Department of Public Instruction for its administrative assistance to the Committee and to provide technical assistance under this section.

(3) The remainder shall be used by the Committee on Dropout Prevention to award grants, as well as successive grants to previous grant recipients, in accordance with subsection (b) of this section.

SECTION 7.13.(e) Grant funds shall be expended within one calendar year after the date a grant was issued.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H17(S7.18)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ASSESSMENT AND ACCOUNTABILITY

SECTION 7.18.(a) Funds appropriated in this act for assessment and accountability shall be used to develop new end-of-course and end-of-grade tests, identify national assessments, or both, as determined by the State Board of Education. The development of any new tests replacing end-of-course and end-of-grade tests shall be aligned with the new essential standards and included in the State Board of Education's new accountability restructuring plan.

SECTION 7.18.(b) Notwithstanding G.S. 115C-174.11, the State Board of Education shall investigate and pilot a developmentally appropriate diagnostic assessment for students in elementary grades during the 2009-2010 school year. This assessment will (i) enable teachers to determine student learning needs and individualize instruction and (ii) ensure that students are adequately prepared for the next level of coursework as set out by the standard course of study.

The State Board of Education shall report the results of the pilot to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management, by December 1, 2010.

DEVELOPMENT OF A PREK-20 DATA SYSTEM

SECTION 7.19.(a) The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall collaboratively develop and systematically determine the technical specifications and data standards for a PreK-20 data system to centralize student data collected about students enrolled in prekindergarten programs through doctoral programs. The PreK-20 data system shall build upon the current capacity, programs, and initiatives of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina.

The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall also collaboratively develop a strategy for tracking students for five years after they complete their education at a North Carolina public educational institution.

The General Assembly urges private colleges and universities to advise and assist the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina on the implementation of this section.

SECTION 7.19.(b) The PreK-20 data standards and specifications shall include:

(1) The types and forms of data to be included in a PreK-20 data system, including longitudinal data and the use of a unique student identifier;

(2) The capacity of a shared PreK-20 data system;

(3) The degree and extent of cooperation between a shared PreK-20 data system and the current data collection systems of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina;

(4) The minimum capacity and technical specifications needed for each data system to feed into a shared PreK-20 data system; and

(5) The ability for data in a shared PreK-20 data system to be understood and used by interested stakeholders, including federal and other State agencies.

SECTION 7.19.(c) Standards and specifications shall conform to the guidelines and instructions governing any funds received through the American Recovery and Reinvestment Act of 2009 for this purpose.

SECTION 7.19.(d) Standards and specifications shall be submitted to the Education Cabinet no later than January 1, 2010. The Education Cabinet shall review

these standards and submit its recommendations regarding them to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2010.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H18(S7.21)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING

SECTION 7.21.(a) The State Board of Education shall:

(1) Review the lateral entry program and identify and remove from it barriers to the lateral entry of skilled individuals from the private sector into the teaching profession;

(2) Reduce the coursework requirements for lateral entry by consolidating the required competencies into fewer courses and fewer semester hours of coursework; and

(3) Provide additional opportunities for individuals to complete coursework online and at community colleges.

SECTION 7.21.(b) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by January 15, 2010, on its implementation of this section.

DRAFT
SPECIAL PROVISION



2009-DPI-H19(S7.22)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS

SECTION 7.22.(a) G.S. 115C-285(a) is amended by adding a new subdivision to read:

"**§ 115C-285. Salary.**

(a) Principals and supervisors shall be paid promptly when their salaries are due provided the legal requirements for their employment and service have been met. All principals and supervisors employed by any local school administrative unit who are to be paid from local funds shall be paid promptly as provided by law and as State-allotted principals and supervisors are paid.

Principals and supervisors paid from State funds shall be paid as follows:

...

(8) A teacher who becomes an assistant principal without a break in service shall be paid, on a monthly basis, at least as much as he or she would earn as a teacher employed by that local school administrative unit."

SECTION 7.22.(b) This section becomes effective July 1, 2009, and applies to all persons initially employed as assistant principals on or after that date.

DRAFT
SPECIAL PROVISION

2009-DPI-H20(S7.23)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

INCREASE CLASS SIZE

SECTION 7.23. Notwithstanding any other provision of law, the allotment ratios, the maximum class size, and the maximum average class size limits for each grade level in the public schools shall be two students higher beginning with the 2009-2010 school year than they were for the 2008-2009 school year.

It is the intent of the General Assembly that this increase remain in effect for a maximum of two years and that lower class sizes be restored as soon as State revenues make it fiscally responsible to do so.

DRAFT
SPECIAL PROVISION



2009-DPI-H21(S7.25)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC SCHOOL FUND

SECTION 7.25. Notwithstanding the provisions of G.S. 115C-546.1(b), the Secretary of Revenue shall not remit any funds for credit to the Public School Building Capital Fund during the 2009-2011 fiscal biennium but shall deposit in the State Public School Fund the funds that would have otherwise been deposited in the Public School Building Capital Fund pursuant to G.S. 115C-546.1(b). The Department of Public Instruction may continue to use these funds to support positions and operations in the School Support Services Division

DRAFT
SPECIAL PROVISION

2009-DPI-H22(S7.27)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ENSURE ACCESS TO THE EVAAS SYSTEM

SECTION 7.27. The State Board of Education may use funds appropriated to the State Public School Fund for the 2009-2011 fiscal biennium to ensure that all local school administrative units and charter schools have access to SAS EVAAS (Education Value Added Assessment System).

NBPTS APPLICATION COSTS

SECTION #. G.S. 115C-296.2 reads as rewritten:

"**§ 115C-296.2. National Board for Professional Teaching Standards Certification.**

(a) State Policy. – It is the goal of the State to provide opportunities and incentives for good teachers to become excellent teachers and to retain them in the teaching profession; to attain this goal, the State shall support the efforts of teachers to achieve national certification by providing approved paid leave time for teachers participating in the process, lending teachers the participation fee, and paying a significant salary differential to teachers who attain national certification from the National Board for Professional Teaching Standards (NBPTS).

Deleted: paying the participation fee,

The National Board for Professional Teaching Standards (NBPTS) was established in 1987 as an independent, nonprofit organization to establish high standards for teachers' knowledge and performance and for development and operation of a national voluntary system to assess and certify teachers who meet those standards. Participation in the program gives teachers the time and the opportunity to analyze in a systematic way their professional development as teachers, successful teaching strategies, and the substantive areas in which they teach. Participation also gives teachers an opportunity to demonstrate superior ability and to be compensated as superior teachers. To receive NBPTS certification, a teacher must successfully (i) complete a process of developing a portfolio of student work and videotapes of teaching and learning activities and (ii) participate in NBPTS assessment center simulation exercises, including performance-based activities and a content knowledge examination.

(b) Definitions. – As used in this subsection:

(1) A "North Carolina public school" is a school operated by a local board of education, the Department of Health and Human Services, the Department of Correction, the Department of Juvenile Justice and Delinquency Prevention or The University of North Carolina; a school affiliated with The University of North Carolina; or a charter school approved by the State Board of Education.

(2) A "teacher" is a person who:

a. Either:

1. Is certified to teach in North Carolina; or

2. Holds a certificate or license issued by the State Board of Education that meets the professional license requirement for NBPTS certification;

b. Is a State-paid employee of a North Carolina public school;
c. Is paid on the teacher salary schedule; and
d. Fulfills one of the following:
1. Spends at least seventy percent (70%) of his or her work time in classroom instruction, if the employee is employed as a teacher. Most of the teacher's remaining time shall be spent in one or more of the following: mentoring teachers, doing demonstration lessons for teachers, writing curricula, developing and leading staff development programs for teachers;
2. Spends at least seventy percent (70%) of his or her work time in work within the employee's area of certification or licensure, if the employee is employed in an area of NBPTS certification other than direct classroom instruction; or
3. Serves as a full-time mentor under subsection (e1) of this section.

(c) Payment of the NBPTS Participation Fee; Paid Leave. – The State shall lend teachers the participation fee and shall provide up to three days of approved paid leave to all teachers participating in the NBPTS program who:

(1) Have completed three full years of teaching in a North Carolina public school; and

(2) Have (i) not previously received State funds for participating in any certification area in the NBPTS program, (ii) repaid any State funds previously received for the NBPTS certification process, or (iii) received a waiver of repayment from the State Board of Education.

Teachers participating in the program shall take paid leave only with the approval of their supervisors.

(d1) Repayment of the application fee. – A teacher shall repay the application fee to the State Education Assistance Authority within three years.

(e1) Assignment of Teachers With NBPTS Certification to Serve as Full-Time Mentors. – A local board of education may assign teachers with NBPTS certification to serve as full-time mentors as follows:

(1) The maximum number of teachers with NBPTS certification that a local board of education may assign to serve as full-time mentors is the greater of (i) five or (ii) five percent (5%) of the number of teachers with NBPTS certification it has employed during the school year immediately preceding the assignment of teachers as full-time mentors.

(2) A teacher must teach in a classroom for at least two years after receiving NBPTS certification to be eligible for assignment as a full-time mentor.

(3) A teacher must have completed the mentor training required by the teacher's local school administrative unit to be eligible for assignment as a full-time mentor.

(4) A teacher may serve as a full-time mentor for up to three consecutive years.

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Deleted: (d) . Repayment by a Teacher Who Does Not Complete the Process. – A teacher for whom the State pays the participation fee who does not complete the process shall repay the certification fee to the State.¶
Repayment is not required if a teacher does not complete the process due to the death or disability of the teacher. Upon the application of the teacher, the State Board of Education may waive the repayment requirement if the State Board finds that the teacher was unable to complete the process due to the illness of the teacher, the death or catastrophic illness of a member of the teacher's immediate family, parental leave to care for a newborn or newly adopted child, or other extraordinary circumstances.

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Deleted: (e) . Repayment by a Teacher Who Does Not Teach for a Year After Completing the Process. – A teacher for whom the State pays the participation fee who does not teach for a year in a North Carolina public school after completing the process shall repay the certification fee to the State.¶
Repayment is not required if a teacher does not teach in a North Carolina public school for at least one year after completing the process due to the death or disability of the teacher. Upon the application of the teacher, the State Board of Education may extend the time before which a teacher must either teach for a year or repay the participation fee if the State Board finds that the teacher is unable to teach the next year due to the illness of the teacher, the death or catastrophic illness of a member of the teacher's immediate family, parental leave to care for a newborn or newly adopted child, or other extraordinary circumstances.¶

(5) After service as a full-time mentor, a teacher must teach in a classroom for at least three years to be eligible for reassignment as a full-time mentor.

(6) A teacher serving as a full-time mentor shall be school-based, work at one or more schools, and mentor each year at least 15 newly hired teachers who are in their first through third year of teaching.

(f) Rules. – The State Education Assistance Authority shall adopt rules and guidelines regarding the loan and repayment of the NBPTS application fee. The State Board shall adopt policies and guidelines to implement the remainder of this section."

DRAFT
SPECIAL PROVISION



2009-DPI-H29

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

GOVERNOR'S SCHOOL

SECTION #. Beginning with the 2010-2011 school year, the fee for attending the Governor's School of North Carolina shall be five hundred dollars ($500.00).

DRAFT
SPECIAL PROVISION



2009-DPI-H27

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

MERGING SMART START AND MORE AT FOUR

SECTION #. The North Carolina Partnership for Children, Inc., shall submit a report by February 1, 2010, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Education Oversight Committee, the House of Representatives Appropriations Subcommittee on Education, the Senate Appropriations Committee on Education, and the Fiscal Research Division on merging the Smart Start and More at Four programs, effective July 1, 2010. In the course of the study, the North Carolina Partnership for Children. Inc., shall consider:

(1) The number of children participating in the Smart Start 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) A comprehensive cost analysis of the program, including the cost per child served by the program.

(6) A means by which to shift unfilled slots in the programs to counties with waiting lists.

(7) A study of whether the Division of Child Development should create a six-star rating and an adjusted rates system for centers and schools that meet "NC Prekindergarten Program Standards."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H26A

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

LONGEVITY PAY FOR TEACHER ACADEMY PERSONNEL

SECTION #. G.S. 115C-296.4(e) reads as rewritten:

"(e) The chief administrative officer of the Teacher Academy shall be an executive director appointed by the Board of Trustees. The executive director, associate and assistant directors, and instructional staff of the North Carolina Teacher Academy shall be paid longevity pay on the same basis as is provided to employees of the State who are subject to the State Personnel Act."

DRAFT
SPECIAL PROVISION



2009-DPI-H31

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

SCHOOL TECHNOLOGY PLANS

SECTION #. Part 3A of Article 8 of Chapter 115C of the General Statutes reads as rewritten:

"Part 3A. School Technology.

"§ 115C-102.5. Commission on School Technology created; membership.

(a) There is created the Commission on School Technology. The Commission shall be located administratively in the Department of Public Instruction, but shall exercise all its prescribed statutory powers independently of the Department of Public Instruction. The purpose of the Commission shall be to advise the State Board of Education on the development of a State School Technology Plan that (i) ensures the effective use of technology is built into the North Carolina Public School System for the purpose of preparing a globally competitive workforce and citizenry for the 21st century and (ii) ensures equity and access to school technology for all segments of the public school population in North Carolina.

The Commission shall meet at least twice each fiscal year and shall provide input and feedback on the State School Technology Plan prior to approval.

(b) The Commission shall consist of the following members: 19

(1) The State Superintendent of Public Instruction or a designee;

(2) One representative of The University of North Carolina, appointed by the President of The University of North Carolina;

(3) One representative of the North Carolina Community College System, appointed by the President of the North Carolina Community College System;

(4). A person with management responsibility concerning information technology related State Government functions, designated by the Secretary of Commerce;¶

(5) Four members appointed by the Governor;

(6) Six members appointed by the President Pro Tempore of the Senate; Senate two of whom shall be members of the Senate. One of these six members shall be appointed by the President Pro Tempore of the Senate to serve as cochair;

(7) Six members appointed by the Speaker of the House of Representatives; Representatives two of whom shall be members of the House of Representatives. One of these six members shall be appointed by the Speaker of the House of Representatives to serve as cochair; and

(8). The Secretary of Health and Human Services or a designee.

(9) The State Chief Information Officer, or a designee.¶

In appointing members pursuant to subdivisions (5), (6), and (7) of this subsection, the appointing persons shall select individuals with technical or applied knowledge or experience in learning and instructional management technologies or individuals with expertise in curriculum or instruction who have successfully used learning and instructional management technologies.

No producers, vendors, or consultants to producers or vendors of learning or instructional management technologies shall serve on the Commission.

Members shall serve for two-year terms. Vacancies in terms of members shall be filled by the appointing officer. Persons appointed to fill vacancies shall qualify in the same manner as persons appointed for full terms.

(c) Repealed by Session Laws 1997-443, s. 8.26(a).

(d) Members of the Commission who are also members of the General Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the Commission who are officials or employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. All other members of the Commission shall be paid the per diem and allowances set forth in G.S. 138-5.

(d1) The Chair of the State Board of Education shall select the Commission member or members who shall serve as chair or cochairs of the Commission.

(e) The Department of Public Instruction shall provide requested professional and clerical staff to the Commission.

"§ 115C-102.6. Duty to propose a State school technology plan.

The State Board of Education shall propose a State school technology plan that ensures the effective use of technology is built into the North Carolina Public School System for the purpose of preparing a globally competitive workforce and citizenry for the 21st century The Commission on School Technology will advise the State Board of Education on the State School Technology Plan and its components.

§ 115C-102.6A. Elements of the State school technology plan.

(a) The State school technology plan shall be a comprehensive State implementation plan for using funds from the State School Technology Fund and other sources to improve student performance in the public schools through the use of learning and instructional management technologies. The purpose of the plan shall be to provide a cost-effective foundation of flexible technology and infrastructure to promote substantial gains in student achievement.

(b) In developing the plan the Commission shall consider and plan for the relationship of the North Carolina Information Highway to the plan. In particular the plan shall establish priorities for the acquisition of school technologies including how the Information Highway fits into those priorities.

(c) Components of the State school technology plan shall include at least the following:

(1) Common technical standards and uniform practices and procedures that provide statewide economies of scale in procurements, training, support, planning, and operations.

(2) Conceptual technical architecture that includes:

a. Principles – Statements of direction, goals, and concepts to guide the development of technical architecture;

b. Standards for interoperability – Detailed specifications to ensure hardware, software, databases, and other products that may have been developed independently or purchased from different vendors or manufacturers will work together, to the extent that interoperability facilitates meeting instructional or administrative goals; and

c. Implementation strategies – Approaches or guidelines for developing and installing the components of the technical infrastructure.

Deleted: Instruction, the Department of Community Colleges, and the Office of Information Technology Services

Deleted: The Commission may also employ professional and clerical staff as may hire outside consultants to assist it its work. The Commission shall use an outside consultant to perform a requirements analysis for learning and instructional management technologies on a statewide basis that is based on information gathered from each local school administrative unit and that considers the needs of teachers, students, and administrators.

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Deleted: Commission shall prepare a requirements analysis and

Deleted: for improving student performance in the public schools through the use of learning and instructional management technologies.

Deleted: In developing this plan, the Commission shall:¶
(1). Assess factors related to the current use of learning and instructional management technologies in the schools, including what is currently being used, how the current use of technology relates to the standard course of study, how the effectiveness of learning and instructional management technologies is being evaluated, how schools are paying for learning and instructional management technologies, and what training school employees have received in the use of learning and instructional management technology and networks.¶
(2). Identify the instructional goals that can be met through the use of learning and instructional management technologies. The goals may include teaching the standard course of study, reaching students with a broad range of abilities, and ensuring that all students have access to a complete curriculum regardless of the geographical location or the financial resources of the school.¶
(3). Examine the types of learning and instructional management technologies available to meet the identified instructional goals, including computers, audiovisual aids, science laboratory equipment, vocational education equipment, and distance learning networks. The Commission shall consider the compatibility and accessibility of different types of learning and instructional management technologies, including compatibility with the planned statewide broadband ISDN network, and whether they may be easily communicated from one site to another. The Commission shall also consider linkages between learning and instructional management technologies and existing State and local ... [1]

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(3) A quality assurance policy for all school technology projects, training programs, systems documentation, and maintenance plans.

(4) Policies and procedures for the fair and competitive procurement of school technology that provide local school administrative units with a vendor-neutral operating environment in which different school technology hardware, software, and networks operate together easily and reliably, to the extent feasible consistent with meeting instructional or administrative goals. The operating environment includes all hardware and software components and configurations necessary to accomplish the integrated functions for school technology such as (i) types and sizes of computer platforms, telecommunications equipment, and associated communications protocols; (ii) operating systems for the computer processors; (iii) applications and other operating and support software; and (iv) other equipment, items, and software, such as printers, terminals, data and image storage devices, and other input, output, and storage devices.

(5) A comprehensive policy for inventory control.

(6) Parameters for continuous, ongoing training for all personnel involved in the use of school technology. Training shall focus on the integration of technology and instruction and on the use of particular applications.

(7) Recommendations to the State Board of Education of requirements for preservice teacher training on the integration of teaching and school technology.

(8) Proposals for leadership training on the use of school technology to improve instruction and as a management tool.

(9) Development of expertise at the State and regional levels on school technology.

(10) Flexibility to enable local school administrative units and individual schools to meet individual school unit and building needs.

(11) Flexibility to meet the needs of all students, allow support to students with a wide range of abilities, and ensure access to challenging curricula and instruction for children at risk of school failure.

(12) Use of technologies to support challenging State, federal, and local educational performance goals.

(13) Effective and integrated use of technologies compatible with (i) the standard course of study, (ii) the State assessment program, and (iii) related student data management.

(14) Use of technologies as a communication, instructional, and management tool and for problem-solving, exploration, and advanced skills.

(15) Proposals for addressing equipment needs for State curricula areas.

(16) Specifications for minimum components of local school system technology plans.

(17) A baseline template for:

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a. Technology and service application infrastructure, including broadband connectivity, personnel recommendations, and other resources needed to operate effectively from the classroom desktop to local, regional, and State networks, and

b. An evaluation component that provides for local school administrative unit accountability for maintaining quality upgradeable systems.

§ 115C-102.6B. Approval of State school technology plan.

(a) The State Board of Education shall review, revise as needed, and approve the State school technology plan at a minimum every two years on the odd numbered year, beginning in 2011. The plan shall be updated more often, as required, as in cases where significant changes occur related to Board goals, curriculum standards, and available technology.

(b) The Board shall submit the plan to the State Chief Information Officer for approval of the technical components of the plan set out in G.S. 115C-102.6A(1) through (4). At least one-fourth of the members of any technical committee that reviews the plan for the State Chief Information Officer shall be people actively involved in primary or secondary education.

The Board shall report annually by February 1 of each year to the Joint Legislative Education Oversight Committee on the status of the School Technology Plan.

§ 115C-102.6C. Approval of local school system technology plans.

(a) Each local board of education shall develop a local school system technology plan that is aligned with and meets the requirements of the State school technology plan. In developing a local school system technology plan, a local board of education is encouraged to incorporate this plan into its strategic planning and to bring together stakeholders from various areas of the local school administrative unit, including curriculum leaders, teachers, administrators, representatives from technology services and instructional technology, and finance, as well as other departments of the unit as required. In addition the local board is encouraged to coordinate its planning with other agencies of State and local government, including other local school administrative units.

The Department of Public Instruction shall assist the local boards of education in developing the instructional and technological aspects of the plan.

Each local board of education shall submit the local plan it develops the Department of Public Instruction for evaluation of the parts of the technological and instructional aspects of the plan. The State Board of Education, after consideration of the evaluations of the Department of Public Instruction, shall approve all local plans that comply with the requirements of the State school technology plan.

(b) After a local school system technology plan is approved by the State Board of Education, all State funds spent by the local board of education for any aspect of school technology shall be used to implement the local school system technology plan.

(c) State School Technology Fund dollars that are allocated to the local school administrative unit to implement the plan shall not be expended until the plan has been approved by the State Board of Education.

§ 115C-102.6D. Establishment of the State School Technology Fund; allocation and use of funds.

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Deleted: The Commission shall present the State school technology plan it develops to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee for their comments prior to January 1, 1995. At least every two years thereafter, the Commission shall develop any necessary modifications to the State school technology plan and present them to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee.

Deleted: After presenting the plan or any proposed modifications to the plan to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee, the Commission

Deleted: or any proposed modifications to (i)

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Deleted: (c) . If no changes are made to the plan or the proposed modifications to the plan after the submission to the State Chief Information Officer and the State Board of Education, the plan or the proposed modifications shall take effect upon approval by the State Chief Information Officer and the State Board of Education.¶

Deleted: The Office of Information Technology Services shall assist the local boards of education in developing the parts of the plan related to its technological aspects, to the extent that resources are available to do so.

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(a) There is established under the control and direction of the State Board of Education the State School Technology Fund. This fund shall be a nonreverting special revenue fund consisting of any monies appropriated to it by the General Assembly and any monies credited to it under G.S. 20-81.12 from the sale of School Technology special license plates.

(b) Funds in the State School Technology Fund shall be allocated to local school administrative units as directed by the General Assembly. Funds allocated to each local school administrative unit shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.

(d) No local school administrative unit may access technology-related funds until the State Board of Education has approved its school technology plan.

§ 115C-102.7. Monitoring and evaluation of State and local school system technology plans; reports.

(a) The Department of Public Instruction shall monitor and evaluate the development and implementation of the State and local school system technology plans. The evaluation shall consider the effects of technology on student learning, the effects of technology on students' workforce readiness, the effects of technology on teacher productivity, and the cost-effectiveness of the technology.

(a1) Repealed by Session Laws 1997-18, s. 15(k).

(c) The Department of Public Instruction shall randomly check local school system technology plans to ensure that local school administrative units are implementing their plans as approved. The Department shall report to the State Board of Education on which local school administrative units are not complying with their plans. The report shall include the reasons these local school administrative units are out of compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans."

Deleted: (c) . Each local school administrative unit with a local school system technology plan approved by the State Board of Education may use funds allocated to it to implement its local plan or as otherwise specified by the General Assembly.

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Deleted: (b) . The Commission shall provide notice of meetings, copies of minutes, and periodic briefings to the Office of Information Technology Services.¶

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GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H32

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

IDEA FUNDS

SECTION #.(a) To the extent that federal law and the conditions of federal grants permit, the General Assembly urges local school administrative units to redirect IDEA funds received under the American Recovery and Reinvestment Act of 2009 to other at-risk students.

SECTION #.(b) Local school administrative units receiving IDEA funds under the American Recovery and Reinvestment Act of 2009 shall report to the Joint Legislative Education Oversight Committee on the detailed expenditure of funds by March 15, 2010, and by March 15, 2011.

DRAFT
SPECIAL PROVISION

2009-DPI-H33

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ACCESS TO NCVPS

SECTION #. The State Board shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division prior to October 15, 2009 on (i) its policy regarding access for nonpublic school children to the North Carolina Virtual Public School (NCVPS) Program, and (ii) funding sources it authorizes, including tuition, for nonpublic school students in the program.

DRAFT
SPECIAL PROVISION



2009-DPI-H34

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

EDUCATION STABILIZATION FUNDS

SECTION #. Local school administrative units may use funds received from the State Fiscal Stabilization Fund authorized in Title XIV of the American Recovery and Reinvestment Act of 2009 to offset budget cuts in the primary budget formulae for the State of North Carolina. The following allotment categories constitute the primary budget formulae:

(1) Textbooks;
(2) Classroom Teachers;
(3) Central Office Administration;
(4) Noninstructional Support Personnel;
(5) School Building Administration;
(6) Instructional Support Personnel – Certified;
(7) Instructional Support Personnel – Noncertified;
(8) Driver Training;
(9) Career Technical Education – Months of Employment;
(10) Career Technical Education - Program Support Funds;
(11) School Technology Fund;
(12) Mentor Positions;
(13) Teacher Assistants;
(14) Staff Development;
(15) Children with Disabilities;
(16) Academically or Intellectually Gifted;
(17) Limited English Proficiency;
(18) Transportation of Pupils;
(19) Classroom Materials/Instructional Supplies/Equipment; and
(20) At-Risk Student Services/Alternative Schools.

Attachment #2

Public Schools of North Carolina
North Carolina Department of Public Instruction

Low Wealth Supplemental Funding
FY09-10 Planning Allotment (90% Exclusion)

					Enter Exclusion 90.00%
LEA No.	LEA NAME	Allotment	Low Wealth %	2009-10	2010-11
250	Craven County	1,455,846	91.59%	727,923	1,455,846
260	Cumberland County	8,000,252	90.17%	4,000,126	8,000,252
300	Davie County	362,296	96.40%	181,148	362,296
360	Gaston County	98,437	99.80%	49,219	98,437
550	Lincoln County	1,229,932	91.40%	614,966	1,229,932
570	Madison County	227,180	90.14%	113,590	227,180
610	Mitchell County	186,645	91.11%	93,323	186,645
670	Onslow County	2,715,565	90.46%	1,357,783	2,715,565
710	Pender County	956,223	90.62%	478,112	956,223
720	Perquimans County	132,053	92.99%	66,027	132,053
900	Union County	3,719,688	93.79%	1,859,844	3,719,688
930	Warren County	238,405	91.24%	119,203	238,405
995	Yancey County	92,283	96.15%	46,142	92,283
Total		205,121,371		9,707,403	19,414,805

Attachment #3

COMMUNITY COLLEGE DRAFT PROVISIONS

5/28/09

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H8(S8.1)

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

COMMUNITY COLLEGE FACULTY SALARY PLAN

SECTION 8.1.(a)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average community college faculty salary, therefore:

a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.

b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.

c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

The State Board of Community Colleges shall adopt guidelines to implement the provisions of this subdivision.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for Customized Training to increase faculty salaries.

SECTION 8.1.(b) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.1.(c) The State Board of Community Colleges shall adopt guidelines to implement the provisions of this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H9(S8.2)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

USE OF BASIC SKILLS FUNDS

SECTION 8.2. Notwithstanding any other provision of law, a local community college may use up to five percent (5%) of the Literacy Funds allocated to it by the State Board of Community Colleges to procure instructional technology for literacy labs. This technology may include computers, instructional software and software licenses, scanners for testing, and classroom projection equipment.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H10(S8.3)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

FUNDS FOR CAMPUS SECURITY

SECTION 8.3. Notwithstanding G.S. 115D-32 or any other provision of law, a community college may use up to two percent (2%) of the noninstructional State funds allocated to it through the institutional support allotment for the 2009-2010 and 2010-2011 fiscal years for campus security. This may include the hiring of personnel, contracted professional services, surveillance cameras, call boxes, alert systems, and other equipment-related expenditures.

These funds shall be used to supplement and shall not be used to supplant existing local funding for campus security.

DRAFT
SPECIAL PROVISION

2009-DOCC-H11(S8.4)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

SECTION 8.4. G.S. 115D-40.1(c) reads as rewritten:

"(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance.

The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds. The interest earned on the funds provided in this section may be used to support the costs of administering the Community College Grant Program."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H12(S8.5)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS BIOTECHNOLOGY TRAINING FUNDS

SECTION 8.5.(a) Funds appropriated in S.L. 2006-66, S.L. 2007-323, and S.L. 2008-103 for the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis shall not revert, but shall remain available until expended.

SECTION 8.5.(b) This section becomes effective June 30, 2009.

DRAFT
SPECIAL PROVISION

2009-DOCC-H13(S8.8)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

MODIFY MULTICAMPUS AND OFF CAMPUS CENTER REPORT DATE

SECTION 8.8. G.S. 115D-5(o) reads as rewritten:

"(o) The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by ~~October 1~~ December 1 of each year."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H14(S8.9)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

REPEAL REPORT ON THE USE OF COMM COLL FACILITIES BY PRIVATE BUSINESSES

SECTION 8.9. G.S. 115D-5(q) is repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H15(S8.10)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

MAINTENANCE OF PLANT FLEXIBILITY

SECTION 8.10. Notwithstanding any other provision of law, a community college that received State funds for maintenance of plant pursuant to G.S. 115D-31.2 for the 2008-2009 fiscal year may use noninstructional State funds allocated to it through the institutional support allotment for maintenance of plant for the 2009-2010 and 2010-2011 fiscal years.

The amount of these funds used for the 2009-2010 fiscal year for maintenance of plant shall not exceed the total amount of maintenance of plant funds received for the 2008-2009 fiscal year. The amount of these funds used for the 2010-2011 fiscal year for maintenance of plant shall not exceed fifty percent (50%) of the amount of maintenance of plant funds received for the 2008-2009 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H16(S8.12)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CONTINUING EDUCATION FEES

SECTION 8.12. The fees charged for community college continuing education courses shall be based on the number of hours of class time. The fees shall be:

Class Hours	Cost
1-20	$65.00;
21-50	$120.00;
51-100+	$175.00.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H17(S8.13)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS

SECTION 8.13. The State Board of Community Colleges shall consolidate the Nursing categorical allotment into the Allied Health categorical allotment before distributing funds appropriated in this act. These funds shall be awarded to community colleges based on the full-time equivalent (FTE) enrollment in allied health programs.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H4(S8.14)

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CUSTOMIZED TRAINING PROGRAM

SECTION 8.14.(a) Projects that create or retain jobs in North Carolina shall receive first priority for funds appropriated for the Customized Training Program.

SECTION 8.14.(b) G.S. 115D-5.1(f) is amended by adding a new subsection to read:

"(f) The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

...

(1a) The types of services sought by the company, whether for new, expanding, or existing industry."

SECTION 8.14.(c) Of the funds appropriated for the Customized Training Program, the sum of one hundred twenty-five thousand dollars ($125,000) for the 2009-2010 fiscal year and the sum of one hundred twenty-five thousand dollars ($125,000) for the 2010-2011 fiscal year shall be used to support the North Carolina Rural Entrepreneurship through Action Learning (NC REAL) program.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H5(S8.15)

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

COMMUNITY COLLEGE FINANCIAL ASSISTANCE FUND BALANCE SHALL BE USED TO OFFER NEED-BASED AID

SECTION 8.15(a). The balance remaining in Budget Code 66801, Fund 6102 (CCS Financial Assistance) shall be used in the 2009-2010 fiscal year to offer need-based assistance to displaced workers and qualified students. This balance has accumulated due to financial aid refunds received from students in fiscal year 2008-2009 and prior fiscal years.

SECTION 8.15(b). The General Assembly urges all community colleges to participate in federal student loan programs.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H18(S8.16)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

NORTH CAROLINA MILITARY BUSINESS CENTER

SECTION 8.16. The funds appropriated in this act to the Community Colleges System Office for the NC Military Business Center shall be used for the continued operations of the NC Military Business Center. The Military Business Center shall provide services to residents and businesses throughout the State. The purpose of the business center is to serve as a coordinator and facilitator for small- and medium-sized businesses throughout the State seeking to win and complete federal contracts, with a focus on military-related contracts. Activities of the business center shall include:

(1) Training and mentoring eligible businesses on effectively marketing their products and services to military and other federal clients and contracting offices.

(2) Assisting eligible businesses with any required accreditations and qualifications for government contracting.

(3) Teaching eligible businesses about federal set-aside programs and how to take advantage of these programs directly or through partnering with other eligible businesses.

(4) Training and assisting clients with the registration, proposal development, and bidding processes related to military and other federal contracts.

(5) Training eligible businesses on legal and regulatory compliance.

(6) Designing and implementing mentoring programs to facilitate the development of interrelationships between eligible businesses.

(7) Forecasting the need for and assisting eligible businesses in obtaining advanced certifications and accreditations and advanced manufacturing skills and technologies.

(8) Working with Small Business Centers throughout the State to carry out these activities on a statewide basis.

(9) The maintenance of an Internet-based system to match the knowledge, skills, and abilities of active-duty military personnel, veterans, and their families throughout the State with the needs of North Carolina businesses.

(10) The study of community resources and existing business capacity to meet the current and future needs of the military and the development

of proposals for further developing community resources and developing or recruiting new businesses to meet those needs.

(11) The marketing of the services provided by the Military Business Center.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H1

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative Glazier

FUNDS FOR THE BOTANICAL LABORATORY AT FAYETTEVILLE TECHNICAL COMMUNITY COLLEGE

SECTION #. Of funds allocated to Fayetteville Technical Community College for the 2009-2010 fiscal year, the sum of two hundred fifty thousand dollars ($250,000) shall be used to support the botanical laboratory at Fayetteville Technical Community College.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H3

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

REVISE COLLEGE FUNDING FORMULA CATEGORIES

SECTION #. The State Board of Community Colleges shall revise the college funding formula categories to accurately reflect where the colleges are spending their money.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H6

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

FIRE TRAINING COORDINATORS

SECTION #. All community college fire training coordinators shall be under the direct supervision of the Community Colleges System Office. There shall be one fire training coordinator in the eastern part of the State, one in the central part of the State, and one in the western part of the State.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H19

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CONTINUATION REVIEW OF THE PRISONER EDUCATION PROGRAM

SECTION #. The continuation review of the community college prisoner education program that is required by Section ___ of this act shall be prepared jointly by the Department of Correction and the Community Colleges System Office. The report shall include:

(1) Information on the total cost of the program;

(2) An analysis of the appropriate source of funding, including an analysis of prisoners' ability to pay;

(3) A review of which programs are most vital to the prisoner population, and a priority order for restoration of the programs; and

(4) An analysis of the cost per FTE to provide these programs to the prison population compared to the cost for the general population, including the FTE costs for curriculum, continuing education, and basic skills courses.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H20

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

STUDY OF EFFICIENT AND EFFECTIVE COMMUNITY COLLEGE ADMINISTRATION

SECTION #. The Joint Legislative Program Evaluation Oversight Committee shall include in the 2010-2011 Work Plan for the Program Evaluation Division of the General Assembly a study of the most efficient and effective way to administer the local community colleges system. In the course of the study, the Program Evaluation Division shall consider the advisability of consolidating community college administration and strategies for ensuring access for students. The Program Evaluation Division shall submit the study to the Joint Legislative Program Evaluation Oversight Committee, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division at a date to be determined by the Joint Legislative Program Evaluation Oversight Committee.

Eliminate Some Tuition Waivers (Section 8.11) is still under review to match money.

Attachment #4

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H1(S9.1)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

USE OF ESCHEAT FUNDS FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of one hundred twenty-three million six hundred forty-one thousand forty dollars ($123,641,040) for fiscal years 2009-2010 and 2010-2011, to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for 2009-2010 and 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for years 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated under this section remain uncommitted for need-based financial aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 9.1.(b) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.1.(c) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of one million one hundred fifty-seven thousand dollars ($1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not

have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection. The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.1.(d) The State Education Assistance Authority shall transfer to the Escheat Fund the balance of any monies appropriated by this section that are not disbursed for need-based student financial aid; however, the State Education Assistance Authority may retain the interest on those monies that is paid to the State Education Assistance Authority at the beginning of the 2009-2010 fiscal year and at the beginning of the 2010-2011 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H2A(S9.2)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND (EARN)/REDUCE MAXIMUM GRANT AWARDS FOR 2009-2010 FISCAL YEAR AND REPEAL EARN SCHOLARS FUND IN 2010-2011 FISCAL YEAR.

SECTION 9.2.(a) Of the funds appropriated by this act from the General Fund to the State Education Assistance Authority the sum of sixteen million two hundred twenty-five thousand dollars ($16,225,000) for the 2009-2010 fiscal year shall be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(b) There is appropriated from the Escheat Fund to the State Education Assistance Authority the sum of thirty-seven million four hundred eighty-nine million dollars ($37,489,000) for the 2009-2010 fiscal year to be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(c) The funds appropriated in subsections (a) and (b) of this section shall be used only to fund Education Access Rewards North Carolina Scholars Fund (EARN) grants for the 2009-2010 academic year.

SECTION 9.2.(d) Notwithstanding G.S. 116-209.26(d), the maximum grant for which a student is eligible for an EARN Scholarship shall be two thousand dollars ($2,000) for the 2009-2010 academic year. In the event there are not sufficient funds to provide each eligible student with the maximum grant as provided by this section, it is the intent of the General Assembly that eligible students who have matriculated into an eligible postsecondary institution in North Carolina with at least one academic year of college credit receive the maximum grant amount allowed under this section and all other eligible students shall receive a reduced grant amount. The State Education Assistance Authority shall pay the full amount of the grants awarded pursuant to this section in the 2009-2010 Fall academic semester.

SECTION 9.2.(e) Effective July 1, 2010, G.S. 116-209.26 is repealed.

SECTION 9.2.(f). The campus financial aid offices at each eligible postsecondary institution as defined in G.S. 116-209.26 shall work with EARN recipients to secure replacement financial aid for the 2010-2011 academic year and appropriate subsequent academic years.

DRAFT
SPECIAL PROVISION

2009-UNC-H3(S9.3)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

TRANSFERS OF CASH BALANCES TO THE GENERAL FUND

SECTION 9.3.(a) Notwithstanding any other provision of law, the unencumbered cash balance remaining in the Future Teachers Financial Aid fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

SECTION 9.3.(b) Notwithstanding any other provision of law, the unencumbered cash balance of the General Fund appropriation remaining in the Education Access Rewards North Carolina (EARN) Scholars fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

DRAFT
SPECIAL PROVISION

2009-UNC-H5A(S9.5)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

UNC CENTER FOR ALCOHOL STUDIES

SECTION 9.5.(a) G.S. 20-7(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than ~~G.S. 20-17(2),~~ G.S. 20-17(a)(2) shall pay a restoration fee of fifty dollars ($50.00). A person whose drivers license has been revoked under ~~G.S. 20-17(2)~~ G.S. 20-17(a)(2) shall pay a restoration fee of ~~seventy-five dollars ($75.00) until the end of the fiscal year in which the cumulative total amount of fees deposited under this subsection in the General Fund exceeds ten million dollars ($10,000,000), and shall pay a restoration fee of fifty dollars ($50.00) thereafter.~~ seventy-five dollars ($75.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The fifty-dollar ($50.00) fee, and the first fifty dollars ($50.00) of the seventy-five-dollar ($75.00) fee, shall be deposited in the Highway Fund. The remaining twenty-five dollars ($25.00) of the seventy-five-dollar ($75.00) fee shall be deposited in the General Fund of the State. The Office of State Budget and Management ~~shall certify to the Department of Transportation and the General Assembly when the cumulative total amount of fees deposited in the General Fund under this subsection exceeds ten million dollars ($10,000,000), and~~ shall annually report to the General Assembly the amount of fees deposited in the General Fund under this subsection.

It is the intent of the General Assembly to annually appropriate from the funds deposited in the General Fund under this subsection the sum of five hundred thirty-seven thousand four hundred fifty-five dollars ($537,455) to the Board of Governors of The University of North Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies ~~Endowment~~ at ~~The~~ the University of North Carolina at Chapel ~~Hill, but not to exceed this cumulative total of ten million dollars ($10,000,000).~~ Hill."

SECTION 9.5.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina the sum of five hundred thirty-seven thousand four hundred fifty-five dollars ($537,455) for the 2009-2010 fiscal year and the sum of five hundred thirty-seven thousand four hundred fifty-five dollars ($537,455)

for the 2010-2011 fiscal year shall be used for the operating expenses of the Bowles Center for Alcohol Studies at the University of North Carolina at Chapel Hill.

DRAFT
SPECIAL PROVISION

2009-UNC-H6A(S9.6)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE UNIVERSITY

SECTION 9.6.(a) G.S. 116-238.1(a) reads as rewritten:

"(a) There is granted to each State resident who graduates from the North Carolina School of Science and Mathematics and who enrolls as a full-time student in a constituent institution of The University of North Carolina a sum to be determined by the General Assembly as a tuition grant. The tuition grant shall be for four consecutive academic years and shall cover the tuition cost at the constituent institution in which the student is enrolled. The tuition grant shall be distributed to the student as provided by this section. The grant provided by this section is only available to a student enrolled at the North Carolina School of Science and Mathematics for the 2008-2009 academic year or earlier."

SECTION 9.6.(b) Effective July 1, 2014, G.S. 116-238.1, as amended by this section, is repealed.

DRAFT
SPECIAL PROVISION

2009-UNC-H7A(S9.7)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

CLOSING THE ACHIEVEMENT GAP/GRANTS

SECTION 9.7.(a) Funds appropriated by this act for the 2009-2010 fiscal year and for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the North Carolina Historically Minority Colleges and Universities Consortium (HMCUC) for "Closing the Achievement Gap," shall be used for the sole purpose of supporting the operations and program activities of the HMCUC. These funds shall be used by the HMCUC members for the public purposes of developing and implementing after-school programs designed to close the academic achievement gap and improving the academic performance of youth at risk of academic failure and school dropout; provided, however, that the HMCUC may use up to one hundred thousand dollars ($100,000) each fiscal year to cover the cost of administering the grants. The HMCUC may also allocate funds to a community-based and faith-based organization that is located in close proximity to the HMCUC member institution for the public purposes stated in this section.

SECTION 9.7.(b) The North Carolina Historically Minority Colleges and Universities Consortium shall report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division by May 1 of each year, regarding the number of programs funded by the Consortium to Close the Achievement Gap, the location and program structure of the programs, the amount allocated to the program, and purposes for which the funds were awarded, the cost of administering and managing the funds, and any other information requested by the Committee or Fiscal Research Division. The grants awarded pursuant to this section shall also include as a term of the grant that the recipient of the grant report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division regarding the amount of the grant received, the program and purposes for which the grant was requested, the methodology used to implement the grant program and purposes, the results of the program funded by the grant, and any other information requested by the Joint Legislative Education Oversight Committee and the Fiscal Research Division.

University of North Carolina and Private Instruction Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

AMEND LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS

SECTION 9.8.(a) 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) Grants for Students. – 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 persons attending these institutions, there is granted to each 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 undergraduate student as provided by this subsection. A full-time North Carolina undergraduate student shall be awarded the full amount of the tuition grant provided by this section. A part-time North Carolina undergraduate student who is enrolled to take at least ~~six~~ nine hours of academic credit per semester shall be awarded a tuition grant in an amount that is calculated on a pro rata basis.

(a1) Grants for Licensure Students. – 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 part-time licensure student who is enrolled to take at least ~~six~~ nine hours of undergraduate academic credit per semester 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. If a course is required for licensure, but is designated as both an undergraduate and graduate course, for purposes of this subsection, the course shall be considered an undergraduate course.

(b) Administration of Grants. – 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 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 or licensure student.

(c) Student or Licensure Student Change of Status; Audits. – In the event a full-time student on whose behalf a grant has been paid in accordance with subsection

(a) of this section or a full-time licensure student on whose behalf a grant has been paid in accordance with subsection (a1) of this section 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 part-time student on whose behalf a prorated grant has been paid in accordance with subsection (a) of this section or a part-time licensure student on whose behalf a prorated grant has been paid in accordance with subsection (a1) of this section is not enrolled and carrying a minimum academic load of ~~six~~ nine credit hours per semester 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. If the matriculated status of a full-time student or a full-time licensure student changes to a matriculated status of part-time student or part-time licensure student by the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund only the difference between the amount of the full-time grant awarded and the amount of the part-time grant that is awarded pursuant to this section. 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 them.

(d) Shortfall. – In the event there are not sufficient funds to provide each eligible student or licensure student with a full or prorated 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), (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) Reversions. – Any remaining funds shall revert to the General Fund."

SECTION 9.8.(b) This section applies to academic semesters beginning on or after July 1, 2009.

DRAFT
SPECIAL PROVISION

2009-UNC-H9(S9.9)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION/REVERT PART OF FUND BALANCE

SECTION 9.9. Effective July 1, 2009, the sum of one million dollars ($1,000,000) shall transfer from the fund balance of the Graduate Nurse Scholarship Program for Faculty Production (also known as Nurse Educators of Tomorrow Scholarship Loan) to the General Fund.

UNC
DRAFT PROVISIONS

5/28/09

GENERAL ASSEMBLY OF NORTH CAROLINA

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DRAFT
SPECIAL PROVISION

2009-UNC-H10B(S9.10)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

INCREASE UNC UNDERGRADUATE TUITION SURCHARGE

SECTION 9.10.(a) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-143.7. Tuition surcharge.**

(a) For purposes of this section the term "take more than 140 degree credit hours to complete a baccalaureate degree" includes a course that a student fails and also includes a course that a student does not complete unless the course was officially dropped by the student pursuant to the academic policy of the appropriate constituent institution.

(b) The Board of Governors of The University of North Carolina shall ensure that procedures are established that are necessary to impose a fifty percent (50%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. The calculation of these credit hours taken at a constituent institution or accepted for transfer shall exclude hours earned through the College Board's Advanced Placement or CLEP examinations, through institutional advanced placement or course validation, or through summer term or extension programs. No surcharge shall be imposed on any student who exceeds the degree credit hour limits within the equivalent of four academic years of regular term enrollment, or within five academic years of regular term enrollment in a degree program officially designated by the Board of Governors as a five-year program.

(c) Upon application by a student, the tuition surcharge shall be waived if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: a military service obligation, serious medical debilitation, a short-term or long-term disability, or other extraordinary hardship. The Board of Governors shall establish the appropriate procedures to implement the waiver provided by this section."

SECTION 9.10.(b) This section becomes effective July 1, 2010, and applies to all students enrolled for the 2010-2011 fall academic semester and to all students who are new undergraduates on or after the effective date of this act.

DRAFT
SPECIAL PROVISION

2009-UNC-H11(S9.11)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

ENROLLMENT GROWTH REPORTING

SECTION 9.11. G.S. 116-30.7 reads as rewritten:

"**§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.**

By ~~September 1~~October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), ~~first-year~~ first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b)."

DRAFT
SPECIAL PROVISION

2009-UNC-H28A(S9.13)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

TRANSFER THE NORTH CAROLINA CENTER FOR THE ADVANCEMENT OF TEACHING TO THE STATE BOARD OF EDUCATION.

SECTION 9.13.(a) The North Carolina Center for the Advancement of Teaching is transferred from the Board of Governors of The University of North Carolina to the State Board of Education. The Center shall be located administratively under the State Board of Education but shall exercise its powers and duties through its own board of trustees. The board of trustees shall have full authority regarding all aspects of employment and contracts for the North Carolina Center for the Advancement of Teaching in accordance with State personnel policies and contract procedures.

This transfer shall include (i) ownership, possession, and control of the properties located at Cullowhee and Ocracoke, including buildings, grounds, personal property, vehicles, and equipment, and (ii) the resources, assets, liabilities, and operations maintained, possessed, or controlled by the North Carolina Center for the Advancement of Teaching prior to the transfer.

Upon the transfer, all duties and responsibilities of The University of North Carolina, including Western Carolina University, shall cease except as may be agreed upon by the parties; provided, however, that The University of North Carolina, Western Carolina University, and NCCAT shall work cooperatively in coordination with appropriate State agencies to effect an efficient and orderly transfer of duties and responsibilities to be completed on or before November 1, 2009.

The State of North Carolina shall reassign to Western Carolina University the original parcel of real property located in Cullowhee if it is no longer used or occupied by NCCAT.

SECTION 9.13.(b) G.S. 116-74.6 is recodified as G.S. 115C-296.5.

SECTION 9.13.(c) G.S. 115C-296.5 reads as rewritten:

"**§ 115C-296.5. North Carolina Center for the Advancement of ~~Teaching established;~~Teaching; powers and duties of trustees.**

(a) ~~The Board of Governors of The University of North Carolina established the North Carolina Center for the Advancement of Teaching pursuant to Section 74 of S.L. 1985-479. The Center shall be a center of The University of North Carolina Board of Governors. It shall be the function of the~~ The North Carolina Center for the Advancement of Teaching (hereinafter called "NCCAT"), through itself or agencies with which it may ~~contract, to~~contract, shall:

(1) ~~provide~~Provide career teachers with opportunities to study advanced topics in the sciences, arts, and humanities and to engage in informed discourse, assisted by able mentors and outstanding leaders from all walks of life; ~~and otherwise to offer opportunity~~ and

(2) Offer opportunities for teachers to engage in scholarly ~~pursuits, through~~pursuits through a center dedicated exclusively to the advancement of teaching as an art and as a profession.

(b) NCCAT may also provide training and support for beginning teachers to enhance their skills and in support of the State's effort to recruit and retain beginning teachers.

(c) ~~The Board of Governors of The University of North Carolina shall establish the~~The Board of Trustees of the North Carolina Center for the Advancement of Teaching ~~Board of Trustees and shall delegate to the Board of Trustees~~shall hold all the powers and duties ~~the Board of Governors considers~~ necessary or appropriate for the effective discharge of the functions of NCCAT."

SECTION 9.13.(d) G.S. 116-74.7 is recodified as G.S. 115C-296.6.

SECTION 9.13.(e) G.S. 115C-296.6 reads as rewritten:

"**§ 115C-296.6. Composition of board of trustees; terms; officers.**

(a) The NCCAT Board of Trustees shall be composed of the following membership:

(1) ~~Three~~ Two ex officio members: ~~the President of The University of North Carolina,~~the Chairman of the State Board of Education and the State Superintendent of Public Instruction, ~~and the Chancellor of Western Carolina University,~~ or their designees;

(2) Two members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate;

(3) Two members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives; and

(4) Eight members appointed by the ~~Board of Governors,~~ Governor, one from each of the eight educational regions.

The appointing authorities shall give consideration to assuring, through Board membership, the statewide mission of NCCAT.

(b) Members of the NCCAT Board of Trustees shall serve four-year terms. Members may serve two consecutive four-year terms. The Board shall elect a new ~~chairman~~ chair every two years from its membership. The ~~Chairman~~ chair may serve two consecutive two-year terms as ~~chairman~~chair.

(c) The chief administrative officer of NCCAT shall be an executive ~~director. The Board of Governors of The University of North Carolina shall appoint the executive director and set the compensation of the executive director on the recommendation of the President of The University of North Carolina. The President shall recommend the executive director from a list of not fewer than two names nominated by the NCCAT Board of Trustees.~~

~~The executive director shall report to and serve at the pleasure of the President of The University of North Carolina; provided that the President shall not terminate the employment of the executive director without prior consultation with the NCCAT Board of Trustees.~~director who shall be appointed by the NCCAT Board of Trustees."

SECTION 9.13.(f) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(29) The Executive Director, Deputy Director, all other directors, assistant, and associate directors, and center fellows of the North Carolina Center for the Advancement of Teaching."

SECTION 9.13.(g) Existing appointed members of the NCCAT Board of Trustees shall continue to serve until their current terms expire. Their successors shall be appointed as provided in G.S. 115C-296.6, as rewritten by subsections (d) and (e) of this section.

DRAFT
SPECIAL PROVISION



2009-UNC-H31(S9.14)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.14.(a) The University of North Carolina shall continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107 and, pursuant to Section 9.12, shall apply for federal grants to continue the study. Funds appropriated by United States Public Law 111-005, the American Recovery and Reinvestment Act of 2009 (the Federal Act), for renewable energy and allocated to the State of North Carolina shall be used for the development, design, and construction of at least three demonstration wind turbines and necessary support facilities in the sounds or off the coast of North Carolina, and the Director of the Budget shall ensure any available federal funds are secured. The actual placement of the wind turbines and necessary support facilities shall be determined by the coastal sounds wind energy study. The Director of the Budget shall ensure that any available federal funding is secured by the State to construct the wind turbines. The University, in collaboration with the Director of the Budget, shall enter into a contract with a third party by October 1, 2009, to construct, establish, and operate the demonstration turbines and necessary support facilities on or before April 1, 2010.

SECTION 9.14.(b) With respect to the demonstration wind turbines and necessary support facilities authorized by subsection (a) of this section, the facilities authorized under this act shall be constructed in accordance with the provisions of general law applicable to the construction of State facilities. The Department of Environment and Natural Resources is directed to expedite permitting of the project to the extent allowed by law.

DRAFT
SPECIAL PROVISION

2009-UNC-H12

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

AMEND AID TO PRIVATE MEDICAL SCHOOLS

SECTION #. G.S. 116-21.5 reads as rewritten:

"**§ 116-21.5. Private medical schools-assistance funding formula.**

(a) Funds shall be appropriated each year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance ~~to~~ for needy North Carolina students who are enrolled in the medical schools of Duke University and Wake Forest University. The funds shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of the appropriate fiscal year.

(b) Disbursement to Wake Forest University shall be made in the amount of ~~eight thousand dollars ($8,000) for each medical student who is a North Carolina resident,~~ one thousand dollars ($1,000) ~~of which~~ for each medical student who is a North Carolina resident and shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

(c) Disbursement to Duke University shall be made in the amount of ~~five thousand dollars ($5,000) for each medical student who is a North Carolina resident,~~ five hundred dollars ($500.00) ~~of which~~ for each medical student who is a North Carolina resident and shall be placed by the school in a fund to be used to provide student financial aid to financially needy North Carolina students who are enrolled in the medical school. No individual student may be awarded assistance from this fund in excess of two thousand dollars ($2,000) each year. ~~In addition to this basic disbursement for each year of the biennium, a disbursement of one thousand dollars ($1,000) shall be made for each medical student who is a North Carolina resident in the first year, second year, third year, and fourth year classes to the extent that enrollment of each of those classes exceeds 30 North Carolina students.~~

(d) The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board of Governors shall also make

any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board of Governors shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

(e) If the funds appropriated in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students."

DRAFT
SPECIAL PROVISION

2009-UNC-H13

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

DISTINGUISHED PROFESSOR ENDOWMENT TRUST FUND/PRIORITIZE USE OF FUNDS

SECTION #. Notwithstanding Part 4A of Article 1 of Chapter 116 of the General Statutes, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Distinguished Professors Endowment Trust Fund established in G.S. 116-41.14 the sum of eight million dollars ($8,000,000) for the 2009-2010 fiscal year and the sum of eight million dollars ($8,000,000) for the 2010-2011 fiscal year shall first be used to match the grant from the C.D. Spangler Foundation. The balance of funds remaining from each appropriation of eight million dollars ($8,000,000), if any, after matching the grant from the C.D. Spangler Foundation, shall be used to address the backlog of professorships awaiting State matching funds.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H15A

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

UNC FUNDS MAY BE USED TO ASSIST WITH COSTS OF VARIOUS PROGRAMS AT CERTAIN CONSTITUENT INSTITUTIONS

SECTION #.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to Appalachian State University for the 2009-2010 fiscal year the sum of two hundred fifty thousand dollars ($250,000) may be used to assist with operating costs of the new College of Health Sciences and Allied Professions.

SECTION #.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the University of North Carolina at Wilmington for the 2009-2010 fiscal year the sum of four hundred thousand dollars ($400,000) may be used to fund supplemental instruction and provide additional operating support for the College of Health and Human Services.

SECTION #.(c) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to Western Carolina University for the 2009-2010 fiscal year the sum of two hundred thousand dollars ($200,000) may be used to fund the Center for Rapid Product Realization.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H18

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

ELIMINATE ENROLLMENT GROWTH FUNDING FOR 2010-2011 FISCAL YEAR

SECTION #. Notwithstanding any other provision of law, the General Assembly does not intend to appropriate funds for the 2010-2011 fiscal year for the purpose of funding enrollment growth at the constituent institutions of The University of North Carolina.

DRAFT
SPECIAL PROVISION

2009-UNC-H20

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

PHASE OUT FUTURE TEACHERS SCHOLARSHIP LOAN PROGRAM

SECTION #.(a) Not withstanding any other provision of law, scholarship loans from the Future Teachers of North Carolina Scholarship Loan Fund established by G.S. 116-209.38 for the 2010-2011 academic year shall be awarded only to students who are seniors for that academic year scheduled to graduate at the end of the 2010-2011 academic year.

SECTION #.(b) All financial obligations to any student awarded a scholarship loan from the Future Teachers of North Carolina Scholarship Loan Fund before July 1, 2011, shall be fulfilled provided the student remains eligible under the provisions of the Future Teachers of North Carolina Scholarship Loan Fund. All contractual agreements between a student awarded a scholarship loan from the Future Teachers of North Carolina Scholarship Loan Fund before July 1, 2011, and the State Education Assistance Authority remain enforceable and the provisions of G.S. 116-209.38 that would be applicable but for this section shall remain applicable with regard to any scholarship loan awarded before July 1, 2011.

SECTION #.(c) Effective July 1, 2011, G.S. 116-209.38 is repealed.

DRAFT
SPECIAL PROVISION

2009-UNC-H21

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION #. The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but in a manner that recognizes the importance of the academic mission and differences among The University of North Carolina entities. Before taking reductions in instructional budgets, the campuses of the constituent institutions shall consider reducing budgets for senior and middle management personnel, centers and institutes, low enrollment degree programs, and non-academic activities. The campuses of the constituent institutions shall also require their faculty to have a teaching workload equal to the national average in their Carnegie classification. Budget reductions shall not be considered in funding available for need-based financial aid.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H22

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

REPEAL IN-STATE TUITION FOR FULL SCHOLARSHIP STUDENTS

SECTION #. G.S. 116-134.6 is repealed.

DRAFT
SPECIAL PROVISION

2009-UNC-H23

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

REDUCE NUMBER OF COURSES UNC FACULTY AND STAFF MAY TAKE TUITION-FREE.

SECTION #. G.S. 116-143(d) reads as rewritten:

"(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 ~~three~~ two courses per 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."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H24

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

NO SPECIAL TALENT TUITION WAIVERS FOR STUDENT ATHLETES

SECTION #.(a) G.S. 116-143(c) reads as rewritten:

"(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. The Board of Governors of The University of North Carolina shall not authorize a reduced rate of tuition for the special talent of athletics."

SECTION #.(b) No policy adopted by the Board of Governors to authorize a special tuition rate for students who have athletics as a special talent shall be implemented for the 2009-2011 fiscal biennium.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H27

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

NO IMPLEMENTATION OF CAMPUS INITIATED TUITION INCREASES

SECTION #. Notwithstanding any other provision of law, no campus initiated tuition increase, including those approved by the Board of Governors of The University of North Carolina for the 2009-2010 fiscal year on February 13, 2009, shall be implemented for the 2009-2010 fiscal year.

DRAFT
SPECIAL PROVISION



2009-UNC-H29

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

ESTABLISH JOINT LEGISLATIVE COMMITTEE ON CONSOLIDATION OF STATE SCHOLARSHIPS

SECTION #.(a) There is created the Joint Legislative Study Committee on Consolidation of State Scholarships. The Committee shall consist of 10 members. The Speaker of the House of Representatives shall appoint five members, and the President Pro Tempore of the Senate shall appoint five members.

The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each appoint a cochair for the Committee. The Committee may meet at any time upon the joint call of the cochairs. Vacancies on the Committee shall be filled by the same appointing authority as made the initial appointment.

The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

Subject to the approval of the Legislative Services Commission, the Committee may meet in the Legislative Building or the Legislative Office Building. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The House of Representatives' and the Senate's Director of Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION #.(b) The Committee shall study the feasibility of consolidating the scholarships available for students who attend any of the institutions of higher education that are part of The University of North Carolina. More specifically, the Committee shall consider consolidating those scholarships categorized as income-base scholarships and consolidating those scholarships categorized as merit based scholarships. In its study the Committee shall review the qualifications of each scholarship, the purpose for which the scholarship is awarded, and any other criteria that makes the scholarship either similar to other scholarships in the same category or that makes the scholarship unique from others in its category. The Committee shall also consider marketing strategies for the scholarships and how to make the information regarding those scholarships more transparent, understandable, and accessible to the general public and to the students who may be interested in applying for the

scholarships. In addition, the Committee may consider any other issues relevant to this study.

SECTION #.(c) The Committee may make an interim report, including any legislative recommendations, to the 2009 General Assembly, 2010 Regular Session, and shall submit a final report, including any legislative recommendations, to the 2011 General Assembly. The Committee shall terminate upon filing its final report or upon the convening of the 2011 General Assembly, whichever is earlier.

SECTION #.(d) From the funds appropriated by this act to the General Assembly for the 2009-2010 fiscal year and for the 2010-2011 fiscal year, the Legislative Services Commission may allocate monies to fund the work of the Committee.

DRAFT
SPECIAL PROVISION



2009-UNC-H30

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

NC STATE UNIVERSITY ENCORE CENTER FOR LIFELONG ENRICHMENT/DISCRETIONARY FEE INCREASE TO COVER STATE BUDGET REDUCTION

SECTION #. Notwithstanding G.S. 116-40.22 and G.S. 116-143, the fees charged for courses offered by the Encore Center for Lifelong Enrichment at North Carolina State University may, upon approval of the Chancellor of North Carolina State University, be increased for the 2009-2010 fiscal year to cover the Center's budget reduction of forty-seven thousand twenty dollars ($47,020) in State funds for that fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H32

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

FUNDS FOR COCHLEAR IMPLANTS/CASTLE

SECTION .#. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2009-2010 fiscal year the sum of five hundred seventy-five thousand dollars ($575,000) shall be allocated to the Center for the Acquisition of Spoken Language through Listening Enrichment (CASTLE), which is operated by the Carolina Children's Communicative Disorders Program of The University of North Carolina Health Care System. These funds shall be used to train teachers and therapists across the State to work with deaf preschool-age children with cochlear implants and to provide oral preschool classes to these children.

VISITOR REGISTRATION SHEET

House APPR Ed — 5-28-09

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jay Schalin	Pope Center
Jennifer Wills	NCCCS
Kym Bryd	"
Evelyn McKinney	NC PTSC
Ben Bryan	NC Teacher Academy
Dwayne Pinkney	UNC - Chapel Hill
Ed Shadburn	UNC - GA
Bryan Conrad	OSBM
Joyce Wallace	OSBM
DAVID RICE	MANNING FULTON
Kay Paksay	National Association of Social Workers, NC

VISITOR REGISTRATION SHEET

House Appr Ed — 5-28-09

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Anita Watkins	UNC GA
Steve Jackson	Budget & Tax.
Jennifer Haygood	NCCCS
Irwin Fitzgerald	UNC
Linda Griffin	ASNC
Patrice Reuben	NCACC
Leanne Winner	NCSBA
Ben Lewis	NCAE
Linda Burden	NCAE
Bill Rowe	NC Justice Center

VISITOR REGISTRATION SHEET

5-28-09

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joyce Loveless	NBPTS
Katie O'Neal	All Kinds of Minds
Ann Maddock	Governor's Office
[illegible]	OSBM
[illegible]	OSBM
Anuca Koltchanova	NC REA
[illegible]	NCCAT
Jim Stegall	UCPS.
C Minard	State Bd of Ed
LAWRENCE WALKER	Central Carolina RESA
Evelyn Newsome	DHHR

VISITOR REGISTRATION SHEET

House APPROP | 5-28-09

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dawn Morris	Public School Forum of NC
Mike Fortun	NCAE
[illegible]	NCICU
Matt Harrell	TPS
Gene Causby	NCCCA
Alice Garland	NCEL
Conor Brockett	NCSBA
C Hawkins	NCCAF
Dale Hunter	NCPTA
[illegible]	EGHS
[illegible]	WCPSS

VISITOR REGISTRATION SHEET

5-28-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dianne Lynch	Western Carolina University
Clifton B. Medford	" " "
Katherine Joyce	NCASA
Emily Doyle	NCPAPA
Meredith Henderson	CIU

VISITOR REGISTRATION SHEET

House Appr Ed — 5-28-09

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCJCDL

House Pages

House Approp.

Name of Committee: Ed Date: 5-28-09

1. Name: Melinda morgan
   County: Polk
   Sponsor: Guice
2. Name: Shoandi Dent
   County: Gates
   Sponsor: Annie Mobley
3. Name:
   County:
   Sponsor:
4. Name:
   County:
   Sponsor:
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: Charles Williams
2. Name: Earl Coker
3. Name: Marvin Lee

REMINDER

Meeting immediately after Session

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **House Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: **Thursday, June 4, 2009**

TIME: **Immediately after Session**

LOCATION: **Room 421, Legislative Office Building**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

Proposed House Education Budget

Respectfully,
Representatives McLawhorn
Glazier
Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **3:45 PM** on **June 3, 2009.**

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Thursday, June 4, 2009, immediately after Session

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building immediately after Session. Representative Marian McLawhorn, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and Rapp, Co-Chairmen, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Vice Chairs, Representatives Blackwell, Hilton, Holloway, and Wiley. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Sergeant of Arms staff that attended and assisted the meeting.

Staff passed out two handouts, the House Appropriations Subcommittee on Education Money Report (See Attachment 1) and the House Appropriations Subcommittee on Education Special Provisions (See Attachment 2).

A copy of the "Rules for the Subcommittee Procedure" was also made a part of the committee agenda (Attachment 3). They are the rules that govern the eligibility of amendments to subcommittee reports.

Staff explained and reviewed the Money Report (See Attachment 1). staff member, Brian Matteson, reviewed items 1 – 51 in the Public Education recommended budget. Staff member, Andrea Poole, reviewed items 52 – 92 in the Community Colleges recommended budget. Staff member, Richard Bostic, reviewed items 93 – 238 in the UNC System recommended budget. Questions and discussion followed the review of the Money Report.

Staff explained and reviewed the House Appropriations Subcommittee on Education Special Provisions report (See Attachment 2). Kristopher Nordstrom, staff member, reviewed the items in the Public Instruction portion of the report. Andrea Poole, staff member, reviewed the items in the Community College portion of the report. Richard Bostic, staff member, reviewed the UNC System portion of the report. Questions and discussion followed the review of the Special Provisions report.

The Chair opened the floor for amendments.

Representative Glazier offered an amendment that moved to amend the Education Special Provision Report, UNC Section on page 88 by deleting the provision with the computer code 2009-UNC-H12-P on that page and substituting the following provision with the computer code 2009-UNC-H12A (See Attachment 4). The amendment passed.

Representative Glazier offered an amendment that moved to amend the committee report on page F13, item #85, by adding the following at the end of the item: "In order to ensure all colleges receive full enrollment growth funding for FY 2009-10, this reduction will be treated as a management flexibility reduction in FY 2009-10. In subsequent years, this reduction will be realized in the form of reduced enrollment growth at colleges" (See Attachment 5). The amendment passed.

Representative Blackwell offered an amendment that moved to amend the Special Provision Report, UNC Section by adding the following line: "Special Provision 2009-UNC-H35 – Eliminate State Funding for Millennium Seminars and Public Safety Leadership Center at North Carolina State University" (See Attachment 6). Kory Goldsmith, Staff member, offered a formal advisory opinion from the Legislative Ethics Committee regarding AO-LEC-09-002 – would any attempt by legislator to eliminate funding for Mary Easley's contract with North Carolina State University be unethical? - (See Attachment 7) A copy of GS 120-86.1 – Personnel-related action unethical – was also provided (See Attachment 8). This amendment was withdrawn for a substitute amendment.

Representative Blackwell's previous amendment was replaced and moved to amend the Education Special Provision Report, UNC Section by adding the following to Special Provision 2009 – UNC-H35 which reads: Eliminate state funding for Millennium Seminars and Public Safety Leadership Center at North Carolina State University. Notwithstanding any provision of law, no State funds shall be used for the support of the Millennium Seminars or the Public Safety Leadership Center at North Carolina State University for the 2009-10 fiscal biennium (See Attachment 9). After much discussion, a roll call vote was taken, and the amendment passed 7 to 6 (See Attachment 10).

Representative Parmon made a motion for the House Appropriations Subcommittee on Education to send this report to the Full House Appropriations Committee without prejudice. The motion carried.

With there being no further business, the meeting adjourned at 4:35 PM.

Respectfully submitted,

Marian McLawhorn
Representative Marian N. McLawhorn

Susan H. Burleson
Susan H. Burleson, Committee Assistant

Attachment 1

House Appropriations Subcommittee on Education

House Budget Recommendations Report to the Subcommittee

June 4, 2009

Public Education

	GENERAL FUND			
	FY 09-10		FY 10-11	
Recommended Budget	**$8,245,341,827**		**$8,358,798,223**	
Legislative Changes				
A. Technical Adjustments				
1 Adjust Continuation Budget Adjusts continuation budget to a level at or below FY 2008-09 Authorized Budget.	($73,903,050)	R	($118,955,313)	R
2 Mandatory Continuation Budget Increases Restores mandatory increases for certain line items associated with growing student headcount.	$27,269,605	R	$61,106,959	R
3 Education Stabilization Fund - Noninstructional Support Personnel Reduction Temporarily reduces the Noninstructional Support Personnel allotment on a nonrecurring basis for both years of the biennium. This reduction will be off-set by the appropriation of the federal Education Stabilization Fund (ESF). The ESF will be distributed via the State's primary funding formulae, as defined by Section 7.XX of this bill.	($356,970,583)	NR	($360,579,983)	NR
4 Education Stabilization Fund - Classroom Materials/Supplies Reduction Temporarily reduces the Classroom Materials/Supplies allotment on a nonrecurring basis for both years of the biennium. This reduction will be off-set by the appropriation of the federal ESF. The ESF will be distributed via the State's primary funding formulae, as defined by Section 7.XX of this bill.	($46,448,981)	NR	($42,839,581)	NR
5 Children with Disabilities Head-Count Adjustment This is a technical adjustment to the Children With Disabilities allotment. The continuation budget includes anticipated growth based on the projected head-count of children with disabilities. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect actual April 1, 2009 headcount. It does not reduce funding per student.	($15,987,833)	R	($15,987,833)	R
6 Civil Penalties Receipts Makes recurring adjustment to budgeted civil penalty revenues to account for actual FY 2007-08 receipts and to reflect additional fines and forfeitures generated by new fines and increases to existing fines. Collected civil penalties revenues are required to be deposited in the State Public School Fund (SPSF) for allotment to LEAs on a per-ADM basis.	($21,874,790)	R	($26,374,790)	R

	FY 09-10		FY 10-11	
7 Financing School Bus Replacement Adjusts the schedule for school bus financing from three to four years on a recurring basis.	($6,347,581)	R	($10,334,288)	R
8 Textbook Freight Eliminates funding for textbook freight. These costs will be covered through receipts from books purchased by the LEAs.	($217,837)	R	($217,837)	R
B. State Public School Fund				
9 Information Highway Eliminates funding for a program that previously paid for LEAs to access distance learning. Funds are no longer needed as the School Connectivity Initiative (SCI) has replaced this program and provides increased service to the LEAs.	($1,200,000)	R	($1,200,000)	R
10 At-Risk Student Services Reduces the At-Risk Student Services allotment by approximately 31% in FY 2009-10 and 22% in FY 2010-11 from the continuation budget levels of $226.6 million in FY 2009-10 and $228.0 million in FY 2010-11.	($50,000,000) ($20,000,000)	R NR	($50,000,000)	R
11 School Technology Fund Reduces by 90% on a nonrecurring basis the General Fund support for the School Technology Fund, which provides support to LEAs on a per-ADM basis for the development and implementation of LEA technology plans. An additional $18 million for this Fund is annually provided from the Civil Penalty and Forfeiture Fund. Additionally, Section 5.1 of the budget transfers approximately $18 million from a UNC escrow account to this Fund on a one-time basis and Section 7.x of the budget transfers a cash balance of $411,058 from the State Literary Fund to this fund on a one-time basis.	($9,411,058)	NR	($9,000,000)	NR
12 Textbooks Adjusts allotment in FY 2009-10 to reflect the reduced expenditures projected from a delay in the adoption of grades 6-12 mathematics textbooks. The additional reduction in FY 2010-11 reflects a moratorium on new textbook adoptions, allowing textbook purchases only for new students or for replacement books.	($47,977,278)	NR	($90,410,044)	NR
13 NC Wise Owl Reduces funding by 38% for this online reference resource for teachers and students. This portion of the reference service is being provided at no cost by SAS Institute.	($500,000)	R	($500,000)	R
14 Central Office Administration Reduces the dollar allotment to LEAs for the salaries and benefits of central office staff. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. The reduction reflects a 7.5% decrease from the FY 2009-10 continuation budget total of $120,855,235.	($9,064,143)	R	($9,082,143)	R

	FY 09-10		FY 10-11	
15 More at Four Reduces General Fund support for More at Four by 11.6%. The Office of School Readiness shall use the average FY 2008-09 average reimbursement rate of $5,000 per slot in allocating funding. The FY 2009-10 continuation budget includes $86 million in General Fund and $84.6 million in Lottery support for this program. A related provision, Section x.xx, includes More at Four amongst a list of programs to be examined for consolidation in one entity solely responsible for early childhood programs, beginning in FY 2010-11.	($10,000,000)	R	($10,000,000)	R
16 Focused Education Reform Provides a 10% reduction to funds appropriated to DPI in support of the pilot program known as The Collaborative Project. DPI funding for this program is currently $4,833,728. The FY 2010-11 funding for the Project is provided on a nonrecurring basis to reflect the final year of funding needed for this 3-year pilot program. The Public School Forum receives an additional $2,342,705 to support and administer the pilot.	($483,373)	R	($4,833,728) $4,350,355	R NR
17 Staff Development Reduces funding by 100%, on a nonrecurring basis, for the staff development allotment.	($12,557,920)	NR	($12,619,829)	NR
18 Improving Student Accountability Eliminates funding for this allotment that supports activities designed to improve the performance of those students scoring at Level I or II on certain State tests. The Disadvantaged Student Supplemental Funding and At-Risk Student Services allotments support similar types of activities.	($38,339,798)	R	($38,339,798)	R
19 Critical Foreign Language Pilot Eliminates recurring funding for this two-year old pilot program. The nonrecurring funding provided in FY 2009-10 will enable DPI to complete the ongoing development of online Russian and Japanese language courses.	($500,000) $100,000	R NR	($500,000)	R
20 Increase Class Size Decreases funding for the Classroom Teachers allotment consistent with increasing the student-to-teacher funding allotment ratio currently set by the State Board of Education for each grade by 2 in FY 2009-10 and by 3 in FY 2010-11. The related provision, section 7.xx, increases the allowable maximum district-wide class size average and maximum individual class size by 2 in FY 2009-10 and 3 in FY 2010-11.	($322,705,848)	R	($463,138,920)	R
21 Literacy Coaches Eliminates funding for all 200 Literacy Coaches.	($12,034,400)	R	($12,034,400)	R

	FY 09-10		FY 10-11	
22 Classroom Materials/Supplies Reduces funding for this allotment which funds Instructional Materials and Supplies, Instructional Equipment, and Testing Support. The continuation budget includes $88,238,683 in FY 2009-10 and $94,390,396 for this allotment.	($2,000,000)	R	($2,400,000)	R
23 Noninstructional Support Personnel Reduces funding for this allotment by 5%. It supports clerical assistants, custodians, and substitute teachers, amongst other items.	($20,156,347)	R	($20,346,315)	R
24 Teacher Assistants Eliminates funding for Teacher Assistants (TAs) serving students in Grade 3. Funds will be allotted on the basis of ADM in grades K-2. LEAs may continue to place TAs in grade 3 classrooms if they so choose. The continuation budget provides $503,837,592 in FY 2009-10 and $505,965,687 in FY 2010-11 for this allotment.	($130,135,446)	R	($130,135,446)	R
25 Instructional Support Reduces funding for this allotment that supports counselors, social workers and certain other personnel with a direct instructional relationship to students. The continuation budget provides $357,595,392 in FY 2009-10 and $360,981,712 in FY 2010-11 for this allotment.	($19,367,181)	R	($20,772,741)	R
26 School Building Administration Reduces funding for this allotment that supports principals and assistant principals. It reduces the allotment for assistant principal positions from 1:799.4 ADM to 1:942.1, a reduction of approximately 278 10-month positions. The continuation budget provides $262,034,980 in FY 2009-10 and $265,003,158 in FY 2010-11 for this allotment.	($17,586,720)	R	($17,586,720)	R
27 Math and Science Supplement Pilot Eliminates funding for a pilot program that provides $15,000 bonuses to certain mathematics and science teachers in Bertie, Columbus, and Rockingham counties.	($515,115)	R	($515,115)	R
28 Mentoring Reduces funding for teacher mentoring by 50%.	($5,582,308)	R	($5,582,308)	R
29 Limited English Proficiency Reduces funding for the program by 2.5% in FY 2009-10 and 2.3% in FY 2010-11.	($2,000,000)	R	($2,000,000)	R
30 Low Wealth Supplemental Funding Modifies the allotment formula to support only those LEAs at or below 90% of state average wealth as measured by the formula. Previously those LEAs at or below 100% of state average wealth qualified for funding. LEAs no longer qualifying under the new formula will have 75% of their anticipated funding held harmless in FY 2009-10 and will have 50% of their anticipated funding held harmless in FY 2010-11 if the district remains above 90% of state average wealth.	($4,853,701)	R	($9,707,403)	R

	FY 09-10		FY 10-11	
31 Small County Supplemental Funding Reduces program funding by 10% from the continuation budget amount of $45,189,185.	($4,518,919)	R	($4,518,919)	R
32 Transportation Reduces funding for the allotment, which supports the salaries of transportation personnel as well as the maintenance of yellow buses, by approximately 15% in both years of the biennium.	($29,348,420)	R	($30,559,008)	R
33 Learn and Earn Online Eliminates funding for this program which provides online classes leading to college credit for high school students.	($1,351,752)	R	($1,351,752)	R
34 Small Specialty High Schools Eliminates funding for one counselor and one clerical position at each of the 32 high schools. Funding is retained for an additional clerical position as well as a principal position.	($3,222,496)	R	($3,222,496)	R
35 Child and Family Support Teams Reduces funding for this program by 10%.	($1,252,183)	R	($1,252,183)	R
36 Dropout Prevention Grants Provides recurring funding for additional dropout prevention grants. This program provides funding on a competitive basis to local school administrative units, schools, local agencies, or nonprofit organizations to support programs that address dropout prevention. The additional funding for this program can be used to provide continued funding to past grant recipients or to fund new recipients. The maximum grant size is $150,000.	$13,000,000	R	$13,000,000	R
C. Department of Public Instruction				
37 Testing Eliminates funding for the following tests: Computer Skills, Grade 3 Pretest Math, Grade 3 Pretest Reading, Competency Reading, and Competency Math. The State Board of Education may use the FY 2009-10 savings from eliminating these tests to support the development and implementation of a new Standard Course of Study for all content areas and grade levels. This activity will also support the State Board of Education's efforts to research, design, and implement a new comprehensive State testing system that will include formative, benchmark/interim, and summative tests. The ultimate goal of this initiative is to develop a new K-8 and K-12 accountability model.			($2,000,000)	R
38 DPI Position Reduction Reduces funding commensurate with reducing State-supported DPI positions by 10%, or 45, in FY 2009-10 and by 15%, or 70, in FY 2010-11. DPI may eliminate some or all of its 32 vacant positions, or shift certain positions to federal funding, where possible, to meet this reduction target.	($3,252,555) -45.00	R	($5,083,021) -70.00	R

	FY 09-10		FY 10-11	
39 DPI Operating Funds Reduces funding for DPI operations, excluding salaries and benefits, by 11% in FY 2009-10 and by 15% in FY 2010-11.	($2,087,638)	R	($2,846,779)	R
40 Legacy Funds Adjusts fund balance remaining from nonrecurring appropriations made for agency IT infrastructure. This reduction would eliminate the fund balance of $3,000,000.				
41 Personal Financial Literacy Eliminates the recurring appropriation for this activity. Personal Financial Literacy has already been integrated into the curriculum and is available to students through the Civics and Economics curriculum. DPI personnel shall continue to provide curricular materials, professional development, and technical assistance to teachers on this subject.	($500,000)	R	($500,000)	R
42 Governor's Schools Reduces the General Fund support by $75,000 in both years of the FY 2009-11 biennium. Funding supports the Governor's Schools, which are held each summer for six weeks at two college campuses. Student selection is competitive. The current appropriation supports a total of 800 student participants.	($75,000)	R	($75,000)	R
43 Teacher Working Conditions Survey Eliminates funding for the Survey and related activities in FY 2010-11. Funding is provided for FY 2009-10.			($215,000)	NR
D. Pass-Through Funds				
44 Tarheel ChalleNGe Academy Provides funding to the North Carolina's Tarheel ChalleNGe Academy, a quasi-military program for high school dropouts, or expellees. It is located in Sampson County and sponsored by the North Carolina National Guard. This program receives matching funds from the federal government equal to $60 for every $40 of State funds. Previously, the Tarheel ChalleNGe had been funded within the Department of Crime Control and Public Safety budget. The appropriation for this program was eliminated for FY 2008-09 pending the findings of a Continuation Review.	$1,228,350	R	$1,228,350	R

	FY 09-10		FY 10-11	
45 Appropriations to Non-Public School Organizations	($4,594,519)	R	($6,702,953)	R
Reduces recurring funding to the following organizations:			$2,108,434	NR

Communities in Schools ($160,750),
Schools Attuned ($820,911),
ExplorNet ($300,000),
Teacher Cadet ($60,000),
NC Network ($312,625),
Science Olympiad ($22,500),
Teach for America ($50,000),
NC Math & Science ($100,000), and
Project Enlightenment ($200,000).

Funding for the Public School Forum's administration will be reduced by 10% ($234,271) in FY 2009-10 and FY 2010-11. Additionally, the Forum's State support will be transitioned to nonrecurring funding in FY 2010-11.

Additionally, the $1,500,000 in recurring funding for Literacy Coach training provided by the Teacher Academy shall be eliminated. The remaining $5,556,413 provided for the Academy's activities shall be reduced by 15% ($833,462).

E. Other Reserves and Transfers

46 Teaching Fellows Trust Fund

Reduces the cash balance of the Teaching Fellows Trust Fund on a nonrecurring basis by $5,500,000. The current cash balance of the Fund is $6.76 million. This reduction will not negatively impact program participants or operations.

47 Children's Trust Fund	($247,500)	R	($247,500)	R

Eliminates the State appropriation for this program. Other annual receipts of approximately $365,000 generated from marriage license fees will continue to support this program that awards grants to entities that support child neglect and abuse prevention initiatives. Section xx.xx of this bill will move administration of this program to the Department of Health and Human Services.

48 Redirect Capital Funds to Support Public Schools through the General Fund	($60,500,000)	NR	($64,500,000)	NR

Suspends the transfer of Corporate Income Tax funds in FY 2009-10 and FY 2010-11 to the Public School Building Capital Fund. Instead, funds will be transferred as a receipt to the State Public School Fund to temporarily offset the costs for public school operations. For FYs 2009-10 and 2010-11, General Fund appropriations will be reduced by the amount that was scheduled to be transferred to the capital accounts.

49 Business and Education Technology Alliance

Eliminates the Fund's cash balance of $26,335 for the Business and Education Technology Alliance. A related provision, section 7.xx, repeals this entity.

	FY 09-10		FY 10-11	
50 State Literary Fund Redirects the Fund's cash balance of $411,058 for use in the School Technology Fund. This Fund has been used to provide loans to LEAs from the proceeds of certain State property sales. Only one loan has been made in the last 5 years and is currently in repayment status.				
51 Computer Revolving Loan Fund Eliminates the Computer Revolving Loan Fund and its cash balance of $120,677. A related provision, section 7.xx, repeals this Fund, which was created from the Literary Loan Fund to provide loans to LEAs needing to buy equipment to implement the Uniform Education Reporting System. The last loan from the Fund was made prior to FY 2004 and the last repayment of a loan was made in FY 2004.				
Total Legislative Changes	**($774,308,498)**	**R**	**($953,569,400)**	**R**
	($553,765,820)	**NR**	**($573,705,648)**	**NR**
Total Position Changes	-45.00		-70.00	
Revised Budget	**$6,917,267,509**		**$6,831,523,175**	

Community Colleges

GENERAL FUND

	FY 09-10		FY 10-11	
Recommended Budget	**$1,072,571,152**		**$1,114,034,594**	
Legislative Changes				
A. Adjustments to Continuation Budget				
52 Adjust Continuation Budget Adjusts continuation budget to a level at or below FY 2008-09 Authorized Budget.	($67,749,918)	R	($109,213,360)	R
53 Fully Fund Enrollment Growth Provides funds to fully fund enrollment growth. According to the 2008-09 spring semester census, enrollment has increased by 15,259 full-time equivalents (or FTEs) above the 2008-09 budgeted enrollment of 201,625. This is a 7.6% increase and brings 2009-10 budgeted enrollment to 216,884. Curriculum enrollment has increased by 13,110 FTE (or 8.34%), continuing education enrollment by 1,683 FTE (or 6.70%), and basic skills enrollment by 466 FTE (or 2.41%). Estimated enrollment growth during the 2009-10 year is also fully funded with an additional appropriation of $41,126,850 in FY 2010-11. This is based on an estimated enrollment growth of 5.4% (or 11,470 FTE).	$58,068,720	R	$99,195,570	R
B. Reductions - Community College System Office				
54 Eliminate Vacant Positions and Salary Reserves Eliminates 7 vacant positions in the Community College System Office, as well as $46,192 of unused salary reserves.	($523,128) -7.00	R	($523,128) -7.00	R
55 Eliminate Filled Positions Eliminates 12 filled positions in the Community College System Office. The duties of these positions shall be eliminated or absorbed by other System Office employees. The positions are: -Special Events Coordinator -BioNetwork Grants Associate -Resource Development Coordinator -Director of Foundation Support & Alumni Affairs -Executive Assistant -Bionetwork Grants Coordinator -Library Technician -Documentation Specialist (2 positions) -IT Manager -Accounting Technician -Administrative Assistant	($835,708) -12.00	R	($835,708) -12.00	R

	FY 09-10		FY 10-11	
56 Move Positions to Receipt Support Reduces appropriations by shifting one Grants Administrator position to indirect cost receipts and one Education Consultant partially to proprietary school receipts. These positions oversee the activities that generate these receipts.	($85,454)	R	($85,454)	R
57 Reduce System Office Operating Budget Reduces the System Office operating budget in the following areas: - IT Contracts ($200,000), - Number of IT Training Days ($88,000), - ITS Project Management Services ($76,000), - Travel and Operating Funds for the Technology and Workforce Development Division ($71,245), - Funding for Professional Development Course ($7,500), - Travel and Operating Funds for the Academic and Student Services Division ($19,680), and - Other reductions to be identified by the System Office ($489,823).	($952,248)	R	($952,248)	R
58 Reduce 2+2 E-Learning Initiative Reduces the budget of the 2+2 E-Learning Initiative by $250,000. This reduction leaves the 2+2 E-Learning Initiative with $750,000 in recurring funds to support innovative distance learning programs.	($250,000)	R	($250,000)	R
59 Thai Entrepreneurship Fund Removes the remaining $221 from the Thai Entrepreneurship Fund in Special Fund 26800 and reduces General Fund appropriations accordingly.	($221)	NR		
C. Reductions - Colleges				
60 Management Flexibility Reduction - State Aid Reduces funds in the State Aid budget. The State Board of Community Colleges shall distribute the flexibility reduction, accounting for the unique needs of each college. Each college reduced shall have the flexibility to adjust its budget to implement this reduction, but shall not impact those activities directly involved in retraining displaced workers.	($26,800,000)	R	($31,045,230)	R
61 Maintenance of Plant Supplement Eliminates supplemental funding currently allocated to colleges with an out-of-county student population over 50% of the total student population. Section 8.10 of this bill permits colleges currently receiving these funds to use noninstructional State funds allocated to them through the institutional support allotment for maintenance of plant for the biennium.	($787,877)	R	($787,877)	R
62 Botanical Laboratory at Fayetteville Technical Community College Eliminates funding for the botanical laboratory at Fayetteville Technical Community College.	($300,000)	R	($300,000)	R

	FY 09-10		FY 10-11	
63 Community Service Block Grant Eliminates funding for the community service block grant, requiring all community service programs to be offered on a self-supporting basis.	($1,066,603)	R	($1,066,603)	R
64 Baccalaureate Education Attainment Funds Eliminates baccalaureate education attainment funds available to community college faculty and staff to pursue and attain bachelor's degrees.	($112,751)	R	($112,751)	R
65 Faculty and Staff Development Funds Eliminates funds allocated by the State for professional development of community college faculty and staff.	($507,068)	R	($507,068)	R
66 Compensatory Education Administration Eliminates additional funds allotted to colleges for the administration of compensatory education programs. These programs provide assistance to developmentally-disabled, adult students by teaching them life-skills. Community colleges will continue to receive FTE funding for enrollment of these students.	($1,229,760)	R	($1,229,760)	R
67 Supplemental Multi-Campus Center Funds Reduces supplemental multi-campus center funds by 9%. Community colleges will continue to receive FTE funding for enrollment at multi-campus sites.	($1,896,178)	R	($1,896,178)	R
68 Off-Campus Center Funds Eliminates supplemental funding for off-campus centers. Community colleges will continue to receive FTE funding for the enrollment at off-campus centers.	($1,000,000)	R	($1,000,000)	
69 Eliminate One Virtual Learning Community Development Center Eliminates one of the five State-supported Virtual Learning Community development centers. The State Board of Community Colleges will determine which center to eliminate.	($200,000)	R	($200,000)	R
70 Reduce Funding for Library Books and Materials Reduces funding for library books and materials by 20%.	($848,391)	R	($848,391)	R
71 Reduce BioNetwork Grants and Marketing Funds Reduces funds for grants and marketing of the NCCCS BioNetwork. Of the total reduction, $1,056,808 will be reduced from grants to colleges and $383,866 will be reduced from System Office marketing funds.	($1,440,675)	R	($1,440,675)	R
72 Eliminate Supplemental Hearing Impaired Funding Eliminates funds allotted to Wilson, Central Piedmont, and Western Piedmont Community Colleges to support the additional costs of serving hearing impaired students. These colleges will continue to receive FTE funding for the enrollment of these students.	($190,000)	R	($190,000)	R

	FY 09-10		FY 10-11	
73 Eliminate Funds for Disadvantaged Nursing Students Eliminates funds for disadvantaged nursing students. These funds currently support tutoring, NCLEX review, and instructional software.	($80,000)	R	($80,000)	R
74 Regional Criminal Justice Coordinators Eliminates funds used for three regional coordinators to provide comprehensive education and training to law enforcement personnel.	($430,119)	R	($430,119)	R
75 Reduce Fire Training Coordinators Eliminates funding for 5 of the 8 Regional Fire Training Coordinators, leaving $283,275 for three remaining training coordinators. These three coordinators are to be based regionally, and supervised by the Community College System Office.	($489,018)	R	($489,018)	R
76 Public Radio Station Pass-Through Funds Eliminates pass-through funds for three public radio stations located on community college campuses: - Gaston ($191,333), - Craven ($66,333), and - Isothermal ($201,255).	($458,921)	R	($458,921)	R
77 Reduce Child Care Grants to FY 2007-08 Actual Expenditures Reduces funding for child care grants to student parents who rely on child care to pursue their studies to actual FY 2007-08 expenditures ($1,838,215).	($84,801)	R	($84,801)	R
78 Merger of Hickory Metro Higher Education Center Eliminates categorical allotment to Catawba Valley Community College for the Hickory Metro Higher Education Center (HMHEC). HMHEC offers baccalaureate and advanced degrees through partnerships with four-year public and private colleges and universities. This center has been merged with the NC Center for Engineering and Technology, also located in Hickory and offered in cooperation with the University of North Carolina. This merger centralized all public baccalaureate offerings in Hickory under UNC. The UNC portion of the budget includes the funding necessary to transfer the administration of HMHEC to Appalachian State University, the fiscal agent for UNC's Hickory Regional Partnership.	($505,834)	R	($505,834)	R
79 Small Business Center Funding Eliminates a categorical allotment to Asheville-Buncombe Technical Community College for hospitality and tourism ($54,861) and reduces each college's base allocation by $6,000 ($174,000). After these reductions, total funding for this program will be $5,527,836.	($402,861)	R	($402,861)	R
80 Reduce Customized Training Funds Reduces funding for the Customized Training program by 9% in FY 2009-10 and 9% in FY 2010-11. Total funding for the program in FY 2008-09 was $12,457,121.	($1,121,141)	R	($1,121,141)	R

	FY 09-10		FY 10-11	
81 Specialized Center Regionalization Reorganizes the Textile Center of Gaston College, the Center for Emerging Manufacturing Solutions (or Hosiery Tech Center) of Catawba Valley CC, and the Haywood Regional High Tech Center of Haywood CC, and reduces funds by $1,023,133. The remaining $1,275,000 will be distributed as follows: - $525,000 to Gaston College to support East Campus in Belmont as a multi-campus center of the college, - $100,000 to Haywood CC for a high cost allocation for Haywood Regional High Tech Center, and - $650,000 to Catawba Valley CC for a regional Center for Emerging Manufacturing Solutions (CEMS) program. The regional CEMS program will be headquartered in Hickory. The funding will support the core program and employees at the current CEMS site. One position will remain at the current Textile Center location, and will be used to leverage equipment and resources at the two locations to conduct testing, development, and other services as directed.	($1,023,133)	R	($1,023,133)	R
82 Eliminate Special Allotment Funding Eliminates funding for special allotments for high cost programs, including truck driving programs at Johnston and Caldwell Community Colleges, marine technology at Cape Fear Community College, and heavy equipment at Wilson Community College. Colleges will continue to receive regular FTE funding for these programs.	($1,295,428)	R	($1,295,428)	R
83 Eliminate Clerical Position from Funding Formula Eliminates one of the eight clerical positions from the institutional support base allotment funding formula for community colleges.	($2,287,752)	R	($2,287,752)	R
84 Prisoner Education Program Continuation Review Eliminates recurring funding for the prisoner education program and provides nonrecurring funds for FY 2009-10. Restoration of recurring funding in FY 2010-11 is subject to the findings of a legislative continuation review.	($32,899,715) $32,899,715	R NR	($32,899,715) $0	R NR
85 Eliminate College Transfer Courses for Dual Enrollment and Huskins Students Eliminates funding for the college transfer courses (excluding math and science) offered to dual enrollment and Huskins students. This reduction does not impact courses provided to students of Early and Middle College High Schools	($14,612,950)	R	($14,612,950)	R

	FY 09-10		FY 10-11	
D. Tuition and Fees				
86 Restructure Continuing Education Fee Rates Restructures continuing education fee rates. The new fee structure will consolidate the current structure from four tiers into three, based on the number of hours of class time, as follows: Classes 1-20 hours - $65, Classes 21-50 hours - $120, and Classes 50+ hours - $175. Continuing education fees have not been increased since the current sliding scale was adopted in 1999. Continuing education courses are non-credit courses and are taken by students not seeking a degree.	($9,426,885)	R	($9,426,885)	R
87 Tuition Increase Increases curriculum tuition by $8 per credit hour, from $42 to $50. Tuition for full-time students will increase by a maximum of $256 per year, from $1,344 to $1,600.	($30,522,884)	R	($30,522,884)	R
88 Eliminate Senior Citizen Tuition Waiver Eliminates tuition waivers for senior citizens.	($1,316,192)	R	($1,316,192)	R
89 Minimum Payment in Lieu of Tuition Waiver Requires a minimum payment of tuition for certain populations currently receiving a full tuition waiver. For paid public safety personnel, the minimum payment will be $45 per Continuing Education course or $45 per curriculum credit hour. For other populations, the minimum payment will be $25 per course or credit hour. Section 8.x of this bill lists all populations required to pay this minimum tuition payment.	($15,046,655)	R	($15,046,655)	R
E. Additional Adjustments				
90 Equipment and Technology Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the $31.3 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment formula.	$6,000,000 $3,000,000	R NR	$6,000,000	R
91 Restore Funding for the NC Military Business Center Restores funding to the NC Military Business Center at Fayetteville Technical Community College. The Center received non-recurring funds in FY 2008-09 while undergoing a continuation review. The Center works with communities and companies to develop and obtain federal business opportunities, including with the US military at NC military installations.	$1,250,000	R	$1,250,000	R

	FY 09-10		FY 10-11	
92 JobsNow Program				
Provides $13.5 million in additional federal receipts, transferred from the Department of Commerce, for the JobsNow program. Funds will be used to provide an infusion of instructional resources to support training activities in occupational areas that could be completed in less than 6 months.				
Total Legislative Changes	**($153,461,328)**	**R**	**($158,043,150)**	**R**
	$35,899,494	**NR**	**$0**	**NR**
Total Position Changes	-19.00		-19.00	
Revised Budget	**$955,009,318**		**$955,991,444**	

UNC System

	GENERAL FUND			
	FY 09-10		FY 10-11	
Recommended Budget	**$3,026,185,255**		**$3,100,871,575**	
Legislative Changes				
A. Base Budget Adjustments				
93 Adjust Continuation Budget Adjusts continuation budget to a level at or below FY 2008-09 Authorized Budget.	($171,869,601)	R	($246,791,153)	R
94 Education Stabilization Fund Provides a two-year reduction to items that are allowable expenditures under Sec. 14004 of the ARRA to be offset by an appropriation from the federal Education Stabilization Fund.	($64,151,313)	NR	($64,151,313)	NR
95 Enrollment Growth Funds projected enrollment growth in the UNC system for FY 2009-10 as requested by the UNC Board of Governors.	$44,197,776	R	$44,197,776	R
96 Management Flexibility Reduction Mandates a management flexibility reduction for the UNC operating budget. This reduction shall not be allocated on an across-the-board basis to constituent institutions by the UNC Board of Governors. The following categories must be considered for reductions: senior and middle management positions, centers and institutes, low enrollment degree programs, faculty workload, and institutional trust fund balances.	($147,866,184)	R	($214,497,403)	R
97 Tuition Increase Increases annual tuition by the lesser of $200 or 8% at all UNC institutions in FY 2009-10. This tuition increase is applied to both resident and nonresident students at the undergraduate and graduate levels.	($34,776,301)	R	($34,776,301)	R
98 Reserve for Distance Education Reduces the Reserve for Distance Education Capacity Enhancement by 19.5%. Created in 1996, this reserve is currently being used for UNC Online efforts.	($225,872)	R	($225,872)	R
99 Reserve for Information Technology Reduces the Reserve for Information Technology Productivity and Efficiency by 16%. This reserve has been used to help 14 UNC campuses implement the Banner computer program for Finance, Human Resources, and Financial Aid.	($150,000)	R	($150,000)	R

	FY 09-10		FY 10-11	
100 Strategic Initiative Reserve Reduction Reduces the UNC President's $3.3 million Strategic Initiative Reserve for two years. The Reserve is used to encourage multi-campus initiatives, take advantage of promising opportunities, and address system-wide issues and concerns.	($1,000,000)	NR	($1,000,000)	NR
101 Legislators' Schools For Leadership Development Abolished Abolishes the Legislators' Schools for Leadership Development at ECU and WCU. These programs provide summer residential programs to enhance the leadership abilities of rising eighth through eleventh graders.	($500,000) -4.00	R	($500,000) -4.00	R
102 Bowles Center for Alcohol Studies - DWI Fee Change Reduces the General Fund appropriation for the Bowles Center for Alcohol Studies by directing that the $25 DWI driver's license restoration fee be used for the Center's operating support instead of the Center's endowment fund.	($537,455)	R	($537,455)	R
103 Focused Growth Reserve Eliminated Eliminates a UNC General Administration reserve for new degree programs on Focused Growth campuses. Enrollment growth funding can be used to initiate new academic programs. This reduction does not reduce the $29.2 million in Focused Growth funds allocated to the 7 designated campuses.	($1,343,002)	R	($1,343,002)	R
104 Tuition Grant for NC Science and Math Graduates Phases out the tuition grant at UNC institutions for graduates of the North Carolina School of Science and Math beginning in FY 2011-12. All UNC students currently receiving the tuition grant and Science and Math students graduating in 2009 and 2010 will receive free tuition until college graduation.				
105 Nurse Educators of Tomorrow - Fund Balance Reduced Reverts $1 million from the fund balance in the Nurse Educators of Tomorrow scholarship-loan program. A slow start-up in this program to increase the number of nursing faculty allowed a fund balance to accrue in this nonreverting account. The increased General Fund availability will be used to fund expansion budget items.				
106 Future Teachers Scholarship-Loan Program Abolishes the Future Teachers of North Carolina Scholarship-Loan program after the graduation of the currently enrolled juniors and seniors.	($1,267,500)	R	($1,495,000)	R
107 Tuition Surcharge Increases the tuition surcharge from 25% to 50% in FY 2010-11 for students exceeding 140 credit hours for a baccalaureate degree in a four-year program or 110% of credit hours needed for a five-year baccalaureate degree.			($1,000,000)	R
108 Resident Status for Nonresident Students Repeals the resident status granted in 2005 to nonresident students on full scholarships. Campuses will no longer be reimbursed for this tuition discount.	($13,880,000)	R	($13,880,000)	R

	FY 09-10		FY 10-11	
109 Faculty/Staff Tuition Waiver Reduces from three to two the number of free courses taken each year by faculty and staff in the UNC system.	($700,000)	R	($700,000)	R
110 Senior Citizen Tuition Waivers Eliminates tuition waivers granted to citizens over age 65.	($300,000)	R	($300,000)	R
111 Special Talent Tuition Waiver Eliminates the special talent waiver for athletics, but keeps the tuition waiver for special talent in academics and performing arts.	($300,000)	R	($300,000)	R
112 EARN Scholarship Reduces the Education Access Rewards North Carolina Scholars Fund (EARN) grant from $4,000 to $2,000 in FY 2009-10 and eliminates the grant in FY 2010-11.			($16,225,000)	R
113 Legislative Tuition Grant Reduces the Legislative Tuition Grant from $1,950 to $1,850 per North Carolina resident student attending the state's private colleges.	($3,180,000)	R	($3,180,000)	R
114 Religious College Grant Reduces the religious college grant from $1,950 to $1,850 per North Carolina resident student attending Roanoke Bible College and the College at Southeastern.	($17,400)	R	($17,400)	R
115 Aid to Private Medical Schools Eliminates state grant to medical schools at Wake Forest University and Duke University based on the number of North Carolina residents admitted each year.	($1,461,000)	R	($1,466,000)	R
116 Aid to UNC Hospitals Reduces the $46 million annual appropriation to UNC Hospitals by $10 million.	($10,000,000)	R	($10,000,000)	R
117 NC LIVE Reduces the appropriation to NC LIVE (North Carolina Libraries for Virtual Education) by 10%.	($145,440)	R	($145,440)	R
118 NC Center for the Advancement of Teaching (NCCAT) Reduces funding by 15% for the North Carolina Center for the Advancement of Teaching (NCCAT). NCCAT is transferred from the UNC system to the State Board of Education by special provision.	($1,043,511)	R	($1,043,511)	R
119 NC Judicial College Reduces the $1 million state appropriation to the North Carolina Judicial College at UNC-CH's School of Government.	($250,000)	R	($250,000)	R
120 NC Center for International Understanding Reduces the operating budget for the North Carolina Center for International Understanding.	($217,578)	R	($217,578)	R

	FY 09-10		FY 10-11	
121 UNC-CH Translational Medicine Program Reduces the $3.5 million state appropriation to the Translational Medicine Program at UNC-CH.	($250,000)	R	($250,000)	R
122 A+ Schools Program Eliminates the annual state appropriation for the A+ Schools Program at UNC-Greensboro.	($100,000)	R	($100,000)	R
123 UNC-CH School of Law Reduces the $2 million appropriated to the UNC-CH School of Law in 2007.	($500,000)	R	($500,000)	R
124 CFNC Teacher Recruitment Module Eliminates an annual appropriation that was granted in 2005 to create a teacher recruitment and marketing module on the CFNC website.	($25,000)	R	($25,000)	R
125 NC Model Teacher Education Consortium Reduces the operating budget for the NC Model Teacher Education Consortium.	($400,000)	R	($400,000)	R
126 Gateway Technology Center Reduces the annual grant to Gateway Technology Center, Inc. in Rocky Mount by 10%.	($17,700)	R	($17,700)	R
127 UNC-NCCCS E-Learning Initiative Reduces the UNC system appropriation for the UNC-NC Community College System E-Learning Initiative by 25%.	($250,000)	R	($250,000)	R
128 NCSU Horticultural Program in Eastern NC Eliminates the 2008 appropriation for graduate students in the Horticultural program at NCSU's College of Agriculture and Life Sciences to perform field work in the State's coastal region.	($200,000)	R	($200,000)	R
129 Retention Pilot Programs Reduces the retention pilot programs at NCCU and FSU by 20%.	($238,600)	R	($238,600)	R
130 Summer Term Teacher Education Programs Reduces the summer term teacher education pilot programs at UNC-W and NCCU by 20%.	($150,000)	R	($150,000)	R
131 Teacher Recruitment and Retention Reduces the appropriation made in 2007 to NCSU and UNC-CH for teacher recruitment and retention efforts.	($350,000)	R	($350,000)	R
132 Summer Performances on Roanoke Island Eliminates state funding for the UNC School of the Arts summer performances on Roanoke Island.	($482,338)	R	($482,338)	R
133 Appalachian Regional Development Institute Reduces the state appropriation to the Appalachian Regional Development Institute at ASU by 20%.	($52,017)	R	($52,017)	R

	FY 09-10		FY 10-11	
134 Center for Entrepreneurship Reduces the state appropriation to the Center for Entrepreneurship at ASU by 20%.	($17,668)	R	($17,668)	R
135 Hubbard Center for Faculty Development Reduces the state appropriation to the Hubbard Center for Faculty Development at ASU by 20%.	($55,687)	R	($55,687)	R
136 ASU Math and Science Education Center Reduces the state appropriation to the Math and Science Education Center at ASU by 20%.	($108,489)	R	($108,489)	R
137 National Center for Developmental Education Reduces the state appropriation to the National Center for Developmental Education at ASU by 20%.	($42,149)	R	($42,149)	R
138 UNC Coastal Studies Institute Reduces the state appropriation to the UNC Coastal Studies Institute at ECU by 20%.	($132,800)	R	($132,800)	R
139 Academic Support and Enrichment Center Reduces the state appropriation to the Academic Support and Enrichment Center at ECU by 20%.	($38,386)	R	($38,386)	R
140 Center for Economic Education Eliminates the state appropriation to the Center for Economic Education at ECU.	($64,278)	R	($64,278)	R
141 Center for Faculty Excellence Reduces the state appropriation to the Center for Faculty Excellence at ECU by 20%.	($87,403)	R	($87,403)	R
142 Center for Health Disparities Research Eliminates the state appropriation to the Center for Health Disparities Research at ECU.	($37,000)	R	($37,000)	R
143 Center for Natural Hazards Mitigation Research Eliminates the state appropriation to the Center for Natural Hazards Mitigation Research at ECU.	($10,000)	R	($10,000)	R
144 Center for Science, Mathematics, and Technology Education Reduces the state appropriation to the Center for Science, Mathematics, and Technology Education at ECU by 20%.	($52,989)	R	($52,989)	R
145 Sustainable Resources and Resilience Project Reduces the state appropriation to the Sustainable Resources and Resilience Project (formerly the Center for Security Studies and Research) at ECU by 20%.	($78,998)	R	($78,998)	R
146 Center for the Liberal Arts Eliminates the state appropriation to the Center for the Liberal Arts at ECU.	($24,000)	R	($24,000)	R
147 Center on Aging Eliminates the state appropriation to the Center on Aging at ECU.	($10,757)	R	($10,757)	R

	FY 09-10		FY 10-11	
148 Field Station at Lake Mattamuskeet Lodge Eliminates the state appropriation to the ECU Field Station at Lake Mattamuskeet Lodge.	($3,451)	R	($3,451)	R
149 Institute for Coastal Science and Policy Reduces the state appropriation to the Institute for Coastal Science and Policy at ECU by 20%.	($191,998)	R	($191,998)	R
150 Center for Sustainable Tourism Reduces the state appropriation to the Center for Sustainable Tourism at ECU by 20%.	($74,915)	R	($74,915)	R
151 Pediatric Healthy Weight and Treatment Center Eliminates the state appropriation to the Pediatric Healthy Weight and Treatment Center at ECU.	($14,855)	R	($14,855)	R
152 Office of Engagement, Innovation, and Economic Development Reduces the state appropriation to the Office of Engagement, Innovation, and Economic Development (formerly Regional Development Services) at ECU by 20%.	($263,276)	R	($263,276)	R
153 North Carolina Agromedicine Institute Reduces the state appropriation to the North Carolina Agromedicine Institute at ECU by 20%.	($58,339)	R	($58,339)	R
154 Center for Teaching Excellence Reduces the state appropriation to the Center for Teaching Excellence at ECSU by 20%.	($21,818)	R	($21,818)	
155 Center for University Teaching and Learning Reduces the state appropriation to the Center for University Teaching and Learning at NCCU by 20%.	($22,788)	R	($22,788)	R
156 Juvenile Justice Institute Reduces the state appropriation to the Juvenile Justice Institute at NCCU by 20%.	($51,116)	R	($51,116)	R
157 William and Ida Friday Institute for Educational Innovation Reduces the state appropriation to the William and Ida Friday Institute for Educational Innovation at NCSU by 10%.	($206,716)	R	($206,716)	R
158 Water Resources Institute Reduces the state appropriation to the Water Resources Institute at NCSU by 10%.	($64,026)	R	($64,026)	R
159 Institute for Emerging Issues Reduces the state appropriation to the Institute for Emerging Issues at NCSU by 10%.	($56,109)	R	($56,109)	R
160 Analytical Instrumentation Facility Reduces the state appropriation to the Analytical Instrumentation Facility at NCSU by 10%.	($31,300)	R	($31,300)	R

	FY 09-10		FY 10-11	
161 Animal and Poultry Waste Management Center Reduces the state appropriation to the Animal and Poultry Waste Management Center at NCSU by 50%.	($81,941)	R	($81,941)	R
162 Center for Chemical Toxicology and Research Pharmacokinetics Reduces the state appropriation to the Center for Chemical Toxicology and Research Pharmacokinetics at NCSU by 10%.	($51,144)	R	($51,144)	R
163 Center for Environmental and Resource Economic Policy Reduces the state appropriation to the Center for Environmental and Resource Economic Policy at NCSU by 64%.	($62,350)	R	($62,350)	R
164 Center for Family and Community Engagement Reduces the state appropriation to the Center for Family and Community Engagement at NCSU by 10%.	($20,454)	R	($20,454)	R
165 Center for High Performance Simulation Reduces the state appropriation to the Center for High Performance Simulation at NCSU by 10%.	($17,400)	R	($17,400)	R
166 Center for Integrated Fungal Research Eliminates the state appropriation to the Center for Integrated Fungal Research at NCSU.	($38,100)	R	($38,100)	R
167 Center for Plant Breeding and Applied Plant Genomics Eliminates the state appropriation to the Center for Plant Breeding and Applied Plant Genomics at NCSU.	($116,071)	R	($116,071)	R
168 Center for Quantitative Sciences in Biomedicine Reduces the state appropriation to the Center for Quantitative Sciences in Biomedicine at NCSU by 10%.	($11,175)	R	($11,175)	R
169 Center for Research and Development in Mathematics and Science Education Reduces the state appropriation to the Center for Research and Development in Mathematics and Science Education at NCSU by 10%.	($31,759)	R	($31,759)	R
170 Center for the Biology of Nematode Parasitism Eliminates the state appropriation to the Center for the Biology of Nematode Parasitism at NCSU.	($64,964)	R	($64,964)	R
171 Center for Urban Affairs and Community Services Reduces the state appropriation to the Center for Urban Affairs and Community Services at NCSU by 4%.	($6,089)	R	($6,089)	R
172 Encore Center for Lifelong Enrichment Eliminates the state appropriation to the Encore Center for Lifelong Enrichment at NCSU.	($71,243)	R	($71,243)	R
173 Furniture Manufacturing and Management Center Reduces the state appropriation to the Furniture Manufacturing and Management Center at NCSU by 10%.	($54,622)	R	($54,622)	R

	FY 09-10		FY 10-11	
174 General H. Hugh Shelton Leadership Center Reduces the state appropriation to the General H. Hugh Shelton Leadership Center at NCSU by 10%.	($16,857)	R	($16,857)	R
175 Institute for Statistics Eliminates the state appropriation to the Institute for Statistics at NCSU.	($833,129)	R	($833,129)	R
176 Integrated Manufacturing Systems Engineering Institute Reduces the state appropriation to the Integrated Manufacturing Systems Engineering Institute at NCSU by 10%.	($21,143)	R	($21,143)	R
177 Minerals Research Laboratory Reduces the state appropriation to the Minerals Research Laboratory at NCSU by 10%.	($57,000)	R	($57,000)	R
178 Nonwovens Institute and Nonwovens Cooperative Research Center Reduces the state appropriation to the Nonwovens Institute and Nonwovens Cooperative Research Center at NCSU by 10%.	($34,017)	R	($34,017)	R
179 The Ergonomics Center of North Carolina Reduces the state appropriation to the Ergonomics Center of North Carolina at NCSU by 20%.	($140,831)	R	($140,831)	R
180 National Environmental Modeling Analysis Center Reduces the state appropriation to the National Environmental Modeling Analysis Center at UNC-A by 26%.	($171,540)	R	($171,540)	R
181 James B. Hunt, Jr. Institute for Educational Leadership and Policy Reduces the state appropriation to the James B. Hunt, Jr. Institute for Educational Leadership and Policy at UNC-CH by 20%.	($271,562)	R	($271,562)	R
182 Center for Developmental Science Eliminates the state appropriation to the Center for Developmental Science at UNC-CH.	($109,345)	R	($109,345)	R
183 Highway Safety Research Center Reduces the state appropriation to the Highway Safety Research Center at UNC-CH by 20%.	($108,765)	R	($108,765)	R
184 UNC Institute of Aging Reduces the state appropriation to the UNC Institute of Aging at UNC-CH by 20%.	($135,725)	R	($135,725)	R
185 Ackland Art Museum Reduces the state appropriation to the Ackland Art Museum at UNC-CH by 20%.	($176,583)	R	($176,583)	R
186 American Indian Center Reduces the state appropriation to the American Indian Center at UNC-CH by 20%.	($35,513)	R	($35,513)	R

	FY 09-10		FY 10-11	
187 Carolina Cardiovascular Biology Center Reduces the state appropriation to the Carolina Cardiovascular Biology Center at UNC-CH by 20%.	($57,594)	R	($57,594)	R
188 Carolina Center for Public Service Reduces the state appropriation to the Carolina Center for Public Service at UNC-CH by 20%.	($84,451)	R	($84,451)	R
189 Carolina Population Center Reduces the state appropriation to the Carolina Population Center at UNC-CH by 20%.	($121,015)	R	($121,015)	R
190 Carolina Women's Center Reduces the state appropriation to the Carolina Women's Center at UNC-CH by 20%.	($54,052)	R	($54,052)	R
191 Cecil G. Sheps Center for Health Services Research Reduces the state appropriation to the Cecil G. Sheps Center for Health Services Research at UNC-CH by 10%.	($103,740)	R	($103,740)	R
192 Center for Banking and Finance Eliminates the state appropriation to the Center for Banking and Finance at UNC-CH.	($7,500)	R	($7,500)	R
193 Center for Civil Rights Reduces the state appropriation to the Center for Civil Rights at UNC-CH by 20%.	($55,775)	R	($55,775)	R
194 Center for European Studies Reduces the state appropriation to the Center for European Studies at UNC-CH by 20%.	($98,806)	R	($98,806)	R
195 Center for Infectious Diseases Reduces the state appropriation to the Center for Infectious Diseases at UNC-CH by 20%.	($27,697)	R	($27,697)	R
196 Center for Mathematics and Sciences Education Reduces the state appropriation to the Center for Mathematics and Sciences Education at UNC-CH by 20%.	($98,330)	R	($98,330)	R
197 Center for Slavic, Eurasian, and East European Studies Reduces the state appropriation to the Center for Slavic, Eurasian, and East European Studies at UNC-CH by 20%.	($27,049)	R	($27,049)	R
198 Center for Faculty Excellence Reduces the state appropriation to the Center for Faculty Excellence (formerly the Center for Teaching and Learning) at UNC-CH by 10%.	($100,000)	R	($100,000)	R
199 Center for the Study of the American South Reduces the state appropriation to the Center for the Study of the American South at UNC-CH by 20%.	($135,283)	R	($135,283)	R
200 Center for Urban and Regional Studies Reduces the state appropriation to the Center for Urban and Regional Studies at UNC-CH by 20%.	($73,986)	R	($73,986)	R

	FY 09-10		FY 10-11	
201 Center on Poverty, Work, and Opportunity Reduces the state appropriation to the Center on Poverty, Work, and Opportunity at UNC-CH by 20%.	($18,142)	R	($18,142)	R
202 Clinical Nutrition Research Center Reduces the state appropriation to the Clinical Nutrition Research Center at UNC-CH by 20%.	($2,369,262)	R	($2,369,262)	R
203 Developmental Disabilities Training Institute Reduces the state appropriation to the Developmental Disabilities Training Institute at UNC-CH by 20%.	($58,690)	R	($58,690)	R
204 Frank Porter Graham Child Development Center Reduces the state appropriation to the Frank Porter Graham Child Development Center at UNC-CH by 13%.	($302,383)	R	($302,383)	R
205 Gene Therapy Center Eliminates the state appropriation to the Gene Therapy Center at UNC-CH.	($87,293)	R	($87,293)	R
206 Injury Prevention Research Center Reduces the state appropriation to the Injury Prevention Research Center at UNC-CH by 4%.	($5,041)	R	($5,041)	R
207 Institute of Marine Sciences Reduces the state appropriation to the Institute of Marine Sciences at UNC-CH by 20%.	($370,675)	R	($370,675)	R
208 Institute of Outdoor Drama Eliminates the state appropriation to the Institute of Outdoor Drama at UNC-CH.	($91,259)	R	($91,259)	R
209 Neurodevelopmental Disorders Research Center Reduces the state appropriation to the Neurodevelopmental Disorders Research Center at UNC-CH by 20%.	($38,284)	R	($38,284)	R
210 North Carolina Botanical Garden Reduces the state appropriation to the North Carolina Botanical Garden at UNC-CH by 12%.	($150,000)	R	($150,000)	R
211 Howard W. Odum Institute for Research in Social Science Reduces the state appropriation to the Howard W. Odum Institute for Research in Social Science at UNC-CH by 20%.	($249,472)	R	($249,472)	R
212 Renaissance Computing Institute Reduces the state appropriation to the Renaissance Computing Institute at UNC-CH by 20%.	($1,959,288)	R	($1,959,288)	R
213 North Carolina Institute for Public Health Reduces the state appropriation to the North Carolina Institute for Public Health at UNC-CH by 10%.	($372,479)	R	($372,479)	R
214 Thurston Arthritis Research Center Reduces the state appropriation to the Thurston Arthritis Research Center at UNC-CH by 20%.	($36,157)	R	($36,157)	R

	FY 09-10		FY 10-11	
215 Institute for the Arts and Humanities Reduces the state appropriation to the Institute for the Arts and Humanities at UNC-CH by 11%.	($19,830)	R	($19,830)	R
216 Center for International Studies Reduces the state appropriation to the Center for International Studies at UNC-CH by 20%.	($42,604)	R	($42,604)	R
217 Institute for the Study of the Americas Reduces the state appropriation to the Institute for the Study of the Americas (formerly Institute for Latin American Studies) at UNC-CH by 24%.	($54,551)	R	($54,551)	R
218 William and Ida Friday Center for Continuing Education Reduces the state appropriation to the William and Ida Friday Center for Continuing Education at UNC-CH.	($200,000)	R	($200,000)	R
219 Center for Biomedical Engineering Systems Reduces the state appropriation to the Center for Biomedical Engineering Systems at UNC-C by 20%.	($10,668)	R	($10,668)	R
220 Center for Professional and Applied Ethics Reduces the state appropriation to the Center for Professional and Applied Ethics at UNC-C by 72%.	($120,155)	R	($120,155)	R
221 Center for Real Estate Eliminates the state appropriation to the Center for Real Estate at UNC-C.	($90,399)	R	($90,399)	R
222 Global Institute for Energy and Environmental Systems Eliminates the state appropriation to the Global Institute for Energy and Environmental Systems at UNC-C.	($56,985)	R	($56,985)	R
223 Urban Institute Reduces the state appropriation to the Urban Institute at UNC-C by 20%.	($85,737)	R	($85,737)	R
224 Center for Transportation Policy Studies Reduces the state appropriation to the Center for Transportation Policy Studies at UNC-C by 20%.	($26,484)	R	($26,484)	R
225 Center for Business and Economic Research Reduces the state appropriation to the Center for Business and Economic Research (formerly the Center for Applied Research) at UNC-G by 20%.	($21,748)	R	($21,748)	R
226 Center for Critical Inquiry in the Liberal Arts Eliminates the state appropriation to the Center for Critical Inquiry in the Liberal Arts at UNC-G.	($103,453)	R	($103,453)	R
227 Center for Educational Studies and Development Eliminates the state appropriation to the Center for Educational Studies and Development at UNC-G.	($28,195)	R	($28,195)	R

	FY 09-10		FY 10-11	
228 Center for Women's Health and Wellness Reduces the state appropriation to the Center for Women's Health and Wellness at UNC-G by 20%.	($21,653)	R	($21,653)	R
229 Family Research Center Eliminates the state appropriation to the Family Research Center at UNC-G.	($23,562)	R	($23,562)	R
230 UNC Exchange Program Reduces the state appropriation to the UNC Exchange Program at UNC-G by 20%.	($29,127)	R	($29,127)	R
231 Regional Center for Economic, Community, and Professional Development Reduces the state appropriation to the Regional Center for Economic, Community, and Professional Development at UNC-P by 20%.	($8,645)	R	($8,645)	R
232 Center for Math and Science Education Reduces the state appropriation to the Center for Math and Science Education at WCU by 20%.	($34,381)	R	($34,381)	R
233 ML Coulter Faculty Center Reduces the state appropriation to the ML Coulter Faculty Center at WCU by 20%.	($44,773)	R	($44,773)	R
234 Center for Community Safety Reduces the state appropriation to the Center for Community Safety at WSSU by 20%.	($23,969)	R	($23,969)	
235 Maya Angelou Institute Reduces the state appropriation to the Maya Angelou Institute at WSSU by 20%.	($31,440)	R	($31,440)	R
236 Center for Design Innovation Reduces the state appropriation to the Center for Design Innovation at WSSU and UNC-SA by 20%.	($100,000)	R	($100,000)	R
B. Additional Adjustments				
237 UNC Need-Based Aid Increases the UNC Need-Based Student Financial Aid Program to accommodate growth in eligible students and to hold current recipients harmless from increases in cost of attendance. There is $116.4 million appropriated from the Escheats Fund for the program.	$23,397,311	R	$23,397,311	R
238 Hickory Regional Partnership Transfers funding from Community College System to ASU to administer the newly merged Hickory Metro Higher Education Center and the NC Center for Engineering and Technology.	$250,000	R	$250,000	R

	FY 09-10		FY 10-11	
Total Legislative Changes	**($338,094,107)**	**R**	**($497,104,378)**	**R**
	($65,151,313)	**NR**	**($65,151,313)**	**NR**
Total Position Changes	-4.00		-4.00	
Revised Budget	**$2,622,939,835**		**$2,538,615,884**	

Attachment 2

House Appropriations Subcommittee on Education

House Special Provisions Report to the Subcommittee

June 4, 2009

Public Schools Provisions

DRAFT
SPECIAL PROVISION

2009-DPI-H9(S7.1)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate funds for children with disabilities on the basis of three thousand five hundred dollars and seventy-seven cents ($3,500.77) per child for a maximum of 168,947 children for the 2009-2010 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 2009-2010 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



2009-DPI-H10(S7.2)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of one thousand one hundred sixty-three dollars and seven cents ($1,163.07) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2009-2010 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 58,597 children for the 2009-2010 school year.

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

DRAFT
SPECIAL PROVISION

2009-DPI-H5A(S7.3)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II in grades 4 and 7.

SECTION 7.3.(b) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
   a. Anticipated county property tax revenue availability,
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
   c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and
   d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily

membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:

a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,

b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,

c. Add to the resulting amount the:

1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,

2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and

3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce,

Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.3.(d) Allocation of Funds. – Except as provided in subsections (f) and (f1) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to

reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.3.(f) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only. This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws. If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.3.(f1) For the 2009-2010 fiscal year, a county with wealth that is greater than ninety percent (90%) of the State average wealth shall receive only seventy-five percent (75%) of a full allotment of these funds.

For the 2010-2011 fiscal year, a county with wealth that is greater than ninety percent (90%) of the State average wealth shall receive only fifty percent (50%) of a full allotment of these funds.

SECTION 7.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.3.(h) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.3.(i) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

DRAFT
SPECIAL PROVISION



2009-DPI-H11(S7.4)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least six hundred seventy-two thousand three hundred forty-three dollars ($672,343), excluding textbooks, for the 2009-2010 fiscal year and a base of six hundred seventy-two thousand three hundred forty-three dollars ($672,343) for the 2010-2011 fiscal year.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12. If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula also is not intended to reflect any

commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.4.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.4.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula because of (i) an increase in the population of the county in which the local school administrative unit is located or (ii) an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be continued for nine years after the unit becomes ineligible.

SECTION 7.4.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(3) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(4) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(5) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(6) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(7) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.4.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7.

DRAFT
SPECIAL PROVISION

2009-DPI-H12(S7.5)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

REPLACEMENT SCHOOL BUSES/FUNDS

SECTION 7.5.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

(1) The local board of education shall use the funds only to make the first, second, third, or fourth year's payment on a financing contract entered into pursuant to G.S. 115C-528.

(2) The term of a financing contract entered into under this section shall not exceed four years.

(3) The local board of education shall purchase the buses only from vendors selected by the State Board of Education and on terms approved by the State Board of Education.

(4) The Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for the direct purchase of school buses and activity buses and shall establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.

(5) A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.5.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H8(S7.6)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.6.(a) If the State Board of Education does not have sufficient resources in the ADM Contingency Reserve line item to make allotment adjustments in accordance with the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual, the State Board of Education may use funds appropriated to State Aid for Public Schools for this purpose.

SECTION 7.6.(b) If the higher of the first or second month average daily membership in a local school administrative unit is at least two percent (2%) or 100 students lower than the anticipated average daily membership used for allotments for the unit, the State Board of Education shall reduce allotments for the unit. The reduced allotments shall be based on the higher of the first or second month average daily membership plus one-half of the number of students overestimated in the anticipated average daily membership.

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

DRAFT
SPECIAL PROVISION

2009-DPI-H6A(S7.8)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

LEA FLEXIBILITY

SECTION 7.8.(a) The State Board of Education shall adopt emergency rules in accordance with G.S. 150B-21.1A to grant additional flexibility to local school administrative units regarding the expenditure of State funds. These rules shall not be subject to the limitations on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These rules:

(1) May authorize modifications to class size requirements in addition to those set out in Section 7.23 of this act;

(2) Shall authorize the transfer of textbook funds to other allotments to manage funding cuts; and

(3) Shall not permit the transfer of funds from school-based positions to the central office.

SECTION 7.8.(b) This section applies only to the 2009-2011 fiscal biennium.

DRAFT
SPECIAL PROVISION



2009-DPI-H7(S7.9)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS

SECTION 7.9.(a) Beginning with the 2010-2011 fiscal year, the State Board of Education shall implement an allotment formula for e-learning developed pursuant to Section 7.16(d) of S.L. 2006-66.

The North Carolina Virtual Public School (NCVPS) shall be available at no cost to all high school students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

The Department of Public Instruction shall communicate to local school administrative units all applicable guidelines regarding the enrollment of nonpublic school students in these courses.

SECTION 7.9.(b) In order to ensure funds are available to operate NCVPS for the 2009-2010 fiscal year, the State Board of Education shall only use funding sources in the following order:

(1) The General Fund appropriation for NCVPS; and

(2) Up to three million dollars ($3,000,000) of funds appropriated for school technology.

SECTION 7.9.(c) NCVPS courses shall be available only to high school students.

SECTION 7.9.(d) The State Board of Education shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, on its implementation of this section.

If the State Board of Education fails to report a new allotment formula for NCVPS to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, the State Treasurer, the Office of State Budget and Management, and the Office of State Controller shall prevent the expenditure of funds related to the operation of the State Board of Education.

DRAFT
SPECIAL PROVISION

2009-DPI-H14(S7.11)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ABCS OF PUBLIC EDUCATION

SECTION 7.11.(a) Notwithstanding G.S. 115C-105.36, the State Board of Education shall place a one-year moratorium on financial awards paid to school personnel in the 2009-2010 fiscal year based on 2008-2009 student academic performance.

SECTION 7.11.(b) The Joint Legislative Education Oversight Committee shall study the ABC Bonus Program. In the course of the study, the Committee shall consider (i) the current mechanism for determining which schools' employees are entitled to bonuses, (ii) the relationship of bonuses awarded to the improvement of student performance and outcomes and reduction in dropout rates, and (iii) any equities and inequities in the current program. The Committee shall report the results of this study to the General Assembly by March 31, 2010.

DRAFT
SPECIAL PROVISION

2009-DPI-H15(S7.12)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.12.(a) Up to two hundred fifty thousand dollars ($250,000) may be transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet. These funds may be used for services to coordinate e-learning activities across all State educational agencies.

SECTION 7.12.(b) Section 7.6(a) of S.L. 2008-107 reads as rewritten:

"**SECTION 7.6.(a)** Up to ~~six~~ three hundred thousand dollars ~~($600,000)~~($300,000) may be transferred annually through June 30, 2013, to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century Teaching and Learning outcomes approved by the State Board of Education. The Friday Institute shall report annually to the State Board of Education on the evaluation ~~results, including recommendations for continued implementation of the school connectivity initiative that improves teaching and learning.~~ results."

DRAFT
SPECIAL PROVISION

2009-DPI-H16(S7.13)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DROPOUT PREVENTION GRANTS

SECTION 7.13.(a) Dropout Prevention Grants. – The Committee on Dropout Prevention, as reestablished in Section 7.14 of S.L. 2008-107, may use funds appropriated in this act to provide grants to new recipients or to extend additional funding to organizations that received funding previously.

SECTION 7.13.(b) Criteria for Dropout Prevention Grants. – The following criteria apply to all types of dropout prevention grants approved by the Committee:

(1) Grants shall be issued in varying amounts up to a maximum of one hundred fifty thousand dollars ($150,000).

(2) These grants shall be provided to innovative programs and initiatives that target students at risk of dropping out of school and that demonstrate the potential to (i) be developed into effective, sustainable, and coordinated dropout prevention and reentry programs in middle schools and high schools and (ii) serve as effective models for other programs.

(3) Grants shall be distributed geographically throughout the State and throughout the eight educational districts as defined in G.S. 115C-65. No more than three grants shall be awarded in any one county under this section in a single fiscal year.

(4) Grants may be made to local school administrative units, schools, local agencies, or nonprofit organizations.

(5) Grants shall be to programs and initiatives that hold all students to high academic and personal standards.

(6) Grant applications shall state (i) how grant funds will be used, (ii) what, if any, other resources will be used in conjunction with the grant funds, (iii) how the program or initiative will be coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community, and (iv) a process for evaluating the success of the program or initiative.

(7) Programs and initiatives that receive grants under this section shall be based on best practices for helping at-risk students achieve successful academic progress, preventing students from dropping out of school, or for increasing the high school completion rate for those students who already have dropped out of school.

(8) Priority for grants shall be given to proposals that demonstrate input from the local community and coordination with other available programs or resources.

(9) Grantees shall assure their compliance with applicable laws and rules regulating conflicts of interest.

(10) Priority for grants shall be given to programs that would serve students in local schools that have a four-year cohort graduation rate of less than sixty-five percent (65%). The Committee shall establish a grant rating cutoff score at such a level as to allow for consideration of all viable grants in this priority category. The Committee may require grantees to provide supplemental information in response to any prior reviewer comments.

(11) The demonstrated need for a grant, level of collaboration, ability to increase attendance, persistence, academic success, ability to increase parental involvement, and graduation shall be given more weight than the quality of the written grant.

(12) Grants shall be made no later than November 1, 2009.

The Committee shall report to the Joint Legislative Commission on Dropout Prevention and High School Graduation and the Joint Legislative Education Oversight Committee on the grants awarded under this section by March 1, 2010.

SECTION 7.13.(c) Evaluation. – The Committee shall evaluate the impact of the dropout prevention grants awarded under this section. In evaluating the impact of the grants, the Committee shall consider:

(1) How grant funds were used, including the services provided for teen pregnancy prevention and for pregnant and parenting teens;

(2) The success of the program or initiative, as indicated by the evaluation process stated in its grant application;

(3) The extent to which the program or initiative has improved students' attendance, test scores, persistence, and graduation rates;

(4) How the program or initiative was coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community;

(5) What, if any, other resources were used in conjunction with the grant funds;

(6) The sustainability of the program;

(7) The number, gender, ethnicity, and grade level of students being served as well as whether the students left school due to pregnancy or parenting responsibilities;

(8) The potential for the program to serve as a model for achieving successful academic progress for at-risk students; and

(9) Other indicators of the impact of the grant on dropout prevention.

The recipients of the dropout prevention grants awarded under this section shall report to the Committee on Dropout Prevention by January 31, 2011, and by September 30, 2011. The reports shall provide information to assist the Committee in conducting its evaluation. The reports shall include a statement that the recipients used grant funds for the purposes appropriated by the General Assembly and complied with

applicable laws, regulations, and terms and conditions of the grant documents. The Committee shall make an interim report of the results of its evaluation of the grants awarded under this section by March 31, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee. The Committee shall make a final report of the results of its evaluation of the grants awarded under subsection (c) of this section by November 15, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee.

SECTION 7.13.(d) Of the funds appropriated in this act for Dropout Prevention, the sum of:

(1) One hundred thousand dollars ($100,000) for the 2009-2010 and 2010-2011 fiscal years may be used to issue a request for proposals from qualified vendors on a competitive basis to contract as a consultant to assist with the evaluation. The factors to be considered in awarding the contract shall be identified in the request for proposals; and

(2) Up to fifty thousand dollars ($50,000) for the 2009-2010 and 2010-2011 fiscal years may be used by the Department of Public Instruction for its administrative assistance to the Committee and to provide technical assistance under this section.

(3) The remainder shall be used by the Committee on Dropout Prevention to award grants, as well as successive grants to previous grant recipients, in accordance with subsection (b) of this section.

SECTION 7.13.(e) Grant funds shall be expended within one calendar year after the date a grant was issued.

DRAFT
SPECIAL PROVISION

2009-DPI-H38(S7.15)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

BUSINESS EDUCATION TECHNOLOGY ALLIANCE

SECTION 7.15.(a) G.S. 115C-102.15 is repealed.

SECTION 7.15.(b) On July 1, 2009, the State Controller shall transfer twenty-six thousand three hundred thirty-five dollars ($26,335) from the Business Education Technology Alliance Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-2010 fiscal year.

DRAFT
SPECIAL PROVISION

2009-DPI-H17(S7.18)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ASSESSMENT AND ACCOUNTABILITY

SECTION 7.18.(a) Funds appropriated in this act for assessment and accountability shall be used to develop new end-of-course and end-of-grade tests, identify national assessments, or both, as determined by the State Board of Education. The development of any new tests replacing end-of-course and end-of-grade tests shall be aligned with the new essential standards and included in the State Board of Education's new accountability restructuring plan.

SECTION 7.18.(b) Notwithstanding G.S. 115C-174.11, the State Board of Education shall investigate and pilot a developmentally appropriate diagnostic assessment for students in elementary grades during the 2009-2010 school year. This assessment will (i) enable teachers to determine student learning needs and individualize instruction and (ii) ensure that students are adequately prepared for the next level of coursework as set out by the standard course of study.

The State Board of Education shall report the results of the pilot to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by December 1, 2010.

DRAFT
SPECIAL PROVISION



2009-DPI-H28(S7.19)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DEVELOPMENT OF A PREK-20 DATA SYSTEM

SECTION 7.19.(a) The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall collaboratively develop and systematically determine the technical specifications and data standards for a PreK-20 data system to centralize student data collected about students enrolled in prekindergarten programs through doctoral programs. The PreK-20 data system shall build upon the current capacity, programs, and initiatives of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina.

The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall also collaboratively develop a strategy for tracking students for five years after they complete their education at a North Carolina public educational institution.

The General Assembly urges private colleges and universities to advise and assist the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina on the implementation of this section.

SECTION 7.19.(b) The PreK-20 data standards and specifications shall include:

(1) The types and forms of data to be included in a PreK-20 data system, including longitudinal data and the use of a unique student identifier;
(2) The capacity of a shared PreK-20 data system;
(3) The degree and extent of cooperation between a shared PreK-20 data system and the current data collection systems of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina;
(4) The minimum capacity and technical specifications needed for each data system to feed into a shared PreK-20 data system; and
(5) The ability for data in a shared PreK-20 data system to be understood and used by interested stakeholders, including federal and other State agencies.

SECTION 7.19.(c) Standards and specifications shall conform to the guidelines and instructions governing any funds received through the American Recovery and Reinvestment Act of 2009 for this purpose.

SECTION 7.19.(d) Standards and specifications shall be submitted to the Education Cabinet no later than January 1, 2010. The Education Cabinet shall review

these standards and submit its recommendations regarding them to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2010.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DPI-H18(S7.21)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING

SECTION 7.21.(a) The State Board of Education shall:

(1) Review the lateral entry program and identify and remove from it barriers to the lateral entry of skilled individuals from the private sector into the teaching profession;

(2) Reduce the coursework requirements for lateral entry by consolidating the required competencies into fewer courses and fewer semester hours of coursework; and

(3) Provide additional opportunities for individuals to complete coursework online and at community colleges.

SECTION 7.21.(b) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by January 15, 2010, on its implementation of this section.

DRAFT
SPECIAL PROVISION

2009-DPI-H19(S7.22)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS

SECTION 7.22.(a) G.S. 115C-285(a) is amended by adding a new subdivision to read:

"**§ 115C-285. Salary.**

(a) Principals and supervisors shall be paid promptly when their salaries are due provided the legal requirements for their employment and service have been met. All principals and supervisors employed by any local school administrative unit who are to be paid from local funds shall be paid promptly as provided by law and as State-allotted principals and supervisors are paid.

Principals and supervisors paid from State funds shall be paid as follows:

...

(8) A teacher who becomes an assistant principal without a break in service shall be paid, on a monthly basis, at least as much as he or she would earn as a teacher employed by that local school administrative unit."

SECTION 7.22.(b) This section becomes effective July 1, 2009, and applies to all persons initially employed as assistant principals on or after that date.

DRAFT
SPECIAL PROVISION

2009-DPI-H20(S7.23)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

INCREASE CLASS SIZE

SECTION 7.23. Notwithstanding any other provision of law, the allotment ratios, the maximum class size, and the maximum average class size limits for each grade level in the public schools shall be two students higher beginning with the 2009-2010 school year than they were for the 2008-2009 school year.

Notwithstanding any other provision of law, the allotment ratios, the maximum class size, and the maximum average class size limits for each grade level in the public schools shall be three students higher beginning with the 2010-2011 school year than they were for the 2008-2009 school year.

DRAFT
SPECIAL PROVISION



2009-DPI-H21(S7.25)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC SCHOOL FUND

SECTION 7.25. Notwithstanding the provisions of G.S. 115C-546.1(b), the Secretary of Revenue shall not remit any funds for credit to the Public School Building Capital Fund during the 2009-2011 fiscal biennium but shall deposit in the State Public School Fund the funds that otherwise would have been deposited in the Public School Building Capital Fund pursuant to G.S. 115C-546.1(b). The Department of Public Instruction may continue to use these funds to support positions and operations in the School Support Services Division.

DRAFT
SPECIAL PROVISION

2009-DPI-H30-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NBPTS APPLICATION COSTS

SECTION #. G.S. 115C-296.2 reads as rewritten:

"**§ 115C-296.2. National Board for Professional Teaching Standards Certification.**

(a) State Policy. – It is the goal of the State to provide opportunities and incentives for good teachers to become excellent teachers and to retain them in the teaching profession; to attain this goal, the State shall support the efforts of teachers to achieve national certification by providing approved paid leave time for teachers participating in the process, ~~paying the participation fee,~~ lending teachers the participation fee, and paying a significant salary differential to teachers who attain national certification from the National Board for Professional Teaching Standards (NBPTS).

The National Board for Professional Teaching Standards (NBPTS) was established in 1987 as an independent, nonprofit organization to establish high standards for teachers' knowledge and performance and for development and operation of a national voluntary system to assess and certify teachers who meet those standards. Participation in the program gives teachers the time and the opportunity to analyze in a systematic way their professional development as teachers, successful teaching strategies, and the substantive areas in which they teach. Participation also gives teachers an opportunity to demonstrate superior ability and to be compensated as superior teachers. To receive NBPTS certification, a teacher must successfully (i) complete a process of developing a portfolio of student work and videotapes of teaching and learning activities and (ii) participate in NBPTS assessment center simulation exercises, including performance-based activities and a content knowledge examination.

(b) Definitions. – As used in this subsection:

(1) A "North Carolina public school" is a school operated by a local board of education, the Department of Health and Human Services, the Department of Correction, the Department of Juvenile Justice and Delinquency Prevention or The University of North Carolina; a school affiliated with The University of North Carolina; or a charter school approved by the State Board of Education.

(2) A "teacher" is a person who:

a. Either:

1. Is certified to teach in North Carolina; or

2. Holds a certificate or license issued by the State Board of Education that meets the professional license requirement for NBPTS certification;

b. Is a State-paid employee of a North Carolina public school;

c. Is paid on the teacher salary schedule; and

d. Fulfills one of the following:

1. Spends at least seventy percent (70%) of his or her work time in classroom instruction, if the employee is employed as a teacher. Most of the teacher's remaining time shall be spent in one or more of the following: mentoring teachers, doing demonstration lessons for teachers, writing curricula, developing and leading staff development programs for teachers;

2. Spends at least seventy percent (70%) of his or her work time in work within the employee's area of certification or licensure, if the employee is employed in an area of NBPTS certification other than direct classroom instruction; or

3. Serves as a full-time mentor under subsection (e1) of this section.

(c) Payment of the NBPTS Participation Fee; Paid Leave. – The State shall ~~pay the NBPTS participation fee~~lend teachers the participation fee and shall provide up to three days of approved paid leave to all teachers participating in the NBPTS program who:

(1) Have completed three full years of teaching in a North Carolina public school; and

(2) Have (i) not previously received State funds for participating in any certification area in the NBPTS program, (ii) repaid any State funds previously received for the NBPTS certification process, or (iii) received a waiver of repayment from the State Board of Education.

Teachers participating in the program shall take paid leave only with the approval of their supervisors.

~~(d) Repayment by a Teacher Who Does Not Complete the Process. – A teacher for whom the State pays the participation fee who does not complete the process shall repay the certification fee to the State.~~

~~Repayment is not required if a teacher does not complete the process due to the death or disability of the teacher. Upon the application of the teacher, the State Board of Education may waive the repayment requirement if the State Board finds that the teacher was unable to complete the process due to the illness of the teacher, the death or catastrophic illness of a member of the teacher's immediate family, parental leave to care for a newborn or newly adopted child, or other extraordinary circumstances.~~

(d1) Repayment of the Application Fee. – A teacher shall repay the application fee to the State Education Assistance Authority within three years.

~~(e) Repayment by a Teacher Who Does Not Teach for a Year After Completing the Process. – A teacher for whom the State pays the participation fee who does not teach for a year in a North Carolina public school after completing the process shall repay the certification fee to the State.~~

~~Repayment is not required if a teacher does not teach in a North Carolina public school for at least one year after completing the process due to the death or disability of the teacher. Upon the application of the teacher, the State Board of Education may extend the time before which a teacher must either teach for a year or repay the participation fee if the State Board finds that the teacher is unable to teach the next year due to the illness of the teacher, the death or catastrophic illness of a member of the teacher's immediate family, parental leave to care for a newborn or newly adopted child, or other extraordinary circumstances.~~

(e1) Assignment of Teachers With NBPTS Certification to Serve as Full-Time Mentors. – A local board of education may assign teachers with NBPTS certification to serve as full-time mentors as follows:

(1) The maximum number of teachers with NBPTS certification that a local board of education may assign to serve as full-time mentors is the greater of (i) five or (ii) five percent (5%) of the number of teachers with NBPTS certification it has employed during the school year immediately preceding the assignment of teachers as full-time mentors.

(2) A teacher must teach in a classroom for at least two years after receiving NBPTS certification to be eligible for assignment as a full-time mentor.

(3) A teacher must have completed the mentor training required by the teacher's local school administrative unit to be eligible for assignment as a full-time mentor.

(4) A teacher may serve as a full-time mentor for up to three consecutive years.

(5) After service as a full-time mentor, a teacher must teach in a classroom for at least three years to be eligible for reassignment as a full-time mentor.

(6) A teacher serving as a full-time mentor shall be school-based, work at one or more schools, and mentor each year at least 15 newly hired teachers who are in their first through third year of teaching.

(f) Rules. – The State Education Assistance Authority shall adopt rules and guidelines regarding the loan and repayment of the NBPTS application fee. The State Board shall adopt policies and guidelines to implement the remainder of this section."

SCHOOL TECHNOLOGY PLANS

SECTION #. Part 3A of Article 8 of Chapter 115C of the General Statutes reads as rewritten:

"Part 3A. School Technology.

"§ 115C-102.5. Commission on School Technology created; membership.

(a) There is created the Commission on School Technology. The Commission shall be located administratively in the Department of Public ~~Instruction~~ Instruction.~~but shall exercise all its prescribed statutory powers independently of the Department of Public Instruction.~~

The purpose of the Commission shall be to advise the State Board of Education on the development of a State School Technology Plan that (i) ensures the effective use of technology is built into the North Carolina Public School System for the purpose of preparing a globally competitive workforce and citizenry for the 21st century and (ii) ensures equity and access to school technology for all segments of the public school population in North Carolina.

The Commission shall meet at least twice each fiscal year and shall provide input and feedback on the State School Technology Plan prior to approval.

(b) The Commission shall consist of the following ~~19~~ members:

(1) The State Superintendent of Public Instruction or a designee;

(2) One representative of The University of North Carolina, appointed by the President of The University of North Carolina;

(3) One representative of the North Carolina Community College System, appointed by the President of the North Carolina Community College System;

~~(4) A person with management responsibility concerning information technology related State Government functions, designated by the Secretary of Commerce;~~

(5) ~~Four~~ Two members appointed by the Governor;

(6) ~~Six~~ Two members appointed by the President Pro Tempore of the ~~Senate two of whom shall be members of the Senate. One of these six members shall be appointed by the President Pro Tempore of the Senate to serve as cochair;~~Senate;

(7) ~~Six~~ Two members appointed by the Speaker of the House of ~~Representatives two of whom shall be members of the House of Representatives. One of these six members shall be appointed by the~~

~~Speaker of the House of Representatives to serve as cochair; and~~Representatives; and

~~(8) The Secretary of Health and Human Services or a designee.~~

(9) The State Chief Information Officer, or a designee.

In appointing members pursuant to subdivisions (5), (6), and (7) of this subsection, the appointing persons shall select individuals with technical or applied knowledge or experience in learning and instructional management technologies or individuals with expertise in curriculum or instruction who have successfully used learning and instructional management technologies.

No producers, vendors, or consultants to producers or vendors of learning or instructional management technologies shall serve on the Commission.

Members shall serve for two-year terms. Vacancies in terms of members shall be filled by the appointing officer. Persons appointed to fill vacancies shall qualify in the same manner as persons appointed for full terms.

(c) Repealed by Session Laws 1997-443, s. 8.26(a).

(d) Members of the Commission who are also members of the General Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the Commission who are officials or employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. All other members of the Commission shall be paid the per diem and allowances set forth in G.S. 138-5.

(d1) The Chair of the State Board of Education shall select the Commission member or members who shall serve as chair or cochairs of the Commission.

(e) The Department of Public ~~Instruction, the Department of Community Colleges, and the Office of Information Technology Services~~Instruction shall provide requested professional and clerical staff to the Commission. ~~The Commission may also employ professional and clerical staff and may hire outside consultants to assist it in its work. The Commission shall use an outside consultant to perform a requirements analysis for learning and instructional management technologies on a statewide basis that is based on information gathered from each local school administrative unit and that considers the needs of teachers, students, and administrators.~~

"§ 115C-102.6. Duty to ~~prepare a requirements analysis and~~ propose a State school technology plan.

The ~~Commission shall prepare a requirements analysis and~~State Board of Education shall propose a State school technology plan ~~for improving student performance in the public schools through the use of learning and instructional management technologies.~~ that ensures the effective use of technology is built into the North Carolina Public School System for the purpose of preparing a globally competitive workforce and citizenry for the 21st century. The Commission on School Technology will advise the State Board of Education on the State School Technology Plan and its components.

~~In developing this plan, the Commission shall:~~

~~(1) Assess factors related to the current use of learning and instructional management technologies in the schools, including what is currently being used, how the current use of technology relates to the standard course of study, how the effectiveness of learning and instructional management technologies is being evaluated, how schools are paying for learning and instructional management technologies, and what~~

~~training school employees have received in the use of learning and instructional management technology and networks.~~

~~(2) Identify the instructional goals that can be met through the use of learning and instructional management technologies. The goals may include teaching the standard course of study, reaching students with a broad range of abilities, and ensuring that all students have access to a complete curriculum regardless of the geographical location or the financial resources of the school.~~

~~(3) Examine the types of learning and instructional management technologies available to meet the identified instructional goals, including computers, audiovisual aids, science laboratory equipment, vocational education equipment, and distance learning networks. The Commission shall consider the compatibility and accessibility of different types of learning and instructional management technologies, including compatibility with the planned statewide broadband ISDN network, and whether they may be easily communicated from one site to another. The Commission shall also consider linkages between learning and instructional management technologies and existing State and local administrative systems.~~

~~(4) Develop a basic level of learning and instructional management technology for every school in the State. The basic level may include:~~

- ~~a. A computer lab with student stations or a specified number of student computer stations in each classroom for the use of instructional software such as computer-assisted instruction, integrated learning systems, instructional management systems, and applications software such as word processing, database, spreadsheet, and desktop publishing.~~
- ~~b. A computer workstation in every classroom for teachers to use in preparation and delivery of instruction and for administrative record keeping.~~
- ~~c. A television monitor and video cassette recorder in every classroom to take advantage of open-air broadcast programs, satellite programs, and instructional video tapes available from the library/media center.~~
- ~~d. Computer workstations at each elementary and secondary school, housed in the library/media center, for individual students to use for basic skills instructional software.~~
- ~~e. A telecommunications line, modem, and software in each school's library/media center that will allow students and teachers access to external databases and resources for research purposes.~~
- ~~f. The availability of telephones for teachers.~~
- ~~g. Initial training for the principal and teachers from each school in the use of the new technology.~~

~~(5) Consider staffing required to operate the learning and instructional management technologies and options for maintaining the equipment.~~

~~(6) Consider the types of staff development necessary to maximize the benefits of learning and instructional management technologies and determine the appropriate ways to provide the necessary staff development.~~

~~(7) Develop a cost analysis of any plans and proposals that it develops.~~

"§ 115C-102.6A. Elements of the State school technology plan.

(a) The State school technology plan shall be a ~~long-term~~comprehensive State implementation plan for using funds from the State School Technology Fund and other sources to improve student performance in the public schools through the use of learning and instructional management technologies. The purpose of the plan shall be to provide a cost-effective foundation of flexible ~~and long-lasting~~ technology and infrastructure to promote substantial gains in student achievement.

(b) In developing the plan the Commission shall consider and plan for the relationship of the North Carolina Information Highway to the plan. In particular the plan shall establish priorities for the acquisition of school technologies including how the Information Highway fits into those priorities.

(c) Components of the State school technology plan shall include at least the following:

(1) Common technical standards and uniform practices and procedures that provide statewide economies of scale in procurements, training, support, planning, and operations.

(2) Conceptual technical architecture that includes:

a. Principles – Statements of direction, goals, and concepts to guide the development of technical architecture;

b. Standards for interoperability – Detailed specifications to ensure hardware, software, databases, and other products that may have been developed independently or purchased from different vendors or manufacturers will work together, to the extent that interoperability facilitates meeting instructional or administrative goals; and

c. Implementation strategies – Approaches or guidelines for developing and installing the components of the technical infrastructure.

(3) A quality assurance policy for all school technology projects, training programs, systems documentation, and maintenance plans.

(4) Policies and procedures for the fair and competitive procurement of school technology that provide local school administrative units with a vendor-neutral operating environment in which different school technology hardware, software, and networks operate together easily and reliably, to the extent feasible consistent with meeting instructional or administrative goals. The operating environment includes all hardware and software components and configurations necessary to accomplish the integrated functions for school technology such as (i) types and sizes of computer platforms, telecommunications equipment, and associated communications protocols; (ii) operating systems for the computer processors; (iii) applications and other

operating and support software; and (iv) other equipment, items, and software, such as printers, terminals, data and image storage devices, and other input, output, and storage devices.

(5) A comprehensive policy for inventory control.

(6) Parameters for continuous, ongoing training for all personnel involved in the use of school technology. Training shall focus on the integration of technology and instruction and on the use of particular applications.

(7) Recommendations to the State Board of Education of requirements for preservice teacher training on the integration of teaching and school technology.

(8) Proposals for leadership training on the use of school technology to improve instruction and as a management tool.

(9) Development of expertise at the State and regional levels on school technology.

(10) Flexibility to enable local school administrative units and individual schools to meet individual school unit and building needs.

(11) Flexibility to meet the needs of all students, allow support to students with a wide range of abilities, and ensure access to challenging curricula and instruction for children at risk of school failure.

(12) Use of technologies to support challenging ~~State~~ State, federal, and local educational performance goals.

(13) Effective and integrated use of technologies compatible with (i) the standard course of study, (ii) the State assessment program, and (iii) related student data management.

(14) Use of technologies as a communication, instructional, and management tool and for problem-solving, exploration, and advanced skills.

(15) Proposals for addressing equipment needs for ~~vocational education, Tech Prep, and science instruction.~~State curricula areas.

(16) Specifications for minimum components of local school system technology plans.

(17) A baseline template for:

a. Technology and service application infrastructure, including broadband connectivity, personnel recommendations, and other resources needed to operate effectively from the classroom desktop to local, regional, and State networks, and

b. An evaluation component that provides for local school administrative unit accountability for maintaining quality upgradeable systems.

"§ 115C-102.6B. Approval of State school technology plan.

(a) ~~The Commission shall present the State school technology plan it develops to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee for their comments prior to January 1, 1995. At least every two years thereafter, the Commission shall develop any necessary modifications to the State school technology plan and present them to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education~~

~~Oversight Committee.~~ The State Board of Education shall review, revise as needed, and approve the State School Technology Plan at a minimum every two years in the odd-numbered year, beginning in 2011. The plan shall be updated more often, as required, as in cases where significant changes occur related to Board goals, curriculum standards, and available technology.

(b) ~~After presenting the plan or any proposed modifications to the plan to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee, the Commission~~ The Board shall submit the plan ~~or any proposed modifications to (i)~~ to the State Chief Information Officer for approval of the technical components of the plan set out in G.S. 115C-102.6A(1) through ~~(4), and (ii) the State Board of Education for information purposes only. The State Board shall adopt a plan that includes the components of a plan set out in G.S. 115C-103.6A(1) through (16).~~

~~At~~ (4). At least one-fourth of the members of any technical committee that reviews the plan for the State Chief Information Officer shall be people actively involved in primary or secondary education.

The Board shall report annually by February 1 of each year to the Joint Legislative Education Oversight Committee on the status of the State School Technology Plan.

~~(c) If no changes are made to the plan or the proposed modifications to the plan after the submission to the State Chief Information Officer and the State Board of Education, the plan or the proposed modifications shall take effect upon approval by the State Chief Information Officer and the State Board of Education.~~

"§ 115C-102.6C. Approval of local school system technology plans.

(a) Each local board of education shall develop a local school system technology plan that is aligned with and meets the requirements of the State school technology plan. In developing a local school system technology plan, a local board of education is encouraged to incorporate this plan into its strategic planning and to bring together stakeholders from various areas of the local school administrative unit, including curriculum leaders, teachers, administrators, representatives from technology services and instructional technology, and finance, as well as other departments of the unit as required. In addition, the local board is encouraged to coordinate its planning with other agencies of State and local government, including other local school administrative units.

~~The Office of Information Technology Services shall assist the local boards of education in developing the parts of the plan related to its technological aspects, to the extent that resources are available to do so.~~ The Department of Public Instruction shall assist the local boards of education in developing the instructional and technological aspects of the plan.

Each local board of education shall submit the local plan it develops to ~~the Office of Information Technology Services~~the Department of Public Instruction for ~~its~~ evaluation of the parts of the ~~plan related to its technological aspects and to the Department of Public Instruction for its evaluation of the~~ technological and instructional aspects of the plan. The State Board of Education, after consideration of the evaluations of the ~~Office of Information Technology Services and the~~ Department of Public Instruction, shall approve all local plans that comply with the requirements of the State school technology plan.

(b) After a local school system technology plan is approved by the State Board of Education, all State funds spent by the local board of education for any aspect of school technology shall be used to implement the local school system technology plan.

(c) ~~After a local school system technology plan is approved by the State Board of Education, the local board of education may use funds in the~~ State School Technology Fund dollars that are allocated to the local school administrative unit to implement the ~~plan.~~plan shall not be expended until the plan has been approved by the State Board of Education.

"§ 115C-102.6D. Establishment of the State School Technology Fund; allocation and use of funds.

(a) There is established under the control and direction of the State Board of Education the State School Technology Fund. This fund shall be a nonreverting special revenue fund consisting of any monies appropriated to it by the General Assembly and any monies credited to it under G.S. 20-81.12 from the sale of School Technology special license plates.

(b) Funds in the State School Technology Fund shall be allocated to local school administrative units as directed by the General Assembly. Funds allocated to each local school administrative unit shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.

~~(c) Each local school administrative unit with a local school system technology plan approved by the State Board of Education may use funds allocated to it to implement its local plan or as otherwise specified by the General Assembly.~~

(d) No local school administrative unit may access technology-related funds until the State Board of Education has approved its school technology plan.

"§ 115C-102.7. Monitoring and evaluation of State and local school system technology plans; reports.

(a) The ~~Commission~~ Department of Public Instruction shall monitor and evaluate the development and implementation of the State and local school system technology plans. The evaluation shall consider the effects of technology on student learning, the effects of technology on students' workforce readiness, the effects of technology on teacher productivity, and the cost-effectiveness of the technology.

(a1) Repealed by Session Laws 1997-18, s. 15(k).

~~(b) The Commission shall provide notice of meetings, copies of minutes, and periodic briefings to the Office of Information Technology Services.~~

(c) The Department of Public Instruction shall randomly check local school system technology plans to ensure that local school administrative units are implementing their plans as approved. The Department shall report to the State Board of Education ~~and the State Chief Information Officer~~ on which local school administrative units are not complying with their plans. The report shall include the reasons these local school administrative units are out of compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans."

DRAFT
SPECIAL PROVISION



2009-DPI-H32-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

IDEA FUNDS

SECTION #.(a) To the extent that federal law and the conditions of federal grants permit, the General Assembly urges local school administrative units to redirect IDEA funds received under the American Recovery and Reinvestment Act of 2009 to other at-risk students.

SECTION #.(b) Local school administrative units receiving IDEA funds under the American Recovery and Reinvestment Act of 2009 shall report to the Joint Legislative Education Oversight Committee on the detailed expenditure of funds by March 15, 2010, and by March 15, 2011.

DRAFT
SPECIAL PROVISION

2009-DPI-H33-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ACCESS TO NCVPS

SECTION #. The State Board shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division prior to October 15, 2009, on (i) its policy regarding access for nonpublic school children to the North Carolina Virtual Public School (NCVPS) Program and (ii) funding sources it authorizes, including tuition, for nonpublic school students in the program.

DRAFT
SPECIAL PROVISION



2009-DPI-H34-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

EDUCATION STABILIZATION FUNDS

SECTION #. Local school administrative units may use funds received from the State Fiscal Stabilization Fund authorized in Title XIV of the American Recovery and Reinvestment Act of 2009 to offset budget cuts in the primary budget formulae for the State of North Carolina. The following allotment categories, presented in no particular order, constitute the primary budget formulae:

(1) Classroom Teachers;
(2) Instructional Support Personnel – Certified;
(3) Instructional Support Personnel – Noncertified;
(4) Noninstructional Support Personnel;
(5) Children with Disabilities;
(6) Teacher Assistants;
(7) Transportation of Pupils;
(8) At-Risk Student Services/Alternative Schools.
(9) Career Technical Education – Months of Employment;
(10) Career Technical Education – Program Support Funds;
(11) Classroom Materials/Instructional Supplies/Equipment; and
(12) Mentor Positions;
(13) Academically or Intellectually Gifted;
(14) Limited English Proficiency;
(15) School Technology Fund;
(16) Staff Development;
(17) Textbooks;
(18) School Building Administration;
(19) Central Office Administration;
(20) Driver Training;

GENERAL ASSEMBLY OF NORTH CAROLINA

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DRAFT
SPECIAL PROVISION

2009-DPI-H35-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

SALARY OF TEACHERS WITH GRADUATE DEGREES

SECTION #. G.S. 115C-302.1 is amended by adding a new section to read:

"(b1) Placement on a Salary Schedule for Teachers with Graduate Degrees. – The State Board of Education shall not authorize payment on the master's degree salary schedule for a teacher who holds a master's degree or other advanced degree that does not lead to professional educator certification unless the master's or higher degree is in an education or subject area directly related to the teacher's existing area of certification and the teacher's current teaching responsibilities."

DRAFT
SPECIAL PROVISION

2009-DPI-H36-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ABOLISH COMPUTER LOAN REVOLVING FUND

SECTION #.(a) Article 32B of Chapter 115C of the General Statutes is repealed.

SECTION #.(b) On July 1, 2009, the State Controller shall transfer one hundred twenty thousand six hundred seventy-seven dollars ($120,677) from the Computer Loan Revolving Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-2010 fiscal year.

DRAFT
SPECIAL PROVISION

2009-DPI-H37-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

LOANS FROM STATE LITERARY FUND PROHIBITED

SECTION #.(a) G.S. 115C-458 reads as rewritten:

"**§ 115C-458. Loans by State Board from State Literary Fund.**

The State Literary Fund includes all funds derived from the sources enumerated in Sec. 6, Article IX, of the Constitution, and all funds that may be hereafter so derived, together with any interest that may accrue thereon. This Fund shall be separate and distinct from other funds of the State.

~~The State Board of Education, under such rules and regulations as it may deem advisable, not inconsistent with the provisions of this Article, may make loans from the State Literary Fund to the counties for the use of local boards of education under such rules and regulations as it may adopt and according to law for the purpose of aiding in the erection and equipment of school plants, maintenance buildings and transportation garages. No warrant for the expenditure of money for such purposes shall be issued except upon the order of the Superintendent of Public Instruction with the approval of the State Board of Education.~~

The State Literary Fund shall be faithfully appropriated and used exclusively for establishing and maintaining a uniform system of free public schools."

SECTION #.(b) The title of Article 32 of Chapter 115C of the General Statutes reads as rewritten:

"Article 32.

~~Loans from~~ State Literary Fund."

SECTION #.(c) G.S. 115C-460 through G.S. 115C-467 are repealed.

SECTION #.(d) Subsection (b) and (c) of this section do not apply to outstanding loans from the State Literary Fund.

SECTION #.(e) There is appropriated from the State Literary Fund to the Department of Public Instruction the sum of four hundred eleven thousand fifty-eight dollars ($411,058) for the 2009-2010 fiscal year for school technology.

Community College Provisions

COMMUNITY COLLEGE FACULTY SALARY PLAN

SECTION 8.1.(a)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average community college faculty salary, therefore:

a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.

b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.

c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

The State Board of Community Colleges shall adopt guidelines to implement the provisions of this subdivision.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for Customized Training to increase faculty salaries.

SECTION 8.1.(b) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.1.(c) The State Board of Community Colleges shall adopt guidelines to implement the provisions of this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

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DRAFT
SPECIAL PROVISION

2009-DOCC-H9(S8.2)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

USE OF BASIC SKILLS FUNDS

SECTION 8.2. Notwithstanding any other provision of law, a local community college may use up to five percent (5%) of the Literacy Funds allocated to it by the State Board of Community Colleges to procure instructional technology for literacy labs. This technology may include computers, instructional software and software licenses, scanners for testing, and classroom projection equipment.

DRAFT
SPECIAL PROVISION



2009-DOCC-H11(S8.4)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

SECTION 8.4. G.S. 115D-40.1(c) reads as rewritten:

"(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance.

The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds. The interest earned on the funds provided in this section may be used to support the costs of administering the Community College Grant Program."

DRAFT
SPECIAL PROVISION

2009-DOCC-H13(S8.8)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

MODIFY MULTICAMPUS AND OFF CAMPUS CENTER REPORT DATE

SECTION 8.8. G.S. 115D-5(o) reads as rewritten:

"(o) The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by ~~October 1~~ December 1 of each year."

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DRAFT
SPECIAL PROVISION

2009-DOCC-H14(S8.9)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

REPEAL REPORT ON THE USE OF COMM COLL FACILITIES BY PRIVATE BUSINESSES

SECTION 8.9. G.S. 115D-5(q) is repealed.

DRAFT
SPECIAL PROVISION

2009-DOCC-H2F(S8.11)-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

ELIMINATE SOME TUITION WAIVERS

SECTION 8.11.(a) G.S. 115B-2(a) reads as rewritten:

"**§ 115B-2. Tuition waiver authorized.**

(a) The constituent institutions of The University of North Carolina ~~and the community colleges as defined in G.S. 115D-2(2)~~ shall permit the following persons to attend classes for credit or noncredit purposes without the required payment of tuition:

~~(1) Legal residents of North Carolina who have attained the age of 65.~~

(2) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.

(3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.

(4) Any child, if the child is at least 17 years old but not yet 23 years old, whose parent is a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 48 months, if the child is seeking a baccalaureate degree, or (ii) if the child is not seeking a baccalaureate degree, the number of months required to complete the educational program to which the child is applying.

(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student."

SECTION 8.11.(b) G.S. 115B-2.1 is repealed.

SECTION 8.11.(c) G.S. 115B-3 reads as rewritten:

"**§ 115B-3. Rules.**

The Board of Governors of The University of North Carolina ~~and the State Board of Community Colleges shall each,~~ shall, with respect to the institutions governed by it, promulgate rules necessary for the implementation of this Chapter."

SECTION 8.11.(d) G.S. 115B-5(a) is repealed.

SECTION 8.11.(e) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State ~~funds; provided, however, that the~~ funds.

(b1) The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees ~~for persons~~ for:

(1) Persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent ~~certificate, for~~ certificate;

(2) All courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this section;

(3) Students enrolled in Human Resources Development Program courses who (i) are unemployed, (ii) have received notification of pending layoff, (iii) are working and are eligible for federal Earned Income Tax Credit, or (iv) are working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines;

(4) Trainees enrolled in courses conducted under the Customized Training Program;

(5) ~~training~~ Training courses for volunteer ~~firemen, local fire department personnel, volunteer~~ firemen and volunteer rescue and lifesaving department ~~personnel,~~ personnel; and

(6) Prison inmates.

(b2) The State Board of Community Colleges may provide by general and uniform regulations for the partial waiver of tuition and registration fees for:

(1) Training courses for local fire department personnel, local rescue and lifesaving department personnel, and local law enforcement officers;

(2) Training courses for Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, ~~local law enforcement officers, patients in State alcoholic rehabilitation centers,~~ all full-time custodial employees of the Department of Correction, employees of the Department's Division of Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission,

~~trainees enrolled in courses conducted under the New and Expanding Industry Program, clients of sheltered workshops, clients of adult developmental activity programs, students in Health and Human Services Development Programs, juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction, prison inmates,~~ members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General Statutes, and elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation (CPR). ~~Provided further, tuition shall be waived for senior citizens attending institutions operating under this Chapter as set forth in Chapter 115B of the General Statutes, Tuition Waiver for Senior Citizens. Provided further, tuition shall also be waived for all courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this section.~~

(3) Patients in State alcoholic rehabilitation centers;

(4) Clients of sheltered workshops and adult developmental activity programs;

(5) Students in Health and Human Services Development Programs;

(6) Juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction;

(7) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty;

(8) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty;

(9) Any child, if the child is at least 17 years old but not yet 23 years old, whose parent is a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed the number of months required to complete the educational program to which the child is applying; and

(10) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State, and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student."

SECTION 8.11.(f) G.S. 115D-39(a) reads as rewritten:

"**§ 115D-39. Student tuition and fees.**

(a) The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter.

The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this Chapter; provided, however, that when an employer other than the armed services, as that term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition rate; provided further, however, a community college may charge in-State tuition to up to one percent (1%) of its out-of-state students, rounded up to the next whole number, to accommodate the families transferred by business, the families transferred by industry, or the civilian families transferred by the military, consistent with the provisions of G.S. 116-143.3, into the State. Notwithstanding these requirements, a refugee who lawfully entered the United States and who is living in this State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes as defined in G.S. 116-143.1(a)(2). Also, a nonresident of the United States who has resided in North Carolina for a 12-month qualifying period and has filed an immigrant petition with the United States Immigration and Naturalization Service shall be considered a State resident for community college tuition purposes.

The tuition set by the State Board of Community Colleges for students who receive a partial tuition waiver pursuant to G.S. 115D-5(b) shall be:

(1) For training courses set out in G.S. 115D-5(b2)(1) – A minimum of forty-five dollars ($45.00) per credit hour for curriculum courses and a minimum of forty-five dollars ($45.00) per course for continuing education courses.

(2) For all other courses set out in G.S. 115D-5(b2) – A minimum of twenty-five dollars ($25.00) per credit hour for curriculum courses and a minimum of twenty-five dollars ($25.00) per course for continuing education courses."

DRAFT
SPECIAL PROVISION

2009-DOCC-H16(S8.12)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CONTINUING EDUCATION FEES

SECTION 8.12. The fees charged for community college continuing education courses shall be based on the number of hours of class time. The fees shall be:

Class Hours	Cost
1-20	$65.00;
21-50	$120.00;
51-100+	$175.00.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H17(S8.13)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS

SECTION 8.13. The State Board of Community Colleges shall consolidate the Nursing categorical allotment into the Allied Health categorical allotment before distributing funds appropriated in this act. These funds shall be awarded to community colleges based on the full-time equivalent (FTE) enrollment in allied health programs.

DRAFT
SPECIAL PROVISION

2009-DOCC-H4(S8.14)-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CUSTOMIZED TRAINING PROGRAM

SECTION 8.14.(a) Projects that create or retain jobs in North Carolina shall receive first priority for funds appropriated for the Customized Training Program.

SECTION 8.14.(b) G.S. 115D-5.1(f) is amended by adding a new subsection to read:

"(f) The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

...

(1a) The types of services sought by the company, whether for new, expanding, or existing industry."

DRAFT
SPECIAL PROVISION

2009-DOCC-H5A(S8.15)-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

COMMUNITY COLLEGES URGED TO PARTICIPATE IN FEDERAL STUDENT LOAN PROGRAMS

SECTION 8.15. The General Assembly urges all community colleges to participate in federal student loan programs.

DRAFT
SPECIAL PROVISION

2009-DOCC-H18(S8.16)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

NORTH CAROLINA MILITARY BUSINESS CENTER

SECTION 8.16. The funds appropriated in this act to the Community Colleges System Office for the NC Military Business Center shall be used for the continued operations of the NC Military Business Center. The Military Business Center shall provide services to residents and businesses throughout the State. The purpose of the business center is to serve as a coordinator and facilitator for small- and medium-sized businesses throughout the State seeking to win and complete federal contracts, with a focus on military-related contracts. Activities of the business center shall include:

(1) Training and mentoring eligible businesses on effectively marketing their products and services to military and other federal clients and contracting offices.

(2) Assisting eligible businesses with any required accreditations and qualifications for government contracting.

(3) Teaching eligible businesses about federal set-aside programs and how to take advantage of these programs directly or through partnering with other eligible businesses.

(4) Training and assisting clients with the registration, proposal development, and bidding processes related to military and other federal contracts.

(5) Training eligible businesses on legal and regulatory compliance.

(6) Designing and implementing mentoring programs to facilitate the development of interrelationships between eligible businesses.

(7) Forecasting the need for and assisting eligible businesses in obtaining advanced certifications and accreditations and advanced manufacturing skills and technologies.

(8) Working with Small Business Centers throughout the State to carry out these activities on a statewide basis.

(9) The maintenance of an Internet-based system to match the knowledge, skills, and abilities of active-duty military personnel, veterans, and their families throughout the State with the needs of North Carolina businesses.

(10) The study of community resources and existing business capacity to meet the current and future needs of the military and the development

of proposals for further developing community resources and developing or recruiting new businesses to meet those needs.

(11) The marketing of the services provided by the Military Business Center.

DRAFT
SPECIAL PROVISION

2009-DOCC-H3-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

REVISE COLLEGE FUNDING FORMULA CATEGORIES

SECTION #.(a) The State Board of Community Colleges shall revise the college funding formula categories to accurately reflect where the colleges are spending their money. The revised formulas shall ensure that adequate funds are available for campus security, including the hiring of personnel, contracted professional services, surveillance cameras, call boxes, alert systems, and other equipment-related expenditures.

SECTION #.(b) The State Board of Community Colleges shall adopt emergency rules in accordance with G.S. 150B-21.1A for the 2009-2011 fiscal biennium to grant community colleges the flexibility to transfer funds as necessary to minimize the impact of budget reductions on the educational program.

DRAFT
SPECIAL PROVISION

2009-DOCC-H6-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

FIRE TRAINING COORDINATORS

SECTION #. All community college fire training coordinators shall be under the direct supervision of the Community Colleges System Office. There shall be one fire training coordinator in the eastern part of the State, one in the central part of the State, and one in the western part of the State.

DRAFT
SPECIAL PROVISION



2009-DOCC-H19A-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

CONTINUATION REVIEW OF THE PRISONER EDUCATION PROGRAM

SECTION #. The continuation review of the community college prisoner education program that is required by Section ___ of this act shall be prepared jointly by the Department of Correction and the Community Colleges System Office. The report shall include:

(1) Information on the total cost of the program;

(2) An analysis of the appropriate source of funding, including an analysis of prisoners' ability to pay;

(3) A review of which programs are most vital to the prisoner population and a priority order for restoration of the programs;

(4) An analysis of the cost per FTE to provide these programs to the prison population compared to the cost for the general population, including the FTE costs for curriculum, continuing education, and basic skills courses; and

(5) An analysis of the feasibility of limiting access to the education program to those prisoners who will be released within a certain time frame and to programs that lower recidivism rates.

DRAFT
SPECIAL PROVISION

2009-DOCC-H20-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

STUDY OF EFFICIENT AND EFFECTIVE COMMUNITY COLLEGE ADMINISTRATION

SECTION #. The Joint Legislative Program Evaluation Oversight Committee shall include in the 2010-2011 Work Plan for the Program Evaluation Division of the General Assembly a study of the most efficient and effective way to administer the local community colleges system. In the course of the study, the Program Evaluation Division shall consider the advisability of consolidating community college administration and strategies for ensuring access for students. The Program Evaluation Division shall submit the study to the Joint Legislative Program Evaluation Oversight Committee, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division at a date to be determined by the Joint Legislative Program Evaluation Oversight Committee.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H21-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

NO STATE FUNDS FOR INTERCOLLEGIATE ATHLETICS

SECTION #. State funds, including student receipts and student aid funds, shall not be used to create, support, maintain, or operate an intercollegiate athletics program at a community college.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DOCC-H22A-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

FUNDING FOR HIGH SCHOOL STUDENTS ENROLLED IN COMMUNITY COLLEGES, COLLEGES, AND UNIVERSITIES

SECTION #. The Department of Public Instruction, the Community Colleges System Office, and the Board of Governors of The University of North Carolina shall study issues related to funding for high school students enrolled in community college, college, and university courses. The study shall include an analysis of the cost of serving these students by grade level and an analysis of how the State can most efficiently and effectively pay for those expenditures. The Department of Public Instruction, the Community Colleges System Office, and the Board of Governors shall report the results of the study to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by January 15, 2010.

UNC Provisions

DRAFT
SPECIAL PROVISION

2009-UNC-H1(S9.1)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

USE OF ESCHEAT FUNDS FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of one hundred twenty-three million six hundred forty-one thousand forty dollars ($123,641,040) for fiscal years 2009-2010 and 2010-2011, to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for 2009-2010 and 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for years 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated under this section remain uncommitted for need-based financial aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 9.1.(b) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the scholarship programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.1.(c) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of one million one hundred fifty-seven thousand dollars ($1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not

have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection. The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.1.(d) The State Education Assistance Authority shall transfer to the Escheat Fund the balance of any monies appropriated by this section that are not disbursed for need-based student financial aid; however, the State Education Assistance Authority may retain the interest on those monies that is paid to the State Education Assistance Authority at the beginning of the 2009-2010 fiscal year and at the beginning of the 2010-2011 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-UNC-H2A(S9.2)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND REDUCE/MAXIMUM GRANT AWARDS FOR 2009-2010 FISCAL YEAR AND REPEAL EARN SCHOLARS FUND IN 2010-2011 FISCAL YEAR.

SECTION 9.2.(a) Of the funds appropriated by this act from the General Fund to the State Education Assistance Authority the sum of sixteen million two hundred twenty-five thousand dollars ($16,225,000) for the 2009-2010 fiscal year shall be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(b) There is appropriated from the Escheat Fund to the State Education Assistance Authority the sum of thirty-seven million four hundred eighty-nine thousand dollars ($37,489,000) for the 2009-2010 fiscal year to be allocated to EARN.

SECTION 9.2.(c) The funds appropriated in subsections (a) and (b) of this section shall be used only to fund EARN grants for the 2009-2010 academic year.

SECTION 9.2.(d) Notwithstanding G.S. 116-209.26(d), the maximum grant for which a student is eligible for an EARN Scholarship shall be two thousand dollars ($2,000) for the 2009-2010 academic year. The State Education Assistance Authority shall pay the full amount of the grants awarded pursuant to this section in the 2009-2010 fall academic semester.

SECTION 9.2.(e) Effective July 1, 2010, G.S. 116-209.26 is repealed.

SECTION 9.2.(f) The campus financial aid offices at each eligible postsecondary institution as defined in G.S. 116-209.26 are encouraged to work with EARN recipients to secure replacement financial aid for the 2010-2011 academic year and appropriate subsequent academic years.

DRAFT
SPECIAL PROVISION

2009-UNC-H3(S9.3)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

TRANSFERS OF CASH BALANCES TO THE GENERAL FUND

SECTION 9.3.(a) Notwithstanding any other provision of law, the unencumbered cash balance remaining in the Future Teachers Financial Aid fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

SECTION 9.3.(b) Notwithstanding any other provision of law, the unencumbered cash balance of the General Fund appropriation remaining in the Education Access Rewards North Carolina (EARN) Scholars fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

DRAFT
SPECIAL PROVISION

2009-UNC-H5A(S9.5)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

UNC CENTER FOR ALCOHOL STUDIES

SECTION 9.5.(a) G.S. 20-7(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than ~~G.S. 20-17(2),~~ G.S. 20-17(a)(2) shall pay a restoration fee of fifty dollars ($50.00). A person whose drivers license has been revoked under ~~G.S. 20-17(2)~~ G.S. 20-17(a)(2) shall pay a restoration fee of ~~seventy-five dollars ($75.00) until the end of the fiscal year in which the cumulative total amount of fees deposited under this subsection in the General Fund exceeds ten million dollars ($10,000,000), and shall pay a restoration fee of fifty dollars ($50.00) thereafter.~~ seventy-five dollars ($75.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The fifty-dollar ($50.00) fee, and the first fifty dollars ($50.00) of the seventy-five-dollar ($75.00) fee, shall be deposited in the Highway Fund. The remaining twenty-five dollars ($25.00) of the seventy-five-dollar ($75.00) fee shall be deposited in the General Fund of the State. The Office of State Budget and Management ~~shall certify to the Department of Transportation and the General Assembly when the cumulative total amount of fees deposited in the General Fund under this subsection exceeds ten million dollars ($10,000,000), and~~ shall annually report to the General Assembly the amount of fees deposited in the General Fund under this subsection.

It is the intent of the General Assembly to annually appropriate from the funds deposited in the General Fund under this subsection the sum of five hundred thirty-seven thousand four hundred fifty-five dollars ($537,455) to the Board of Governors of The University of North Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies ~~Endowment~~ at ~~The~~ the University of North Carolina at Chapel ~~Hill, but not to exceed this cumulative total of ten million dollars ($10,000,000).~~Hill."

SECTION 9.5.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina the sum of five hundred thirty-seven thousand four hundred fifty-five dollars ($537,455) for the 2009-2010 fiscal year and the sum of five hundred thirty-seven thousand four hundred fifty-five dollars ($537,455)

for the 2010-2011 fiscal year shall be used for the operating expenses of the Bowles Center for Alcohol Studies at the University of North Carolina at Chapel Hill.

DRAFT
SPECIAL PROVISION

2009-UNC-H6A(S9.6)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE UNIVERSITY

SECTION 9.6.(a) G.S. 116-238.1(a) reads as rewritten:

"(a) There is granted to each State resident who graduates from the North Carolina School of Science and Mathematics and who enrolls as a full-time student in a constituent institution of The University of North Carolina a sum to be determined by the General Assembly as a tuition grant. The tuition grant shall be for four consecutive academic years and shall cover the tuition cost at the constituent institution in which the student is enrolled. The tuition grant shall be distributed to the student as provided by this section. The grant provided by this section is only available to a student enrolled at the North Carolina School of Science and Mathematics for the 2008-2009 academic year or earlier."

SECTION 9.6.(b) Effective July 1, 2014, G.S. 116-238.1, as amended by this section, is repealed.

DRAFT
SPECIAL PROVISION

2009-UNC-H7A(S9.7)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

CLOSING THE ACHIEVEMENT GAP/GRANTS

SECTION 9.7.(a) Funds appropriated by this act for the 2009-2010 fiscal year and for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the North Carolina Historically Minority Colleges and Universities Consortium (HMCUC) for "Closing the Achievement Gap" shall be used for the sole purpose of supporting the operations and program activities of the HMCUC. These funds shall be used by the HMCUC members for the public purposes of developing and implementing after-school programs designed to close the academic achievement gap and improving the academic performance of youth at risk of academic failure and school dropout; provided, however, that the HMCUC may use up to one hundred thousand dollars ($100,000) each fiscal year to cover the cost of administering the grants. The HMCUC also may allocate funds to a community-based and faith-based organization that is located in close proximity to the HMCUC member institution for the public purposes stated in this section.

SECTION 9.7.(b) The North Carolina Historically Minority Colleges and Universities Consortium shall report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division by May 1 of each year regarding the number of programs funded by the Consortium to Close the Achievement Gap, the location and program structure of the programs, the amount allocated to the programs, and purposes for which the funds were awarded, the cost of administering and managing the funds, and any other information requested by the Committee or Fiscal Research Division. The grants awarded pursuant to this section also shall include as a term of the grant that the recipient of the grant report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division regarding the amount of the grant received, the program and purposes for which the grant was requested, the methodology used to implement the grant program and purposes, the results of the program funded by the grant, and any other information requested by the Joint Legislative Education Oversight Committee and the Fiscal Research Division.

DRAFT
SPECIAL PROVISION



2009-UNC-H8(S9.8)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

AMEND LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS

SECTION 9.8.(a) 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) Grants for Students. – 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 persons attending these institutions, there is granted to each 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 undergraduate student as provided by this subsection. A full-time North Carolina undergraduate student shall be awarded the full amount of the tuition grant provided by this section. A part-time North Carolina undergraduate student who is enrolled to take at least ~~six~~ nine hours of academic credit per semester shall be awarded a tuition grant in an amount that is calculated on a pro rata basis.

(a1) Grants for Licensure Students. – 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 part-time licensure student who is enrolled to take at least ~~six~~ nine hours of undergraduate academic credit per semester 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. If a course is required for licensure, but is designated as both an undergraduate and graduate course, for purposes of this subsection, the course shall be considered an undergraduate course.

(b) Administration of Grants. – 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 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 or licensure student.

(c) Student or Licensure Student Change of Status; Audits. – In the event a full-time student on whose behalf a grant has been paid in accordance with subsection

(a) of this section or a full-time licensure student on whose behalf a grant has been paid in accordance with subsection (a1) of this section 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 part-time student on whose behalf a prorated grant has been paid in accordance with subsection (a) of this section or a part-time licensure student on whose behalf a prorated grant has been paid in accordance with subsection (a1) of this section is not enrolled and carrying a minimum academic load of ~~six~~ nine credit hours per semester 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. If the matriculated status of a full-time student or a full-time licensure student changes to a matriculated status of part-time student or part-time licensure student by the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund only the difference between the amount of the full-time grant awarded and the amount of the part-time grant that is awarded pursuant to this section. 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 them.

(d) Shortfall. – In the event there are not sufficient funds to provide each eligible student or licensure student with a full or prorated 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), (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) Reversions. – Any remaining funds shall revert to the General Fund."

SECTION 9.8.(b) This section applies to academic semesters beginning on or after July 1, 2009.

DRAFT
SPECIAL PROVISION

2009-UNC-H9(S9.9)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION/REVERT PART OF FUND BALANCE

SECTION 9.9. Effective July 1, 2009, the sum of one million dollars ($1,000,000) shall transfer from the fund balance of the Graduate Nurse Scholarship Program for Faculty Production (also known as Nurse Educators of Tomorrow Scholarship Loan) to the General Fund.

DRAFT
SPECIAL PROVISION

2009-UNC-H10C(S9.10)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

CODIFY AND INCREASE UNC UNDERGRADUATE TUITION SURCHARGE

SECTION 9.10.(a) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-143.7. Tuition surcharge.**

(a) The Board of Governors of The University of North Carolina shall impose a twenty-five percent (25%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. Courses and credit hours taken include those taken at a constituent institution or accepted for transfer. In calculating the number of degree credit hours taken:

(1) Included are courses that a student:

a. Fails.

b. Does not complete unless the course was officially dropped by the student pursuant to the academic policy of the appropriate constituent institution.

(2) Excluded are credit hours earned through:

a. The College Board's Advanced Placement Program, CLEP examinations, or similar programs.

b. Institutional advanced placement, course validation, or any similar procedure for awarding course credit.

c. Summer term or extension programs.

(b) No surcharge shall be imposed on any student who exceeds the degree credit hour limits within the equivalent of four academic years of regular term enrollment or within five academic years of regular term enrollment in a degree program officially designated by the Board of Governors as a five-year program.

(c) Upon application by a student, the tuition surcharge shall be waived if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors shall establish the appropriate procedures to implement the waiver provided by this subsection."

SECTION 9.10.(b) G.S. 116-143.7(a), as enacted by subsection (a) of this section, reads as rewritten:

"(a) The Board of Governors of The University of North Carolina shall impose a ~~twenty-five percent (25%)~~ fifty percent (50%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. Courses and credit hours taken include those taken at that constituent institution or accepted for transfer. In calculating the number of degree credit hours taken:

(1) Included are courses that a student:

a. Fails.

b. Does not complete unless the course was officially dropped by the student pursuant to the academic policy of the appropriate constituent institution.

(2) Excluded are credit hours earned through:

a. The College Board's Advanced Placement Program, CLEP examinations, or similar programs.

b. Institutional advanced placement, course validation, or any similar procedure for awarding course credit.

c. Summer term or extension programs."

SECTION 9.10.(c) Subsection (a) of this section is effective beginning with the 2009-2010 academic year; subsection (b) of this section is effective beginning with the 2010-2011 academic year.

DRAFT
SPECIAL PROVISION



2009-UNC-H11(S9.11)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

ENROLLMENT GROWTH REPORTING

SECTION 9.11. G.S. 116-30.7 reads as rewritten:

"**§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.**

By ~~September 1~~October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), ~~first year~~ first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b)."

DRAFT
SPECIAL PROVISION

2009-UNC-H28A(S9.13)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

TRANSFER THE NORTH CAROLINA CENTER FOR THE ADVANCEMENT OF TEACHING TO THE STATE BOARD OF EDUCATION

SECTION 9.13.(a) The North Carolina Center for the Advancement of Teaching is transferred from the Board of Governors of The University of North Carolina to the State Board of Education. The Center shall be located administratively under the State Board of Education but shall exercise its powers and duties through its own board of trustees. The board of trustees shall have full authority regarding all aspects of employment and contracts for the North Carolina Center for the Advancement of Teaching in accordance with State personnel policies and contract procedures.

This transfer shall include (i) ownership, possession, and control of the properties located at Cullowhee and Ocracoke, including buildings, grounds, personal property, vehicles, and equipment, and (ii) the resources, assets, liabilities, and operations maintained, possessed, or controlled by the North Carolina Center for the Advancement of Teaching prior to the transfer.

Upon the transfer, all duties and responsibilities of The University of North Carolina, including Western Carolina University, shall cease except as may be agreed upon by the parties; provided, however, that The University of North Carolina, Western Carolina University, and NCCAT shall work cooperatively in coordination with appropriate State agencies to effect an efficient and orderly transfer of duties and responsibilities to be completed on or before November 1, 2009.

The State of North Carolina shall reassign to Western Carolina University the original parcel of real property located in Cullowhee if it is no longer used or occupied by NCCAT.

SECTION 9.13.(b) G.S. 116-74.6 is recodified as G.S. 115C-296.5.

SECTION 9.13.(c) G.S. 115C-296.5 reads as rewritten:

"**§ 115C-296.5. North Carolina Center for the Advancement of ~~Teaching established;~~Teaching; powers and duties of trustees.**

(a) ~~The Board of Governors of The University of North Carolina established the North Carolina Center for the Advancement of Teaching pursuant to Section 74 of S.L. 1985-479. The Center shall be a center of The University of North Carolina Board of Governors. It shall be the function of the~~ The North Carolina Center for the Advancement of Teaching (hereinafter called "NCCAT"), through itself or agencies with which it may ~~contract, to~~contract, shall:

(1) ~~provide~~Provide career teachers with opportunities to study advanced topics in the sciences, arts, and humanities and to engage in informed discourse, assisted by able mentors and outstanding leaders from all walks of life; ~~and otherwise to offer opportunity~~ and

(2) Offer opportunities for teachers to engage in scholarly ~~pursuits, through~~pursuits through a center dedicated exclusively to the advancement of teaching as an art and as a profession.

(b) NCCAT may also provide training and support for beginning teachers to enhance their skills and in support of the State's effort to recruit and retain beginning teachers.

(c) ~~The Board of Governors of The University of North Carolina shall establish the~~The Board of Trustees of the North Carolina Center for the Advancement of Teaching ~~Board of Trustees and shall delegate to the Board of Trustees~~shall hold all the powers and duties ~~the Board of Governors considers~~ necessary or appropriate for the effective discharge of the functions of NCCAT."

SECTION 9.13.(d) G.S. 116-74.7 is recodified as G.S. 115C-296.6.

SECTION 9.13.(e) G.S. 115C-296.6 reads as rewritten:

"**§ 115C-296.6. Composition of board of trustees; terms; officers.**

(a) The NCCAT Board of Trustees shall be composed of the following membership:

(1) ~~Three~~ Two ex officio members: ~~the President of The University of North Carolina,~~the Chairman of the State Board of Education and the State Superintendent of Public Instruction, ~~and the Chancellor of Western Carolina University,~~ or their designees;

(2) Two members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate;

(3) Two members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives; and

(4) Eight members appointed by the ~~Board of Governors,~~ Governor, one from each of the eight educational regions.

The appointing authorities shall give consideration to assuring, through Board membership, the statewide mission of NCCAT.

(b) Members of the NCCAT Board of Trustees shall serve four-year terms. Members may serve two consecutive four-year terms. The Board shall elect a new ~~chairman~~ chair every two years from its membership. The ~~Chairman~~ chair may serve two consecutive two-year terms as ~~chairman.~~chair.

(c) The chief administrative officer of NCCAT shall be an executive ~~director. The Board of Governors of The University of North Carolina shall appoint the executive director and set the compensation of the executive director on the recommendation of the President of The University of North Carolina. The President shall recommend the executive director from a list of not fewer than two names nominated by the NCCAT Board of Trustees.~~

~~The executive director shall report to and serve at the pleasure of the President of The University of North Carolina; provided that the President shall not terminate the employment of the executive director without prior consultation with the NCCAT Board of Trustees.~~director who shall be appointed by the NCCAT Board of Trustees."

SECTION 9.13.(f) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(29) The Executive Director, Deputy Director, all other directors, assistant and associate directors, and center fellows of the North Carolina Center for the Advancement of Teaching."

SECTION 9.13.(g) Existing appointed members of the NCCAT Board of Trustees shall continue to serve until their current terms expire. Their successors shall be appointed as provided in G.S. 115C-296.6, as rewritten by subsections (d) and (e) of this section.

DRAFT
SPECIAL PROVISION

2009-UNC-H31(S9.14)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.14.(a) The University of North Carolina shall continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107 and, pursuant to Section 9.12, shall apply for federal grants to continue the study. Funds appropriated by United States Public Law 111-005, the American Recovery and Reinvestment Act of 2009 (the Federal Act), for renewable energy and allocated to the State of North Carolina shall be used for the development, design, and construction of at least three demonstration wind turbines and necessary support facilities in the sounds or off the coast of North Carolina, and the Director of the Budget shall ensure any available federal funds are secured. The actual placement of the wind turbines and necessary support facilities shall be determined by the coastal sounds wind energy study. The Director of the Budget shall ensure that any available federal funding is secured by the State to construct the wind turbines. The University, in collaboration with the Director of the Budget, shall enter into a contract with a third party by October 1, 2009, to construct, establish, and operate the demonstration turbines and necessary support facilities on or before April 1, 2010.

SECTION 9.14.(b) With respect to the demonstration wind turbines and necessary support facilities authorized by subsection (a) of this section, the facilities authorized under this act shall be constructed in accordance with the provisions of general law applicable to the construction of State facilities. The Department of Environment and Natural Resources is directed to expedite permitting of the project to the extent allowed by law.

DRAFT
SPECIAL PROVISION

2009-UNC-H12-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

AMEND AID TO PRIVATE MEDICAL SCHOOLS

SECTION #. G.S. 116-21.5 reads as rewritten:

"**§ 116-21.5. Private medical schools-assistance funding formula.**

(a) Funds shall be appropriated each year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance ~~to~~ for needy North Carolina students who are enrolled in the medical schools of Duke University and Wake Forest University. The funds shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of the appropriate fiscal year.

(b) Disbursement to Wake Forest University shall be made in the amount of ~~eight thousand dollars ($8,000) for each medical student who is a North Carolina resident,~~ one thousand dollars ($1,000) ~~of which~~ for each medical student who is a North Carolina resident and shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

(c) Disbursement to Duke University shall be made in the amount of ~~five thousand dollars ($5,000) for each medical student who is a North Carolina resident,~~ five hundred dollars ($500.00) ~~of which~~ for each medical student who is a North Carolina resident and shall be placed by the school in a fund to be used to provide student financial aid to financially needy North Carolina students who are enrolled in the medical school. No individual student may be awarded assistance from this fund in excess of two thousand dollars ($2,000) each year. ~~In addition to this basic disbursement for each year of the biennium, a disbursement of one thousand dollars ($1,000) shall be made for each medical student who is a North Carolina resident in the first year, second year, third year, and fourth year classes to the extent that enrollment of each of those classes exceeds 30 North Carolina students.~~

(d) The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board of Governors shall also make

any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board of Governors shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

(e) If the funds appropriated in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students."

DRAFT
SPECIAL PROVISION



2009-UNC-H13-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

DISTINGUISHED PROFESSOR ENDOWMENT TRUST FUND/PRIORITIZE USE OF FUNDS

SECTION #. Notwithstanding Part 4A of Article 1 of Chapter 116 of the General Statutes, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Distinguished Professors Endowment Trust Fund established in G.S. 116-41.14, the sum of eight million dollars ($8,000,000) for the 2009-2010 fiscal year and the sum of eight million dollars ($8,000,000) for the 2010-2011 fiscal year shall first be used to match the grant from the C.D. Spangler Foundation. The balance of funds remaining from each appropriation of eight million dollars ($8,000,000), if any, after matching the grant from the C.D. Spangler Foundation, shall be used to address the backlog of professorships awaiting State matching funds.

DRAFT
SPECIAL PROVISION



2009-UNC-H18-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

ELIMINATE ENROLLMENT GROWTH FUNDING FOR 2010-2011 FISCAL YEAR

SECTION #. Notwithstanding any other provision of law, the General Assembly does not intend to appropriate funds for the 2010-2011 fiscal year for the purpose of funding enrollment growth at the constituent institutions of The University of North Carolina.

DRAFT
SPECIAL PROVISION

2009-UNC-H20-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

PHASE OUT FUTURE TEACHERS SCHOLARSHIP LOAN PROGRAM

SECTION #.(a) Notwithstanding any other provision of law, scholarship loans from the Future Teachers of North Carolina Scholarship Loan Fund established by G.S. 116-209.38 for the 2010-2011 academic year shall be awarded only to students who are seniors for that academic year scheduled to graduate at the end of the 2010-2011 academic year.

SECTION #.(b) All financial obligations to any student awarded a scholarship loan from the Future Teachers of North Carolina Scholarship Loan Fund before July 1, 2011, shall be fulfilled provided the student remains eligible under the provisions of the Future Teachers of North Carolina Scholarship Loan Fund. All contractual agreements between a student awarded a scholarship loan from the Future Teachers of North Carolina Scholarship Loan Fund before July 1, 2011, and the State Education Assistance Authority remain enforceable, and the provisions of G.S. 116-209.38 that would be applicable but for this section shall remain applicable with regard to any scholarship loan awarded before July 1, 2011.

SECTION #.(c) Effective July 1, 2011, G.S. 116-209.38 is repealed.

DRAFT
SPECIAL PROVISION

2009-UNC-H21-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION #.(a) The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but in a manner that recognizes the importance of the academic mission and differences among The University of North Carolina entities. Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider reducing budgets for senior and middle management personnel, centers and institutes, low enrollment degree programs, and nonacademic activities. The Board of Governors and the campuses of the constituent institutions shall also review the institutional trust funds and the special funds held by or on behalf of the The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification. Budget reductions shall not be considered in funding available for need-based financial aid.

SECTION #.(b) In administering the management flexibility reserve, the Board of Governors shall ensure that funding is available to provide:

(1) The sum of three million dollars ($3,000,000) each year in recurring funds for the accreditation of the dental school at East Carolina University;

(2) The sum of one million five hundred thousand dollars ($1,500,000) for the 2009-2010 fiscal year for the purchase of equipment for the Joint School of Nanoscience and Nanoengineering at North Carolina Agricultural and Technical State University and the University of North Carolina at Greensboro. These funds shall replace funds reverted by the Governor for the 2008-2009 fiscal year; and

(3) The sum of one million five hundred thousand dollars ($1,500,000) each year in recurring funds to match a federal grant for the Engineering School at North Carolina Agricultural and Technical State University.

DRAFT
SPECIAL PROVISION

2009-UNC-H22-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: **Representatives Glazier, McLawhorn, Rapp**

REPEAL IN-STATE TUITION FOR FULL SCHOLARSHIP STUDENTS

SECTION #. G.S. 116-143.6 is repealed.

DRAFT
SPECIAL PROVISION

2009-UNC-H23-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

REDUCE NUMBER OF COURSES UNC FACULTY AND STAFF MAY TAKE TUITION-FREE

SECTION #. G.S. 116-143(d) reads as rewritten:

"(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 ~~three~~ two courses per 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."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-UNC-H24-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

NO SPECIAL TALENT TUITION WAIVERS FOR STUDENT ATHLETES

SECTION #.(a) G.S. 116-143(c) reads as rewritten:

"(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. The Board of Governors of The University of North Carolina shall not authorize a reduced rate of tuition for the special talent of athletics."

SECTION #.(b) No policy adopted by the Board of Governors to authorize a special tuition rate for students who have athletics as a special talent shall be implemented for the 2009-2011 fiscal biennium.

DRAFT
SPECIAL PROVISION



2009-UNC-H27-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

NO IMPLEMENTATION OF CAMPUS INITIATED TUITION INCREASES

SECTION #. Notwithstanding any other provision of law, no campus initiated tuition increase, including those approved by the Board of Governors of The University of North Carolina for the 2009-2010 fiscal year on February 13, 2009, shall be implemented for the 2009-2010 fiscal year.

DRAFT
SPECIAL PROVISION



2009-UNC-H29-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

ESTABLISH JOINT LEGISLATIVE COMMITTEE ON CONSOLIDATION OF STATE SCHOLARSHIPS

SECTION #.(a) There is created the Joint Legislative Study Committee on Consolidation of State Scholarships. The Committee shall consist of 10 members. The Speaker of the House of Representatives shall appoint five members, and the President Pro Tempore of the Senate shall appoint five members.

The Speaker of the House of Representatives and the President Pro Tempore of the Senate each shall appoint a cochair for the Committee. The Committee may meet at any time upon the joint call of the cochairs. Vacancies on the Committee shall be filled by the same appointing authority as made the initial appointment.

The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

Subject to the approval of the Legislative Services Commission, the Committee may meet in the Legislative Building or the Legislative Office Building. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The House of Representatives' and the Senate's Director of Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION #.(b) The Committee shall study the feasibility of consolidating the scholarships available for students who attend any of the institutions of higher education that are part of The University of North Carolina. More specifically, the Committee shall consider consolidating those scholarships categorized as income-based scholarships and consolidating those scholarships categorized as merit-based scholarships. In its study the Committee shall review the qualifications for each scholarship, the purpose for which the scholarship is awarded, and any other criteria that make the scholarship either similar to other scholarships in the same category or that make the scholarship unique from others in its category. The Committee also shall consider marketing strategies for the scholarships and how to make the information regarding those scholarships more transparent, understandable, and accessible to the general public and to the students who may be interested in applying for the

scholarships. In addition, the Committee may consider any other issues relevant to this study.

SECTION #.(c) The Committee may make an interim report, including any legislative recommendations, to the 2009 General Assembly, 2010 Regular Session, and shall submit a final report, including any legislative recommendations, to the 2011 General Assembly. The Committee shall terminate upon filing its final report or upon the convening of the 2011 General Assembly, whichever is earlier.

SECTION #.(d) From the funds appropriated by this act to the General Assembly for the 2009-2010 fiscal year and for the 2010-2011 fiscal year, the Legislative Services Commission may allocate monies to fund the work of the Committee.

DRAFT
SPECIAL PROVISION



2009-UNC-H30A-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

ENCORE CENTER FOR LIFELONG ENRICHMENT AND THE WILLIAM AND IDA FRIDAY CENTER FOR CONTINUING EDUCATION/DISCRETIONARY FEE INCREASES TO COVER STATE BUDGET REDUCTIONS

SECTION #.(a) Notwithstanding G.S. 116-40.22 and G.S. 116-143, the fees charged for courses offered by the Encore Center for Lifelong Enrichment at North Carolina State University may, upon approval of the Chancellor of North Carolina State University, be increased for the 2009-2010 fiscal year and the 2010-2011 fiscal year to cover the Center's budget reduction of seventy-one thousand two hundred forty-three dollars ($71,243) in State funds for each fiscal year.

SECTION #.(b) Notwithstanding G.S. 116-40.22 and G.S. 116-143, the fees charged for courses offered by The William and Ida Friday Center for Continuing Education at the University of North Carolina at Chapel Hill may, upon approval of the Chancellor of the University of North Carolina at Chapel Hill, be increased for the 2009-2010 fiscal year and the 2010-2011 fiscal year to cover the Center's budget reduction of two hundred thousand dollars ($200,000) in State funds for each fiscal year.

DRAFT
SPECIAL PROVISION

2009-UNC-H33-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Glazier, McLawhorn, Rapp

UNC CANCER RESEARCH FUND

SECTION #. Notwithstanding G.S. 116-29.1(b)(3), funds shall not be appropriated from the General Fund to the University Cancer Research Fund for either the 2009-2010 fiscal year or the 2010-2011 fiscal year.

Attachment 2

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2009-DHHS-H73

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representative**

TASK FORCE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION AND CARE

SECTION 10.7A.(a) Intent. It is the intent of the General Assembly that not later than July 1, 2010, certain agencies and programs relating to early childhood education and care shall be consolidated.

SECTION 10.7A.(b) Task Force Established. There is established the Joint Legislative Task Force on the Consolidation of Early Childhood Education and Care (Task Force). The Department of Health and Human Services and the Department of Public Instruction shall work with the Task Force to develop a Consolidation Plan (Plan) to implement the Plan as approved by the 2010 Regular Session of the 2009 General Assembly.

SECTION 10.7A.(c) Task Force Membership.

(1) Appointments to the Task Force shall be as follows:
   a. Three members of the House of Representatives appointed by the Speaker of the House of Representatives.
   b. Three members of the Senate appointed by the President Pro Tempore of the Senate.
   c. Three members appointed by the Governor.

(2) Ex-officio members. For the purpose of providing needed expertise and advising, but also to avoid potential conflicts of interest, the following members shall serve as ex officio nonvoting members, appointed by the Governor.
   a. A representative of the Division of Child Development of the Department of Health and Human Services.
   b. A representative of the Department of Public Instruction.
   c. A representative of a local board of education.
   d. A representative of institutions of higher education appointed by the Board of Governors of The University of North Carolina.
   e. A representative of local providers of early childhood education and development services.
   f. A representative from Head Start agencies located in the State, including migrant and seasonal Head Start programs and Indian Head Start programs.
   g. The State Director of the Head Start Collaboration.
   h. A representative of the State agency responsible for programs under part C of the Individuals with Disabilities Education Act (IDEA).
   i. A representative of the Division of Mental Health, Developmental Disabilities and Substance Abuse Services.
   j. Any additional ad hoc members deemed beneficial to achieve the goals of the Task Force.

Appointments to the Task Force shall be made no later than September 1, 2009.

Vacancies in the Task Force or a vacancy as chair of the Task Force resulting from the resignation of a member or otherwise shall be filed in the same manner in which the original appointment was made.

SECTION 10.7A.(d) Duties of the Task Force.

(1) In consultation with the Department of Health and Human Services and the Department of Public Instruction, develop a Plan for a highly coordinated and efficient system of early childhood education and care.

(2) Not later than January 15, 2010, establish and appoint a transition team to implement the Plan approved by the General Assembly. The transition team shall be responsible for guiding the transition from the multi-agency/multi-program system now in place to a consolidated system and to ensure continuity and quality of existing services to young children, families, and early childhood programs and personnel.

(3) Adhere to the following principles in the development and implementation of the Plan approved by the General Assembly.
   a. Ensuring high quality programs.
   b. Ensuring core functions remain intact.
   c. Maintaining the strengths and effectiveness of each program.
   d. Identifying and proposing efficiencies.
   e. Identifying needed improvements.
   f. Streamlining administrative savings.
   g. Promoting a seamless delivery of services from birth through kindergarten.
   h. Any other principles the Task Force deems relevant.

(4) Consider the following agencies and functions for consolidation:
   a. The North Carolina Partnership for Children, Inc.
   b. The "More At Four" Program.
   c. Title I Prekindergarten programs.
   d. Preschool Exceptional Children.
   e. Early Intervention programs.
   f. Head Start Collaboration.
   g. Child Care Regulatory and Subsidy.
   h. Licensing and Regulatory Functions.
   i. Workforce Professional Development and Recognition.
   j. Quality Initiatives.

(5) Consult with appropriate State departments, agencies, and board representatives on issues related to early childhood education and care.

(6) In developing the Plan, review and consider the proposal included in Ensuring School Readiness for North Carolina's Children: Bringing the Parts Together to Create an Integrated Early Care and Education System, November, 2004.

SECTION 10.7A.(e) Chair; Meetings. – The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate one member to serve as cochair of the Task Force.

The cochairs shall call the initial meeting of the Task Force on or before October 1, 2009. The Task Force shall subsequently meet upon such notice and in such manner as its members determine. A majority of the members of the Task Force shall constitute a quorum.

SECTION 10.7A.(f) Expenses of Members. – Members of the Task Force shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 10.7A.(g) Cooperation by Government Agencies. – The Task Force may call upon any department, agency, institution, or officer of the State or any political subdivision thereof for facilities, data, or other assistance.

SECTION 10.7A.(h) Report. – The Task Force shall report its findings and recommendations by January 15, 2010, to Joint Legislative Oversight Committee on Government Operations, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Education, the Senate Appropriations Committee on Education, and the Fiscal Research Division. The Task Force shall terminate upon filing its final report.

SECTION 10.7A.(i) Proposal. -- After reviewing the report submitted by the Task Force, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Education, and the Senate Appropriations Committee on Education shall develop language and a budget proposal by May 30, 2010, to present to the 2010 Regular Session of the 2009 General Assembly to implement the consolidation of early childhood education and care programs, which consolidation shall become effective July 1, 2010.

SECTION 10.7A.(j) Funding. – The Legislative Services Officer shall allocate funds to carry out the duties of the Task Force.

SECTION 10.7A.(k) Effective date. This section becomes effective July 1, 2009. Effective July 1, 2010, the Consolidation as contained in the Plan approved by the 2010 Regular Session of the 2009 General Assembly, shall be implemented.

Attachment 3

North Carolina House of Representatives
Appropriations Committee

RULES FOR SUBCOMMITTEE PROCEDURE

June 4, 2009

The following rules govern the eligibility of amendments to subcommittee reports:

1. Amendments must be offered by formal amendments.
2. Amendments cannot increase total spending within the draft subcommittee report.
3. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the subcommittee.
4. Amendments cannot spend reversions or include "shall not revert" or "carry forward" language.
5. Nonrecurring reductions cannot be used to fund recurring items.
6. Amendments cannot change substantive policy or law.
7. No changes in "management flexibility reductions" or "management flexibility reserves."

Attachment 4

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 202

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S202-ALH-8 [v.1]

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Date _____,2009

Representative Glazier

Moves to amend the Education Special Provision Report, UNC Section on page
By deleting the provision with the computer code 2009-UNC-H12-P on that page and substituting the following provision with the computer code 2009-UNC-H12A:

"Special Provision 2009-UNC-H12A
Requested by: Representatives Glazier, McLawhorn, Rapp
AMEND AID TO PRIVATE MEDICAL SCHOOLS

SECTION #. G.S. 116-21.5 reads as rewritten:

'§ 116-21.5. Private medical schools-assistance funding formula.

(a) Funds shall be appropriated each year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance ~~to~~ for needy North Carolina students who are enrolled in the medical schools of Duke University and Wake Forest University. The funds shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of the appropriate fiscal year.

(b) Disbursement to Wake Forest University shall be made in the amount of ~~eight thousand dollars ($8,000) for each medical student who is a North Carolina resident,~~ one thousand dollars ($1,000) ~~of which~~ for each medical student who is a North Carolina resident and shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

(c) Disbursement to Duke University shall be made in the amount of ~~five thousand dollars ($5,000) for each medical student who is a North Carolina resident,~~ five hundred dollars ($500.00) ~~of which~~ for each medical student who is a North Carolina resident and shall be placed by the school in a fund to be used to provide student financial aid to financially needy North Carolina students who are enrolled in the medical school. ~~No individual student may be awarded assistance from this fund in excess of two thousand dollars ($2,000) each year. In addition to this basic disbursement for each year of the biennium, a disbursement of one thousand dollars ($1,000) shall be made for each medical student who is a North Carolina resident in the first year, second year, third year, and fourth year classes to the extent that enrollment of each of those classes exceeds 30 North Carolina students.~~ The maximum aid

given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

(d) The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board of Governors shall also make any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board of Governors shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

(e) If the funds appropriated in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students.'"

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 5

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 202

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S202-ALE-37 [v.2]

Comm. Sub. [NO]
Amends Title [NO]
Educ. Report

Date _____ ,2009

Representative _____

moves to amend the committee report on page F13, item #85, by adding the following at the end of the item:

"In order to ensure all colleges receive full enrollment growth funding for FY 2009-10, this reduction will be treated as a management flexibility reduction in FY 2009-10. In subsequent years, this reduction will be realized in the form of reduced enrollment growth at colleges."

SIGNED R. Glazier
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 6

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 202

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S202-ALH-9 [v.1]

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Date _____ ,2009

Representative Blackwell

Moves to amend the Education Special Provision Report, UNC Section on page
By adding the following at the end of that line:

"Special Provision 2009-UNC-H35
Requested by: Representative Blackwell
ELIMINATE STATE FUNDING FOR MILLENNIUM SEMINARS AND PUBLIC SAFETY LEADERSHIP CENTER AT NORTH CAROLINA STATE UNIVERSITY

SECTION #. Notwithstanding any provision of law, no State funds shall be used for the support of the millennium seminars or the pubic safety leadership center at North Carolina State University for the 2009-2011 fiscal biennium."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 7

North Carolina General Assembly
Legislative Ethics Committee

June 4, 2009

The Honorable Phil Berger
North Carolina General Assembly
16 West Jones Street
Raleigh, NC 27601-1096

Re: **AO-LEC-09-002** – Would any attempt by a legislator to eliminate funding for Mary Easley's contract with North Carolina State University be unethical?

Dear Senator Berger:

On May 26, 2009, you asked the Legislative Ethics Committee to issue a formal advisory opinion based on the following question:

> Whether any attempt by a member of the North Carolina General Assembly to eliminate funding for Mary Easley's contract with North Carolina State University would be an ethical violation?

I. Advisory Opinion Overview

Pursuant to G.S. 120-104(a), any member of the General Assembly may ask the Committee for a formal advisory opinion on specific questions involving legislative ethics. Formal opinions are published in a redacted format on the State Ethics Commission's website. Please keep in mind that formal advisory opinions do not confer immunity from criminal investigation or prosecution. Requests for advisory opinions, the opinions themselves, and all materials related to the opinions are confidential and are not public records. G.S. 138A-13(e).

II. Application of the Legislative Ethics Act

Is *any* attempt by a member of the North Carolina General Assembly to eliminate funding for Mary Easley's contract with North Carolina State University an ethical violation?

No. A legislator's attempt to eliminate State funding for a particular position is not, in and of itself, unethical. However, there could be specific circumstances where a legislator's actions related to the elimination of funding for a position could be unethical. See, for example, G.S. 120-86.1.

Sincerely,

Senator Steve Goss
Senate Co-Chair

Representative Rick Glazier
House Co-chair

cc: State Ethics Commission

Attachment 8

§ 120-86.1. Personnel-related action unethical.

It shall be unethical for a legislator to take, promise, or threaten any legislative action, as defined in G.S. 120C-100(5), for the purpose of influencing or in retaliation for any action regarding State employee hirings, promotions, grievances, or disciplinary actions subject to Chapter 126 of the General Statutes. (1997-520, s. 7; 2006-201, s. 20(a).)

Attachment 9

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 202

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S202-ALE-39 [v.1]

Comm. Sub. [YES]
Amends Title [NO]
Subcommittee Report

Date _____ ,2009

Representative Blackwell

Moves to amend the Education Special Provision Report, UNC Section on page
By adding the following at the end of that line:

"**Special Provision 2009-UNC-H35**
Requested by: Representative Blackwell
ELIMINATE STATE FUNDING FOR MILLENNIUM SEMINARS AND PUBLIC SAFETY LEADERSHIP CENTER AT NORTH CAROLINA STATE UNIVERSITY

SECTION #. Notwithstanding any provision of law, no State funds shall be used for the support of the millennium seminars or the pubic safety leadership center at North Carolina State University for the 2009-2011 fiscal biennium.

The amount spent for this purpose for the 2008-2009 fiscal year was one hundred five thousand dollars ($105,000)"; and

On page F11 of the money report, item #72, by decreasing the cut for each fiscal year by $105,000; and by changing the totals accordingly.
"

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Roll call Attachment 10

ROLL CALL VOTE

7 YES 6 NO = _____(TOTAL)

HB# _____
SB# _____

HOUSE STANDING COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

House Subcommittee on _____

YES	NO	MEMBER (last name)	YES	NO	MEMBER (last name)
___	✓	GLAZIER, Rick	___	___	
		Chair			
✓	___	McLAWHORN, Marian	___	___	
		Chair			
✓	___	RAPP, Ray	___	___	
		Chair			
___	✓	BELL, Larry	___	___	
		Vice Chair			
✓	___	JOHNSON, Linda	___	___	
		Vice Chair			
___	✓	LUCAS, Marvin	___	___	
		Vice Chair			
___	✓	PARMON, Earline	___	___	
		Vice Chair			
___	✓	TARLETON, Cullie	___	___	
		Vice Chair			
___	___	MEMBERS	___	___	
✓	___	BLACKWELL, Hugh	___	___	
✓	___	HILTON, Mark	___	___	
✓	___	HOLLOWAY, Bryan	___	___	
✓	___	WILEY, Laura	___	___	
___	✓	Jeffus	___	___	
___	___		___	___	
___	___		___	___	
___	___		___	___	

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — June 4, 2009
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Maddock	Governor's Office
David Rice	Manning Fulton
Dwayne Pinkney	UNC- Chapel Hill
Anita Watkins	UNC - GA
Erin Schaffner	UNC - GA
Stella Huggins	NCCU
JAMES O. SMITH	UNC-GA
Terance Terrell	UNC
Jennifer Willis	NCCCS
Jennifer Haygood	NCCCS
Kennon Briggs	NCCCS

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — June 4, 2009
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCICU
[signature]	Rep. Doug Yongue
[signature]	Budget & Tax Center
[signature]	NC Policy Watch
[signature]	NCSBA

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — June 4, 2009 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Schauss	DPI
Andrews	DPI
Kevin Leonard	NCACC
Carolyn McKinney	NCPTSC

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — June 4, 2009 AM
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Brownstein	OSBM
Bruce Thompson	PSRCOR POB
Brian Lewis	NCAE
Connie Wilson	Key Risk
Rob Standen	Key Risk
Joe Abriola	Key Risk

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — June 4, 2009 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Caitlin McLean	John Locke Foundation
Emily Doyle	NCPAPA
Chris Minard	State Bd of Ed
Jim Stegall	U.C.P.S.
Katherine Joyce	NCASA
John D. Deming	All Kinds of Minds
[illegible]	Public Sch. Forum
Patrick Bliss	NMRS
Emily Williams	The Policy Group
Robert Carver	N.C. National Guard
[illegible]	EHSR

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — June 4, 2009
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
C Hawkins	NCCAT
Ellen Russell	The Arc of NC
Danny Holloman	NCDPI
Beth Edwards	NCDPI
Karen Gray	NBPTS
[illegible]	[illegible]
SID BAKER	NC Teacher Academy
Reed Bryan	NC Teacher Academy
Conor Brockett	NCSBA
Alice Garland	NCEL
Travis Wharry	NC Center for International Understanding

House Pages

Name of Committee: HOUSE APPROPRIATIONS Date: 6-4-09

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: CHARLIE WILLIAMS

2. Name: JERALD PERRY

3. Name: EARL COKER

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, June 10, 2009**

TIME: **1:45 PM**

LOCATION: **421 LOB**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
New Targets

Respectfully,
Representative Rapp
Representative Glazier
Representative McLawhorn
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **1:00 PM** on **June 10, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Wednesday, June 10, 2009, 1:45 PM

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Building at 1:56 p.m. on Wednesday, June 10, 2009. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and McLawhorn, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton, Hollway, and Wiley. Members of the Fiscal Research Division Education Team were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted the meeting.

The Chair explained that the subcommittee had been authorized to consider the appropriation of additional funds to the Education Budget. The Chair explained the amounts available for restoration and explained the rules for subcommittee use of contingent appropriations. A copy of the Proposed Restoration Budget is included as Attachment #1. A copy of the Rules for House Appropriations Subcommittees Use of Contingent Appropriations is included as Attachment #2.

After brief discussion and questions regarding the rules, Chairman Rapp presented the draft committee report of the Education Budget and walked the committee through each section of the report, highlighting budget items that would be restored. A copy of the draft committee report is included as Attachment #3.

After discussion and questions, Representative Tarleton moved that the subcommittee approve the Proposed Restoration Budget, subject to the approval of additional revenue. The motion passed by a voice vote.

With there being no further business, the meeting adjourned at 2:26 p.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

Proposed Restoration Budget

	Area	Title	2009-10	2010-11	Page	Item	Balance of Cut Remaining 09-10	Balance of Cut Remaining 10-11
1.	Public Education	Restore Teachers to Classrooms (Maintains K-3 class size at 08-09 levels)	$ 138,958,000	$ 198,500,000	F3	20	$ (183,747,848)	$ (264,638,920)
2.	Public Education	At Risk	$ 70,000,000	$ 50,000,000	F2	10	$ -	$ -
3.	Public Education	Low Wealth	$ 4,853,701	$ 9,707,403	F4	30	$ -	$ -
4.	Public Education	Instructional Support Positions	$ 19,367,181	$ 20,772,741	F4	25	$ -	$ -
5.	Public Education	School Building Administration	$ 17,586,720	$ 17,586,720	F4	26	$ -	$ -
6.	Public Education	Restore LEA Flexibility Reduction	$ 2,871,551	$ 9,635,289	F5	37	$ (12,678,449)	$ (10,414,711)
7.	Community Colleges	Restore All Tuition Waivers	$ 16,362,847	$ 16,362,847	F14	89, 90	$ -	$ -
8.	Community Colleges	Restore Cuts to CC Personnel	$ 10,000,000	$ 14,000,000	F10	61	$ (16,800,000)	$ (17,045,230)
9.	UNC System	Restore Cuts to University Personnel	$ 75,000,000	$ 80,000,000	F16	97	$ (72,866,184)	$ (134,497,403)
			$ 355,000,000	$ 416,565,000				
			$ 355,000,000	$ 416,565,000				
			$ -	$ -				

	Authorized 08-09 %		
Public Education	68.1%	71.4%	73.5%
Community Colleges	8.3%	7.4%	7.3%
UNC System	23.6%	21.1%	19.2%

* Note: All restorations are recurring with the exception of $20 million of the $70 million restoration for At-Risk in FY 2009-10.

2009 LEGISLATIVE SESSION

RULES FOR HOUSE APPROPRIATIONS SUBCOMMITTEES
USE OF CONTINGENT APPROPRIATIONS

June 10, 2009

1. Subcommittee Contingent Appropriations Targets are spending targets.
2. Subcommittee Contingent Appropriations Targets shall be used to restore reductions as adopted in Senate Bill 202, 4th Edition.
3. Identify all restorations items as recurring or non-recurring.
4. No expansion or restoration of non-recurring items funded in the FY 2008-09 budget or previous budgets.
5. No new reductions or increases in current reduction items.
6. Restorations of "management flexibility" reductions should specify items being adjusted.
7. Identify all positions restored.
8. No new special provisions except as noted in Rule #10.
9. No changes to special provisions as reflected in Senate Bill 202, 4th Edition except as noted in Rule #10.
10. Special provisions that correspond to restoration items are permitted only for the purpose of conforming language and money items.
11. No restorations of salary-related, state employee health plan, retirement, debt service, or other statewide reserve items.
12. No changes in proposed fees as adopted in Senate Bill 202, 4th Edition.

House Subcommittee on Education

Public Education

	GENERAL FUND			
	FY 09-10		FY 10-11	
Recommended Budget	**$8,245,341,827**		**$8,358,798,223**	
Legislative Changes				
A. Technical Adjustments				
1 Adjust Continuation Budget Adjusts continuation budget to a level at or below FY 2008-09 Authorized Budget.	($73,903,050)	R	($118,955,313)	R
2 Mandatory Continuation Budget Increases Restores mandatory increases for certain line items associated with growing student headcount.	$27,269,605	R	$61,106,959	R
3 Education Stabilization Fund - Noninstructional Support Personnel Reduction Temporarily reduces the Noninstructional Support Personnel allotment on a nonrecurring basis for both years of the biennium. This reduction will be offset by the appropriation of the federal Education Stabilization Fund (ESF). The ESF will be distributed via the State's primary funding formulae, as defined by Section 7.34 of this bill.	($356,970,583)	NR	($360,579,983)	NR
4 Education Stabilization Fund - Classroom Materials/Supplies Reduction Temporarily reduces the Classroom Materials/Supplies allotment on a nonrecurring basis for both years of the biennium. This reduction will be offset by the appropriation of the federal ESF. The ESF will be distributed via the State's primary funding formulae, as defined by Section 7.34 of this bill.	($46,448,981)	NR	($42,839,581)	NR
5 Children with Disabilities Head-Count Adjustment This is a technical adjustment to the Children With Disabilities allotment. The continuation budget includes anticipated growth based on the projected head-count of children with disabilities. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect actual April 1, 2009 headcount. It does not reduce funding per student.	($15,987,833)	R	($15,987,833)	R
6 Civil Penalties Receipts Makes recurring adjustment to budgeted civil penalty revenues to account for actual FY 2007-08 receipts. Collected civil penalties revenues are required to be deposited in the State Public School Fund (SPSF) for allotment to LEAs on a per-ADM basis. Total realized FY 2007-08 receipts were $120.3 million.	($6,324,790)	R	($6,324,790)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
7 Financing School Bus Replacement Adjusts the schedule for school bus financing from three to four years on a recurring basis.	($6,347,581)	R	($10,334,288)	R
8 Textbook Freight Eliminates funding for textbook freight. These costs will be covered through receipts from books purchased by the LEAs.	($217,837)	R	($217,837)	R
B. State Public School Fund				
9 Information Highway Eliminates funding for a program that previously paid for LEAs to access distance learning. Funds are no longer needed as the School Connectivity Initiative (SCI) has replaced this program and provides increased service to the LEAs.	($1,200,000)	R	($1,200,000)	R
10 At-Risk Student Services Reduces the At-Risk Student Services allotment by approximately 31% in FY 2009-10 and 22% in FY 2010-11 from the continuation budget levels of $226.6 million in FY 2009-10 and $228.0 million in FY 2010-11.	($50,000,000) ($20,000,000)	R NR	($50,000,000)	R
11 School Technology Fund Reduces by 90% on a nonrecurring basis the General Fund support for the School Technology Fund, which provides support to LEAs on a per-ADM basis for the development and implementation of LEA technology plans. An additional $18 million for this Fund is annually provided from the Civil Penalty and Forfeiture Fund. Additionally, Section 5.1 of the budget transfers approximately $18 million from a UNC escrow account to this Fund on a one-time basis and Section 7.37 of the budget transfers a cash balance of $411,058 from the State Literary Fund to this fund on a one-time basis.	($9,411,058)	NR	($9,000,000)	NR
12 Textbooks Adjusts allotment in FY 2009-10 to reflect the reduced expenditures projected from a delay in the adoption of grades 6-12 mathematics textbooks. The additional reduction in FY 2010-11 reflects a moratorium on new textbook adoptions, allowing textbook purchases only for new students or for replacement books.	($47,977,278)	NR	($90,410,044)	NR
13 NC Wise Owl Reduces funding by 38% for this online reference resource for teachers and students. This portion of the reference service is being provided at no cost by SAS Institute.	($500,000)	R	($500,000)	R
14 Central Office Administration Reduces the dollar allotment to LEAs for the salaries and benefits of central office staff. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. The reduction reflects a 7.5% decrease from the FY 2009-10 continuation budget total of $120,855,235.	($9,064,143)	R	($9,082,143)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
15 More at Four Reduces General Fund support for More at Four by 11.6%. The Office of School Readiness shall use the average FY 2008-09 average reimbursement rate of $5,000 per slot in allocating funding. The FY 2009-10 continuation budget includes $86 million in General Fund and $84.6 million in Lottery support for this program. A related provision, Section 10.7, includes More at Four amongst a list of programs to be examined for consolidation in one entity solely responsible for early childhood programs, beginning in FY 2010-11.	($10,000,000)	R	($10,000,000)	R
16 Focused Education Reform Provides a 10% reduction to funds appropriated to DPI in support of the pilot program known as The Collaborative Project. DPI funding for this program is currently $4,833,728. The FY 2010-11 funding for the Project is provided on a nonrecurring basis to reflect the final year of funding needed for this 3-year pilot program. The Public School Forum receives an additional $2,342,705 to support and administer the pilot.	($483,373)	R	($4,833,728) $4,350,355	R NR
17 Staff Development Reduces funding by 100% on a nonrecurring basis, for the staff development allotment.	($12,557,920)	NR	($12,619,829)	NR
18 Improving Student Accountability Eliminates funding for this allotment that supports activities designed to improve the performance of those students scoring at Level I or II on certain State tests. The Disadvantaged Student Supplemental Funding and At-Risk Student Services allotments support similar types of activities.	($38,339,798)	R	($38,339,798)	R
19 Critical Foreign Language Pilot Eliminates recurring funding for this two-year old pilot program. The nonrecurring funding provided in FY 2009-10 will enable DPI to complete the ongoing development of online Russian and Japanese language courses.	($500,000) $100,000	R NR	($500,000)	R
20 Increase Class Size Decreases funding for the Classroom Teachers allotment consistent with increasing the student-to-teacher funding allotment ratio currently set by the State Board of Education for each grade by 2 in FY 2009-10 and by 3 in FY 2010-11. The related provision, section 7.23, increases the allowable maximum district-wide class size average and maximum individual class size by 2 in FY 2009-10 and 3 in FY 2010-11.	($322,705,848)	R	($463,138,920)	R
21 Literacy Coaches Eliminates funding for all 200 Literacy Coaches.	($12,034,400)	R	($12,034,400)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
22 Classroom Materials/Supplies Reduces funding for this allotment which funds Instructional Materials and Supplies, Instructional Equipment, and Testing Support. The continuation budget includes $88,238,683 in FY 2009-10 and $94,390,396 for this allotment.	($2,000,000)	R	($2,400,000)	R
23 Noninstructional Support Personnel Reduces funding for this allotment by 5%. It supports clerical assistants, custodians, and substitute teachers, amongst other items.	($20,156,347)	R	($20,346,315)	R
24 Teacher Assistants Eliminates funding for Teacher Assistants (TAs) serving students in grade 3. Funds will be allotted on the basis of ADM in grades K-2. LEAs may continue to place TAs in grade 3 classrooms if they so choose. The continuation budget provides $503,837,592 in FY 2009-10 and $505,965,687 in FY 2010-11 for this allotment.	($130,135,446)	R	($130,135,446)	R
25 Instructional Support Reduces funding for this allotment that supports counselors, social workers and certain other personnel with a direct instructional relationship to students. The continuation budget provides $357,595,392 in FY 2009-10 and $360,981,712 in FY 2010-11 for this allotment.	($19,367,181)	R	($20,772,741)	R
26 School Building Administration Reduces funding for this allotment that supports principals and assistant principals. It reduces the allotment for assistant principal positions from 1:799.4 ADM to 1:942.1, a reduction of approximately 278 10-month positions. The continuation budget provides $262,034,980 in FY 2009-10 and $265,003,158 in FY 2010-11 for this allotment.	($17,586,720)	R	($17,586,720)	R
27 Math and Science Supplement Pilot Eliminates funding for a pilot program that provides $15,000 bonuses to certain mathematics and science teachers in Bertie, Columbus, and Rockingham counties.	($515,115)	R	($515,115)	R
28 Mentoring Reduces funding for teacher mentoring by 50%	($5,582,308)	R	($5,582,308)	R
29 Limited English Proficiency Reduces funding for the program by 2.5% in FY 2009-10 and 2.3% in FY 2010-11.	($2,000,000)	R	($2,000,000)	R
30 Low Wealth Supplemental Funding Modifies the allotment formula to support only those LEAs at or below 90% of state average wealth as measured by the formula. Previously those LEAs at or below 100% of state average wealth qualified for funding. LEAs no longer qualifying under the new formula will have 75% of their anticipated funding held harmless in FY 2009-10 and will have 50% of their anticipated funding held harmless in FY 2010-11 if the district remains above 90% of state average wealth.	($4,853,701).	R	($9,707,403)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
31 Small County Supplemental Funding Reduces program funding by 10% from the continuation budget amount of $45,189,185.	($4,518,919)	R	($4,518,919)	R
32 Transportation Reduces funding for the allotment, which supports the salaries of transportation personnel as well as the maintenance of yellow buses, by approximately 7.5% in both years of the biennium	($29,348,420)	R	($30,559,008)	R
33 Learn and Earn Online Eliminates funding for this program which provides online classes leading to college credit for high school students.	($1,351,752)	R	($1,351,752)	R
34 Small Specialty High Schools Eliminates funding for one counselor and one clerical position at each of the 32 high schools. Funding is retained for an additional clerical position as well as a principal position.	($3,222,496)	R	($3,222,496)	R
35 Child and Family Support Teams Reduces funding for this program by 10%	($1,252,183)	R	($1,252,183)	R
36 Dropout Prevention Grants Provides recurring funding for additional dropout prevention grants. This program provides funding on a competitive basis to local school administrative units, schools, local agencies, or nonprofit organizations to support programs that address dropout prevention. The additional funding for this program can be used to provide continued funding to past grant recipients or to fund new recipients. The maximum grant size is $150,000.	$13,000,000	R	$13,000,000	R
37 Local Education Agency Discretionary Reduction The creation of a new fine and an increase in an existing fine are expected to increase receipts to counties that are to be used in support of public schools. This discretionary reduction decreases General Fund support for LEAs by an equal amount. The State Board of Education shall determine the amount of the reduction for each LEA on the basis of ADM. Each LEA shall identify its budget reductions to DPI within 30 days of this act becoming law.	($15,550,000)	R	($20,050,000)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
C. Department of Public Instruction				
38 Testing Eliminates funding for the following tests: Computer Skills, Grade 3 Pretest Math, Grade 3 Pretest Reading, Competency Reading, and Competency Math. The State Board of Education may use the FY 2009-10 savings from eliminating these tests to support the development and implementation of a new Standard Course of Study for all content areas and grade levels. This activity will also support the State Board of Education's efforts to research, design, and implement a new comprehensive State testing system that will include formative, benchmark/interim, and summative tests. The ultimate goal of this initiative is to develop a new K-8 and K-12 accountability model.			($2,000,000)	R
39 DPI Position Reduction Reduces funding commensurate with reducing State-supported DPI positions by 10% or 45, in FY 2009-10 and by 15% or 70, in FY 2010-11. DPI may eliminate some or all of its 32 vacant positions, or shift certain positions to federal funding, where possible, to meet this reduction target.	($3,252,555) -45.00	R	($5,083,021) -70.00	R
40 DPI Operating Funds Reduces funding for DPI operations, excluding salaries and benefits, by 11% in FY 2009-10 and by 15% in FY 2010-11.	($2,087,638)	R	($2,846,779)	R
41 Legacy Funds Adjusts fund balance remaining from nonrecurring appropriations made for agency IT infrastructure. This reduction would eliminate the fund balance of $3,000,000.				
42 Personal Financial Literacy Eliminates the recurring appropriation for this activity. Personal Financial Literacy has already been integrated into the curriculum and is available to students through the Civics and Economics curriculum. DPI personnel shall continue to provide curricular materials, professional development, and technical assistance to teachers on this subject.	($500,000)	R	($500,000)	R
43 Governor's Schools Reduces the General Fund support by $75,000 in both years of the FY 2009-11 biennium. Funding supports the Governor's Schools, which are held each summer for six weeks at two college campuses. Student selection is competitive. The current appropriation supports a total of 800 student participants.	($75,000)	R	($75,000)	R
44 Teacher Working Conditions Survey Eliminates funding for the Survey and related activities in FY 2010-11. Funding is provided for FY 2009-10.			($215,000)	NR

House Subcommittee on Education	FY 09-10		FY 10-11	
D. Pass-Through Funds				
45 Tarheel ChalleNGe Academy Provides funding to the North Carolina's Tarheel ChalleNGe Academy, a quasi-military program for high school dropouts, or expellees. It is located in Sampson County and sponsored by the North Carolina National Guard. This program receives matching funds from the federal government equal to $60 for every $40 of State funds. Previously, the Tarheel ChalleNGe had been funded within the Department of Crime Control and Public Safety budget. The appropriation for this program was eliminated for FY 2008-09 pending the findings of a Continuation Review.	$1,228,350	R	$1,228,350	R
46 Appropriations to Non-Public School Organizations Reduces recurring funding to the following organizations: Communities in Schools ($160,750), Schools Attuned ($820,911), ExplorNet ($300,000), Teacher Cadet ($60,000), NC Network ($312,625), Science Olympiad ($22,500), Teach for America ($50,000), NC Math & Science ($100,000), and Project Enlightenment ($200,000). Funding for the Public School Forum's administration will be reduced by 10% ($234,271) in FY 2009-10 and FY 2010-11. Additionally, the Forum's State support will be transitioned to nonrecurring funding in FY 2010-11. Additionally, the $1,500,000 in recurring funding for Literacy Coach training provided by the Teacher Academy shall be eliminated. The remaining $5,556,413 provided for the Academy's activities shall be reduced by 15% ($833,462).	($4,594,519)	R	($6,702,953) $2,108,434	R NR
E. Other Reserves and Transfers				
47 Teaching Fellows Trust Fund Reduces the cash balance of the Teaching Fellows Trust Fund on a nonrecurring basis by $5,500,000. The current cash balance of the Fund is $6.76 million. This reduction will not negatively impact program participants or operations.				
48 Children's Trust Fund Eliminates the State appropriation for this program. Other annual receipts of approximately $365,000 generated from marriage license fees will continue to support this program that awards grants to entities that support child neglect and abuse prevention initiatives. Section 10.43 of this bill will move administration of this program to the Department of Health and Human Services.	($247,500)	R	($247,500)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
49 Redirect Capital Funds to Support Public Schools through the General Fund Suspends the transfer of Corporate Income Tax funds in FY 2009-10 and FY 2010-11 to the Public School Building Capital Fund. Instead, funds will be transferred as a receipt to the State Public School Fund to temporarily offset the costs for public school operations. For FYs 2009-10 and 2010-11, General Fund appropriations will be reduced by the amount that was scheduled to be transferred to the capital accounts.	($60,500,000)	NR	($64,500,000)	NR
50 Business and Education Technology Alliance Eliminates the Fund's cash balance of $26,336 for the Business and Education Technology Alliance. A related provision, section 7.15, repeals this entity.				
51 State Literary Fund Redirects the Fund's cash balance of $411,058 for use in the School Technology Fund. This Fund has been used to provide loans to LEAs from the proceeds of certain State property sales. Only one loan has been made in the last 5 years and is currently in repayment status.				
52 Computer Revolving Loan Fund Eliminates the Computer Revolving Loan Fund and its cash balance of $120,677. A related provision, section 7.36, repeals this Fund, which was created from the Literary Loan Fund to provide loans to LEAs needing to buy equipment to implement the Uniform Education Reporting System The last loan from the Fund was made prior to FY 2004 and the last repayment of a loan was made in FY 2004.				
Total Legislative Changes	**($774,308,498)**	**R**	**($953,569,400)**	**R**
	($553,765,820)	**NR**	**($573,705,648)**	**NR**
Total Position Changes	-45.00		-70.00	
Revised Budget	**$6,917,267,509**		**$6,831,523,175**	

House Subcommittee on Education

Community Colleges

	GENERAL FUND			
	FY 09-10		FY 10-11	
Recommended Budget	**$1,072,571,152**		**$1,114,034,594**	
Legislative Changes				
A. Adjustments to Continuation Budget				
53 Adjust Continuation Budget Adjusts continuation budget to a level at or below FY 2008-09 Authorized Budget.	($67,749,918)	R	($109,213,360)	R
54 Fully Fund Enrollment Growth Provides funds to fully fund enrollment growth. According to the 2008-09 spring semester census, enrollment has increased by 15,259 full-time equivalents (or FTEs) above the 2008-09 budgeted enrollment of 201,625. This is a 7.6% increase and brings 2009-10 budgeted enrollment to 216,884. Curriculum enrollment has increased by 13,110 FTE (or 8.34%), continuing education enrollment by 1,683 FTE (or 6.70%), and basic skills enrollment by 466 FTE (or 2.41%). Estimated enrollment growth during the 2009-10 year is also fully funded with an additional appropriation of $41,126,850 in FY 2010-11. This is based on an estimated enrollment growth of 5.4% (or 11,470 FTE).	$58,068,720	R	$99,195,570	R
B. Reductions - Community College System Office				
55 Eliminate Vacant Positions and Salary Reserves Eliminates 7 vacant positions in the Community College System Office, as well as $46,192 of unused salary reserves.	($523,128) -7.00	R	($523,128) -7.00	R
56 Eliminate Filled Positions Eliminates 12 filled positions in the Community College System Office. The duties of these positions shall be eliminated or absorbed by other System Office employees. The positions are: - Special Events Coordinator - BioNetwork Grants Associate - Resource Development Coordinator - Director of Foundation Support & Alumni Affairs - Executive Assistant - Bionetwork Grants Coordinator - Library Technician - Documentation Specialist (2 positions) - IT Manager - Accounting Technician - Administrative Assistant	($835,708) -12.00	R	($835,708) -12.00	R

House Subcommittee on Education	FY 09-10		FY 10-11	
57 Move Positions to Receipt Support Reduces appropriations by shifting one Grants Administrator position to indirect cost receipts and one Education Consultant partially to proprietary school receipts. These positions oversee the activities that generate these receipts.	($85,454)	R	($85,454)	R
58 Reduce System Office Operating Budget Reduces the System Office operating budget in the following areas: - IT Contracts ($200,000), - Number of IT Training Days ($88,000), - ITS Project Management Services ($76,000), - Travel and Operating Funds for the Technology and Workforce Development Division ($71,245), - Funding for Professional Development Course ($7,500), - Travel and Operating Funds for the Academic and Student Services Division ($19,680), and - Other reductions to be identified by the System Office ($489,823).	($952,248)	R	($952,248)	R
59 Reduce 2+2 E-Learning Initiative Reduces the budget of the 2+2 E-Learning Initiative by $250,000. This reduction leaves the 2+2 E-Learning Initiative with $750,000 in recurring funds to support innovative distance learning programs.	($250,000)	R	($250,000)	R
60 Thai Entrepreneurship Fund Removes the remaining $221 from the Thai Entrepreneurship Fund in Special Fund 26800 and reduces General Fund appropriations accordingly.	($221)	NR		
C. Reductions - Colleges				
61 Management Flexibility Reduction - State Aid Reduces funds in the State Aid budget. The State Board of Community Colleges shall distribute the flexibility reduction, accounting for the unique needs of each college. Each college reduced shall have the flexibility to adjust its budget to implement this reduction, but shall not impact those activities directly involved in retraining displaced workers.	($26,800,000)	R	($31,045,230)	R
62 Maintenance of Plant Supplement Eliminates supplemental funding currently allocated to colleges with an out-of-county student population over 50% of the total student population.	($787,877)	R	($787,877)	R
63 Botanical Laboratory at Fayetteville Technical Community College Eliminates funding for the botanical laboratory at Fayetteville Technical Community College.	($300,000)	R	($300,000)	R
64 Community Service Block Grant Eliminates funding for the community service block grant, requiring all community service programs to be offered on a self-supporting basis.	($1,066,603)	R	($1,066,603)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
65 Baccalaureate Education Attainment Funds Eliminates baccalaureate education attainment funds available to community college faculty and staff to pursue and attain bachelor's degrees.	($112,751)	R	($112,751)	R
66 Faculty and Staff Development Funds Eliminates funds allocated by the State for professional development of community college faculty and staff.	($507,068)	R	($507,068)	R
67 Compensatory Education Administration Eliminates additional funds allotted to colleges for the administration of compensatory education programs. These programs provide assistance to developmentally-disabled, adult students by teaching them life-skills. Community colleges will continue to receive FTE funding for enrollment of these students.	($1,229,760)	R	($1,229,760)	R
68 Supplemental Multi-Campus Center Funds Reduces supplemental multi-campus center funds by 9% Community colleges will continue to receive FTE funding for enrollment at multi-campus sites.	($1,896,178)	R	($1,896,178)	R
69 Off-Campus Center Funds Eliminates supplemental funding for off-campus centers. Community colleges will continue to receive FTE funding for the enrollment at off-campus centers.	($1,000,000)	R	($1,000,000)	R
70 Eliminate One Virtual Learning Community Development Center Eliminates one of the five State-supported Virtual Learning Community development centers. The State Board of Community Colleges will determine which center to eliminate.	($200,000)	R	($200,000)	R
71 Reduce Funding for Library Books and Materials Reduces funding for library books and materials by 20%	($848,391)	R	($848,391)	R
72 Reduce BioNetwork Grants and Marketing Funds Reduces funds for grants and marketing of the NCCCS BioNetwork. Of the total reduction, $1,056,808 will be reduced from grants to colleges and $383,866 will be reduced from System Office marketing funds.	($1,440,675)	R	($1,440,675)	R
73 Reduce Supplemental Hearing Impaired Funding Reduces funds allotted to Wilson, Central Piedmont, and Western Piedmont Community Colleges to support the additional costs of serving hearing impaired students. These colleges will continue to receive FTE funding for the enrollment of these students.	($85,000)	R	($85,000)	R
74 Eliminate Funds for Disadvantaged Nursing Students Eliminates funds for disadvantaged nursing students. These funds currently support tutoring, NCLEX review, and instructional software.	($80,000)	R	($80,000)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
75 Regional Criminal Justice Coordinators Eliminates funds used for three regional coordinators to provide comprehensive education and training to law enforcement personnel.	($430,119)	R	($430,119)	R
76 Reduce Fire Training Coordinators Eliminates funding for 5 of the 8 Regional Fire Training Coordinators, leaving $283,275 for three remaining training coordinators. These three coordinators are to be based regionally, and supervised by the Community College System Office.	($489,018)	R	($489,018)	R
77 Public Radio Station Pass-Through Funds Eliminates pass-through funds for three public radio stations located on community college campuses: - Gaston ($191,333), - Craven ($66,333), and - Isothermal ($201,255).	($458,921)	R	($458,921)	R
78 Reduce Child Care Grants to FY 2007-08 Actual Expenditures Reduces funding for child care grants to student parents who rely on child care to pursue their studies to actual FY 2007-08 expenditures ($1,838,215).	($84,801)	R	($84,801)	R
79 Merger of Hickory Metro Higher Education Center Eliminates categorical allotment to Catawba Valley Community College for the Hickory Metro Higher Education Center (HMHEC). HMHEC offers baccalaureate and advanced degrees through partnerships with four-year public and private colleges and universities. This center has been merged with the NC Center for Engineering and Technology, also located in Hickory and offered in cooperation with the University of North Carolina. This merger centralized all public baccalaureate offerings in Hickory under UNC. The UNC portion of the budget includes the funding necessary to transfer the administration of HMHEC to Appalachian State University, the fiscal agent for UNC's Hickory Regional Partnership.	($505,834)	R	($505,834)	R
80 Small Business Center Funding Eliminates a categorical allotment to Asheville-Buncombe Technical Community College for hospitality and tourism ($54,861) and reduces each college's base allocation by $6,000 ($174,000). After these reductions, total funding for this program will be $5,527,836.	($402,861)	R	($402,861)	R
81 Reduce Customized Training Funds Reduces funding for the Customized Training program by 9% in FY 2009-10 and 9% in FY 2010-11. Total funding for the program in FY 2008-09 was $12,457,121.	($1,121,141)	R	($1,121,141)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
82 Specialized Center Regionalization Reorganizes the Textile Center of Gaston College, the Center for Emerging Manufacturing Solutions (or Hosiery Tech Center) of Catawba Valley CC, and the Haywood Regional High Tech Center of Haywood CC, and reduces funds by $1,023,133. The remaining $1,275,000 will be distributed as follows: - $525,000 to Gaston College to support East Campus in Belmont as a multi-campus center of the college, - $100,000 to Haywood CC for a high cost allocation for Haywood Regional High Tech Center, and - $650,000 to Catawba Valley CC for a regional Center for Emerging Manufacturing Solutions (CEMS) program The regional CEMS program will be headquartered in Hickory. The funding will support the core program and employees at the current CEMS site. One position will remain at the current Textile Center location, and will be used to leverage equipment and resources at the two locations to conduct testing, development, and other services as directed.	($1,023,133)	R	($1,023,133)	R
83 Eliminate Special Allotment Funding Eliminates funding for special allotments for high cost programs, including truck driving programs at Johnston and Caldwell Community Colleges, marine technology at Cape Fear Community College, and heavy equipment at Wilson Community College. Colleges will continue to receive regular FTE funding for these programs.	($1,295,428)	R	($1,295,428)	R
84 Eliminate Clerical Position from Funding Formula Eliminates one of the eight clerical positions from the institutional support base allotment funding formula for community colleges.	($2,287,752)	R	($2,287,752)	R
85 Prisoner Education Program Continuation Review Eliminates recurring funding for the prisoner education program and provides nonrecurring funds for FY 2009-10. Restoration of recurring funding in FY 2010-11 is subject to the findings of a legislative continuation review.	($32,899,715) $32,899,715	R NR	($32,899,715) $0	R NR
86 Eliminate College Transfer Courses for Dual Enrollment and Huskins Students Eliminates funding for the college transfer courses (excluding math and science) offered to dual enrollment and Huskins students. This reduction does not impact courses provided to students of Early and Middle College High Schools. In order to ensure all colleges receive full enrollment growth funding for FY 2009-10, this reduction will be treated as a management flexibility reduction in FY 2009-10. In subsequent years, this reduction will be realized in the form of reduced enrollment growth at colleges.	($14,612,950)	R	($14,612,950)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
D. Tuition and Fees				
87 Restructure Continuing Education Fee Rates Restructures continuing education fee rates. The new fee structure will consolidate the current structure from four tiers into three, based on the number of hours of class time, as follows: Classes 1-20 hours - $65, Classes 21-50 hours - $120, and Classes >50 hours - $175. Continuing education fees have not been increased since the current sliding scale was adopted in 1999. Continuing education courses are non-credit courses and are taken by students not seeking a degree.	($9,426,885)	R	($9,426,885)	R
88 Tuition Increase Increases curriculum tuition by $8 per credit hour, from $42 to $50. Tuition for full-time students will increase by a maximum of $256 per year, from $1,344 to $1,600.	($30,522,884)	R	($30,522,884)	R
89 Eliminate Senior Citizen Tuition Waiver Eliminates tuition waivers for senior citizens.	($1,316,192)	R	($1,316,192)	R
90 Minimum Payment in Lieu of Tuition Waiver Requires a minimum payment of tuition for certain populations currently receiving a full tuition waiver. For paid public safety personnel, the minimum payment will be $45 per Continuing Education course or $45 per curriculum credit hour. For other populations, the minimum payment will be $25 per course or credit hour. Section 8.11 of this bill lists all populations required to pay this minimum tuition payment.	($15,046,655)	R	($15,046,655)	R
E. Additional Adjustments				
91 Equipment and Technology Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the $31.3 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment formula.	$6,000,000 $3,000,000	R NR	$6,000,000	R
92 Restore Funding for the NC Military Business Center Restores funding to the NC Military Business Center at Fayetteville Technical Community College. The Center received non-recurring funds in FY 2008-09 while undergoing a continuation review. The Center works with communities and companies to develop and obtain federal business opportunities, including with the US military at NC military installations.	$1,250,000	R	$1,250,000	R

House Subcommittee on Education	FY 09-10		FY 10-11	
93 JobsNow Program Provides $13.5 million in additional federal receipts, transferred from the Department of Commerce, for the JobsNow program. Funds will be used to provide an infusion of instructional resources to support training activities in occupational areas that could be completed in less than 6 months.				
Total Legislative Changes	**($153,356,328)**	**R**	**($157,938,150)**	**R**
	$35,899,494	**NR**	**$0**	**NR**
Total Position Changes	-19.00		-19.00	
Revised Budget	**$955,114,318**		**$956,096,444**	

House Subcommittee on Education

UNC System

	GENERAL FUND			
	FY 09-10		FY 10-11	
Recommended Budget	**$3,026,185,255**		**$3,100,871,575**	
Legislative Changes				
A. Base Budget Adjustments				
94 Adjust Continuation Budget Adjusts continuation budget to a level at or below FY 2008-09 Authorized Budget.	($171,869,601)	R	($246,791,153)	R
95 Education Stabilization Fund Provides a two-year reduction to items that are allowable expenditures under Sec. 14004 of the ARRA to be offset by an appropriation from the federal Education Stabilization Fund.	($64,151,313)	NR	($64,151,313)	NR
96 Enrollment Growth Funds projected enrollment growth in the UNC system for FY 2009-10 as requested by the UNC Board of Governors.	$44,197,776	R	$44,197,776	R
97 Management Flexibility Reduction Mandates a management flexibility reduction for the UNC operating budget. This reduction shall not be allocated on an across-the-board basis to constituent institutions by the UNC Board of Governors. The following categories must be considered for reductions: senior and middle management positions, centers and institutes, low enrollment degree programs, faculty workload, and institutional trust fund balances.	($147,866,184)	R	($214,497,403)	R
98 Tuition Increase Increases annual tuition by the lesser of $200 or 8% at all UNC institutions in FY 2009-10. This tuition increase is applied to both resident and nonresident students at the undergraduate and graduate levels.	($34,776,301)	R	($34,776,301)	R
99 Reserve for Distance Education Reduces the Reserve for Distance Education Capacity Enhancement by 19.5%. Created in 1996, this reserve is currently being used for UNC Online efforts.	($225,872)	R	($225,872)	R
100 Reserve for Information Technology Reduces the Reserve for Information Technology Productivity and Efficiency by 16%. This reserve has been used to help 14 UNC campuses implement the Banner computer program for Finance, Human Resources, and Financial Aid.	($150,000)	R	($150,000)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
101 Strategic Initiative Reserve Reduction Reduces the UNC President's $3.3 million Strategic Initiative Reserve for two years. The Reserve is used to encourage multi-campus initiatives, take advantage of promising opportunities, and address systemwide issues and concerns.	($1,000,000)	NR	($1,000,000)	NR
102 Legislators' Schools For Leadership Development Abolished Abolishes the Legislators' Schools for Leadership Development at ECU and VCU. These programs provide summer residential programs to enhance the leadership abilities of rising eighth through eleventh graders.	($500,000) -4.00	R	($500,000) -4.00	R
103 Bowles Center for Alcohol Studies - DWI Fee Change Reduces the General Fund appropriation for the Bowles Center for Alcohol Studies by directing that the $25 DWI driver's license restoration fee be used for the Center's operating support instead of the Center's endowment fund.	($537,455)	R	($537,455)	R
104 Focused Growth Reserve Eliminated Eliminates a UNC General Administration reserve for new degree programs on Focused Growth campuses. Enrollment growth funding can be used to initiate new academic programs. This reduction does not reduce the $29.2 million in Focused Growth funds allocated to the 7 designated campuses.	($1,343,002)	R	($1,343,002)	R
105 Tuition Grant for NC Science and Math Graduates Phases out the tuition grant at UNC institutions for graduates of the North Carolina School of Science and Math beginning in FY 2011-12. All UNC students currently receiving the tuition grant and Science and Math students graduating in 2009 and 2010 will receive free tuition until college graduation.				
106 Nurse Educators of Tomorrow - Fund Balance Reduced Reverts $1 million from the fund balance in the Nurse Educators of Tomorrow scholarship-loan program. A slow start-up in this program to increase the number of nursing faculty allowed a fund balance to accrue in this nonreverting account. The increased General Fund availability will be used to fund expansion budget items.				
107 Future Teachers Scholarship-Loan Program Abolishes the Future Teachers of North Carolina Scholarship-Loan program after the graduation of the currently enrolled juniors and seniors.	($1,267,500)	R	($1,495,000)	R
108 Tuition Surcharge Increases the tuition surcharge from 25% to 50% in FY 2010-11 for students exceeding 140 credit hours for a baccalaureate degree in a four-year program or 110% of credit hours needed for a five-year baccalaureate degree.			($1,000,000)	R
109 Resident Status for Nonresident Students Repeals the resident status granted in 2005 to nonresident students on full scholarships. Campuses will no longer be reimbursed for this tuition discount.	($13,880,000)	R	($13,880,000)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
110 Faculty/Staff Tuition Waiver Reduces from three to two the number of free courses taken each year by faculty and staff in the UNC system	($700,000)	R	($700,000)	R
111 Senior Citizen Tuition Waivers Eliminates tuition waivers granted to citizens over age 65.	($300,000)	R	($300,000)	R
112 Special Talent Tuition Waiver Eliminates the special talent waiver for athletics, but keeps the tuition waiver for special talent in academics and performing arts.	($300,000)	R	($300,000)	R
113 EARN Scholarship Reduces the Education Access Rewards North Carolina Scholars Fund (EARN) grant from $4,000 to $2,000 in FY 2009-10 and eliminates the grant in FY 2010-11.			($16,225,000)	R
114 Legislative Tuition Grant Reduces the Legislative Tuition Grant from $1,950 to $1,850 per North Carolina resident student attending the state's private colleges.	($3,180,000)	R	($3,180,000)	R
115 Religious College Grant Reduces the religious college grant from $1,950 to $1,850 per North Carolina resident student attending Roanoke Bible College and the College at Southeastern.	($17,400)	R	($17,400)	R
116 Aid to Private Medical Schools Eliminates state grant to medical schools at Wake Forest University and Duke University based on the number of North Carolina residents admitted each year.	($1,461,000)	R	($1,466,000)	
117 Aid to UNC Hospitals Reduces the $46 million annual appropriation to UNC Hospitals by $10 million.	($10,000,000)	R	($10,000,000)	R
118 NC LIVE Reduces the appropriation to NC LIVE (North Carolina Libraries for Virtual Education) by 10%	($145,440)	R	($145,440)	R
119 NC Center for the Advancement of Teaching (NCCAT) Reduces funding by 15% for the North Carolina Center for the Advancement of Teaching (NCCAT). NCCAT is transferred from the UNC system to the State Board of Education by special provision.	($1,043,511)	R	($1,043,511)	R
120 NC Judicial College Reduces the $1 million state appropriation to the North Carolina Judicial College at UNC-CH's School of Government.	($250,000)	R	($250,000)	R
121 NC Center for International Understanding Reduces the operating budget for the North Carolina Center for International Understanding.	($217,578)	R	($217,578)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
122 UNC-CH Translational Medicine Program Reduces the $3.5 million state appropriation to the Translational Medicine Program at UNC-CH.	($250,000)	R	($250,000)	R
123 A+ Schools Program Eliminates the annual state appropriation for the A+ Schools Program at UNC-Greensboro.	($100,000)	R	($100,000)	R
124 UNC-CH School of Law Reduces the $2 million appropriated to the UNC-CH School of Law in 2007.	($500,000)	R	($500,000)	R
125 CFNC Teacher Recruitment Module Eliminates an annual appropriation that was granted in 2005 to create a teacher recruitment and marketing module on the CFNC website.	($25,000)	R	($25,000)	R
126 NC Model Teacher Education Consortium Reduces the operating budget for the NC Model Teacher Education Consortium	($400,000)	R	($400,000)	R
127 Gateway Technology Center Reduces the annual grant to Gateway Technology Center, Inc. in Rocky Mount by 10%	($17,700)	R	($17,700)	R
128 UNC-NCCCS E-Learning Initiative Reduces the UNC system appropriation for the UNC-NC Community College System E-Learning Initiative by 25%	($250,000)	R	($250,000)	R
129 NCSU Horticultural Program in Eastern NC Eliminates the 2008 appropriation for graduate students in the Horticultural program at NCSU's College of Agriculture and Life Sciences to perform field work in the State's coastal region.	($200,000)	R	($200,000)	R
130 Retention Pilot Programs Reduces the retention pilot programs at NCCU and FSU by 20%	($238,600)	R	($238,600)	R
131 Summer Term Teacher Education Programs Reduces the summer term teacher education pilot programs at UNC-W and FSU by 20%	($150,000)	R	($150,000)	R
132 Teacher Recruitment and Retention Reduces the appropriation made in 2007 to NCSU and UNC-CH for teacher recruitment and retention efforts.	($350,000)	R	($350,000)	R
133 Summer Performances on Roanoke Island Eliminates state funding for the UNC School of the Arts summer performances on Roanoke Island.	($482,338)	R	($482,338)	R
134 Appalachian Regional Development Institute Reduces the state appropriation to the Appalachian Regional Development Institute at ASU by 20%	($52,017)	R	($52,017)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
135 Center for Entrepreneurship Reduces the state appropriation to the Center for Entrepreneurship at ASU by 20%	($17,668)	R	($17,668)	R
136 Hubbard Center for Faculty Development Reduces the state appropriation to the Hubbard Center for Faculty Development at ASU by 20%	($55,687)	R	($55,687)	R
137 ASU Math and Science Education Center Reduces the state appropriation to the Math and Science Education Center at ASU by 20%	($108,489)	R	($108,489)	R
138 National Center for Developmental Education Reduces the state appropriation to the National Center for Developmental Education at ASU by 20%	($42,149)	R	($42,149)	R
UNC Coastal Studies Institute Reduces the state appropriation to the UNC Coastal Studies Institute at ECU	($132,800)	R	($132,800)	R
140 Academic Support and Enrichment Center Reduces the appropriation to the Academic Support and Enrichment Center at ECU	($38,386)	R	($38,386)	R
141 Center for Economic Education Eliminates the state appropriation to the Center for Economic Education at ECU	($64,278)	R	($64,278)	R
142 Center for Excellence Faculty Excellence	($87,403)		($87,403)	
143 Center for Health Disparities Research Eliminates the state appropriation to the Center for Health Disparities Research at ECU	($37,000)	R	($37,000)	R
144 Center for Natural Hazards Mitigation Research Eliminates the state appropriation to the Center for Natural Hazards Mtigation Research at ECU	($10,000)	R	($10,000)	R
145 Center for Science, Mathematics, and Technology Education Reduces the state appropriation to the Center for Mathematics, and Technology Education at ECU by 20%	($52,989)	R	($52,989)	R
146 Sustainable Resources and Resilience Project Reduces the state appropriation to the Sustainable Resources and Resilience Project (formerly the Center for Security Studies and Research) at ECU by 20%	($78,998)	R	($78,998)	R
147 Center for the Liberal Arts Eliminates the state appropriation to the Center for the Liberal Arts at ECU	($24,000)	R	($24,000)	R
148 Center on Aging Eliminates the state appropriation to the Center on Aging at ECU	($10,757)	R	($10,757)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
149 Field Station at Lake Mattamuskeet Lodge Eliminates the state appropriation to the ECU Field Station at Lake Mattamuskeet Lodge.	($3,451)	R	($3,451)	R
150 Institute for Coastal Science and Policy Reduces the state appropriation to the Institute for Coastal Science and Policy at ECU by 20%	($191,998)	R	($191,998)	R
151 Center for Sustainable Tourism Reduces the state appropriation to the Center for Sustainable Tourism at ECU by 20%	($74,915)	R	($74,915)	R
152 Pediatric Healthy Weight and Treatment Center Eliminates the state appropriation to the Pediatric Healthy Weight and Treatment Center at ECU	($14,855)	R	($14,855)	R
153 Office of Engagement, Innovation, and Economic Development Reduces the state appropriation to the Office of Engagement, Innovation, and Economic Development (formerly Regional Development Services) at ECU by 20%	($263,276)	R	($263,276)	R
154 North Carolina Agromedicine Institute Reduces the state appropriation to the North Carolina Agromedicine Institute at ECU by 20%	($58,339)	R	($58,339)	R
155 Center for Teaching Excellence Reduces the state appropriation to the Center for Teaching Excellence at ECSU by 20%	($21,818)	R	($21,818)	R
156 Center for University Teaching and Learning Reduces the state appropriation to the Center for University Teaching and Learning at NCCU by 20%	($22,788)	R	($22,788)	R
157 Juvenile Justice Institute Reduces the state appropriation to the Juvenile Justice Institute at NCCU by 20%	($51,116)	R	($51,116)	R
158 William and Ida Friday Institute for Educational Innovation Reduces the state appropriation to the William and Ida Friday Institute for Educational Innovation at NCSU by 10%	($206,716)	R	($206,716)	R
159 Water Resources Institute Reduces the state appropriation to the Water Resources Institute at NCSU by 10%	($64,026)	R	($64,026)	R
160 Institute for Emerging Issues Reduces the state appropriation to the Institute for Emerging Issues at NCSU by 10%	($56,109)	R	($56,109)	R
161 Analytical Instrumentation Facility Reduces the state appropriation to the Analytical Instrumentation Facility at NCSU by 10%	($31,300)	R	($31,300)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
162 Animal and Poultry Waste Management Center Reduces the state appropriation to the Animal and Poultry Waste Management Center at NCSU by 50%	($81,941)	R	($81,941)	R
163 Center for Chemical Toxicology and Research Pharmacokinetics Reduces the state appropriation to the Center for Chemical Toxicology and Research Pharmacokinetics at NCSU by 10%	($51,144)	R	($51,144)	R
164 Center for Environmental and Resource Economic Policy Reduces the state appropriation to the Center for Environmental and Resource Economic Policy at NCSU by 64%	($62,350)	R	($62,350)	R
165 Center for Family and Community Engagement Reduces the state appropriation to the Center for Family and Community Engagement at NCSU by 10%	($20,454)	R	($20,454)	R
166 Center for High Performance Simulation Reduces the state appropriation to the Center for High Performance Simulation at NCSU by 10%	($17,400)	R	($17,400)	R
167 Center for Integrated Fungal Research Eliminates the state appropriation to the Center for Integrated Fungal Research at NCSU	($38,100)	R	($38,100)	R
168 Center for Plant Breeding and Applied Plant Genomics Eliminates the state appropriation to the Center for Plant Breeding and Applied Plant Genomics at NCSU	($116,071)	R	($116,071)	R
169 Center for Quantitative Sciences in Biomedicine Reduces the state appropriation to the Center for Quantitative Sciences in Biomedicine at NCSU by 10%	($11,175)	R	($11,175)	R
170 Center for Research and Development in Mathematics and Science Education Reduces the state appropriation to the Center for Research and Development in Mathematics and Science Education at NCSU by 10%	($31,759)	R	($31,759)	R
171 Center for the Biology of Nematode Parasitism Eliminates the state appropriation to the Center for the Biology of Nematode Parasitism at NCSU	($64,964)	R	($64,964)	R
172 Center for Urban Affairs and Community Services Reduces the state appropriation to the Center for Urban Affairs and Community Services at NCSU by 4%	($6,089)	R	($6,089)	R
173 Encore Center for Lifelong Enrichment Eliminates the state appropriation to the Encore Center for Lifelong Enrichment at NCSU	($71,243)	R	($71,243)	R
174 Furniture Manufacturing and Management Center Reduces the state appropriation to the Furniture Manufacturing and Management Center at NCSU by 10%	($54,622)	R	($54,622)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
175 General H. Hugh Shelton Leadership Center Reduces the state appropriation to the General H. Hugh Shelton Leadership Center at NCSU by 10%	($16,857)	R	($16,857)	R
176 Institute for Statistics Eliminates the state appropriation to the Institute for Statistics at NCSU.	($833,129)	R	($833,129)	R
177 Integrated Manufacturing Systems Engineering Institute Reduces the state appropriation to the Integrated Manufacturing Systems Engineering Institute at NCSU by 10%	($21,143)	R	($21,143)	R
178 Minerals Research Laboratory Reduces the state appropriation to the Minerals Research Laboratory at NCSU by 10%	($57,000)	R	($57,000)	R
179 Nonwovens Institute and Nonwovens Cooperative Research Center Reduces the state appropriation to the Nonwovens Institute and Nonwovens Cooperative Research Center at NCSU by 10%	($34,017)	R	($34,017)	R
180 The Ergonomics Center of North Carolina Reduces the state appropriation to the Ergonomics Center of North Carolina at NCSU by 20%	($140,831)	R	($140,831)	R
181 National Environmental Modeling Analysis Center Reduces the state appropriation to the National Environmental Modeling Analysis Center at UNC-A by 26%	($171,540)	R	($171,540)	R
182 James B. Hunt, Jr. Institute for Educational Leadership and Policy Reduces the state appropriation to the James B. Hunt, Jr. Institute for Educational Leadership and Policy at UNC-CH by 20%	($271,562)	R	($271,562)	R
183 Center for Developmental Science Eliminates the state appropriation to the Center for Developmental Science at UNC-CH.	($109,345)	R	($109,345)	R
184 Highway Safety Research Center Reduces the state appropriation to the Highway Safety Research Center at UNC-CH by 20%	($108,765)	R	($108,765)	R
185 UNC Institute of Aging Reduces the state appropriation to the UNC Institute of Aging at UNC-CH by 20%	($135,725)	R	($135,725)	R
186 Ackland Art Museum Reduces the state appropriation to the Ackland Art Museum at UNC-CH by 20%	($176,583)	R	($176,583)	R
187 American Indian Center Reduces the state appropriation to the American Indian Center at UNC-CH by 20%	($35,513)	R	($35,513)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
188 Carolina Cardiovascular Biology Center Reduces the state appropriation to the Carolina Cardiovascular Biology Center at UNC-CH by 20%	($57,594)	R	($57,594)	R
189 Carolina Center for Public Service Reduces the state appropriation to the Carolina Center for Public Service at UNC-CH by 20%	($84,451)	R	($84,451)	R
190 Carolina Population Center Reduces the state appropriation to the Carolina Population Center at UNC-CH by 20%	($121,015)	R	($121,015)	R
191 Carolina Women's Center Reduces the state appropriation to the Carolina Women's Center at UNC-CH by 20%	($54,052)	R	($54,052)	R
192 Cecil G. Sheps Center for Health Services Research Reduces the state appropriation to the Cecil G Sheps Center for Health Services Research at UNC-CH by 10%	($103,740)	R	($103,740)	R
193 Center for Banking and Finance Eliminates the state appropriation to the Center for Banking and Finance at UNC-CH	($7,500)	R	($7,500)	R
194 Center for Civil Rights Reduces the state appropriation to the Center for Civil Rights at UNC-CH by 20%	($55,775)	R	($55,775)	R
195 Center for European Studies Reduces the state appropriation to the Center for European Studies at UNC-CH by 20%	($98,806)	R	($98,806)	
196 Center for Infectious Diseases Reduces the state appropriation to the Center for Infectious Diseases at UNC-CH by 20%	($27,697)	R	($27,697)	R
197 Center for Mathematics and Sciences Education Reduces the state appropriation to the Center for Mathematics and Sciences Education at UNC-CH by 20%	($98,330)	R	($98,330)	R
198 Center for Slavic, Eurasian, and East European Studies Reduces the state appropriation to the Center for Slavic, Eurasian, and East European Studies at UNC-CH by 20%	($27,049)	R	($27,049)	R
199 Center for Faculty Excellence Reduces the state appropriation to the Center for Faculty Excellence (formerly the Center for Teaching and Learning) at UNC-CH by 10%	($100,000)	R	($100,000)	R
200 Center for the Study of the American South Reduces the state appropriation to the Center for the Study of the American South at UNC-CH by 20%	($135,283)	R	($135,283)	R
201 Center for Urban and Regional Studies Reduces the state appropriation to the Center for Urban and Regional Studies at UNC-CH by 20%	($73,986)	R	($73,986)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
202 Center on Poverty, Work, and Opportunity Reduces the state appropriation to the Center on Poverty, Work, and Opportunity at UNC-CH by 20%	($18,142)	R	($18,142)	R
203 Clinical Nutrition Research Center Reduces the state appropriation to the Clinical Nutrition Research Center at UNC-CH by 20%	($2,369,262)	R	($2,369,262)	R
204 Developmental Disabilities Training Institute Reduces the state appropriation to the Developmental Disabilities Training Institute at UNC-CH by 20%	($58,690)	R	($58,690)	R
205 Frank Porter Graham Child Development Center Reduces the state appropriation to the Frank Porter Graham Child Development Center at UNC-CH by 13%	($302,383)	R	($302,383)	R
206 Gene Therapy Center Eliminates the state appropriation to the Gene Therapy Center at UNC-CH	($87,293)	R	($87,293)	R
207 Injury Prevention Research Center Reduces the state appropriation to the Injury Prevention Research Center at UNC-CH by 4%	($5,041)	R	($5,041)	R
208 Institute of Marine Sciences Reduces the state appropriation to the Institute of Marine Sciences at UNC-CH by 20%	($370,675)	R	($370,675)	R
209 Institute of Outdoor Drama Eliminates the state appropriation to the Institute of Outdoor Drama at UNC-CH	($91,259)	R	($91,259)	R
210 Neurodevelopmental Disorders Research Center Reduces the state appropriation to the Neurodevelopmental Disorders Research Center at UNC-CH by 20%	($38,284)	R	($38,284)	R
211 North Carolina Botanical Garden Reduces the state appropriation to the North Carolina Botanical Garden at UNC-CH by 12%	($150,000)	R	($150,000)	R
212 Howard W. Odum Institute for Research in Social Science Reduces the state appropriation to the Howard W Odum Institute for Research in Social Science at UNC-CH by 20%	($249,472)	R	($249,472)	R
213 Renaissance Computing Institute Reduces the state appropriation to the Renaissance Computing Institute at UNC-CH by 20%	($1,959,288)	R	($1,959,288)	R
214 North Carolina Institute for Public Health Reduces the state appropriation to the North Carolina Institute for Public Health at UNC-CH by 10%	($372,479)	R	($372,479)	R
215 Thurston Arthritis Research Center Reduces the state appropriation to the Thurston Arthritis Research Center at UNC-CH by 20%	($36,157)	R	($36,157)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
216 Institute for the Arts and Humanities Reduces the state appropriation to the Institute for the Arts and Humanities at UNC-CH by 11%	($19,830)	R	($19,830)	R
217 Center for International Studies Reduces the state appropriation to the Center for International Studies at UNC-CH by 20%	($42,604)	R	($42,604)	R
218 Institute for the Study of the Americas Reduces the state appropriation to the Institute for the Study of the Americas (formerly Institute for Latin American Studies) at UNC-CH by 24%	($54,551)	R	($54,551)	R
219 William and Ida Friday Center for Continuing Education Reduces the state appropriation to the William and Ida Friday Center for Continuing Education at UNC-CH	($200,000)	R	($200,000)	R
220 Center for Biomedical Engineering Systems Reduces the state appropriation to the Center for Biomedical Engineering Systems at UNC-C by 20%	($10,668)	R	($10,668)	R
221 Center for Professional and Applied Ethics Reduces the state appropriation to the Center for Professional and Applied Ethics at UNC-C by 72%	($120,155)	R	($120,155)	R
222 Center for Real Estate Eliminates the state appropriation to the Center for Real Estate at UNC-C	($90,399)	R	($90,399)	R
223 Global Institute for Energy and Environmental Systems Eliminates the state appropriation to the Global Institute for Energy and Environmental Systems at UNC-C	($56,985)	R	($56,985)	
224 Urban Institute Reduces the state appropriation to the Urban Institute at UNC-C by 20%	($85,737)	R	($85,737)	R
225 Center for Transportation Policy Studies Reduces the state appropriation to the Center for Transportation Policy Studies at UNC-C by 20%	($26,484)	R	($26,484)	R
226 Center for Business and Economic Research Reduces the state appropriation to the Center for Business and Economic Research (formerly the Center for Applied Research) at UNC-G by 20%	($21,748)	R	($21,748)	R
227 Center for Critical Inquiry in the Liberal Arts Eliminates the state appropriation to the Center for Critical Inquiry in the Liberal Arts at UNC-G	($103,453)	R	($103,453)	R
228 Center for Educational Studies and Development Eliminates the state appropriation to the Center for Educational Studies and Development at UNC-G	($28,195)	R	($28,195)	R

House Subcommittee on Education	FY 09-10		FY 10-11	
229 Center for Women's Health and Wellness Reduces the state appropriation to the Center for Women's Health and Wellness at UNC-G by 20%	($21,653)	R	($21,653)	R
230 Family Research Center Eliminates the state appropriation to the Family Research Center at UNC-G	($23,562)	R	($23,562)	R
231 UNC Exchange Program Reduces the state appropriation to the UNC Exchange Program at UNC-G by 20%	($29,127)	R	($29,127)	R
232 Regional Center for Economic, Community, and Professional Development Reduces the state appropriation to the Regional Center for Economic, Community, and Professional Development at UNC-P by 20%	($8,645)	R	($8,645)	R
233 Center for Math and Science Education Reduces the state appropriation to the Center for Math and Science Education at WCU by 20%	($34,381)	R	($34,381)	R
234 ML Coulter Faculty Center Reduces the state appropriation to the ML Coulter Faculty Center at WCU by 20%	($44,773)	R	($44,773)	R
235 Center for Community Safety Reduces the state appropriation to the Center for Community Safety at WSSU by 20%	($23,969)	R	($23,969)	R
236 Maya Angelou Institute Reduces the state appropriation to the Maya Angelou Institute at WSSU by 20%	($31,440)	R	($31,440)	R
237 Center for Design Innovation Reduces the state appropriation to the Center for Design Innovation at WSSU and UNC-SA by 20%	($100,000)	R	($100,000)	R
238 NCSU Millennium Seminar Program Eliminates state funding for the Millennium Seminar Program at NCSU	($105,000)	R	($105,000)	R
B. Additional Adjustments				
239 UNC Need-Based Aid Increases the UNC Need-Based Student Financial Aid Program to accommodate growth in eligible students and to hold current recipients harmless from increases in cost of attendance. There is $116.4 million appropriated from the Escheats Fund for the program	$23,397,311	R	$23,397,311	R
240 Hickory Regional Partnership Transfers funding from Community College System to ASU to administer the newly merged Hickory Metro Higher Education Center and the NC Center for Engineering and Technology.	$250,000	R	$250,000	R

House Subcommittee on Education	FY 09-10		FY 10-11	
Total Legislative Changes	**($338,199,107)**	**R**	**($497,209,378)**	**R**
	($65,151,313)	**NR**	**($65,151,313)**	**NR**
Total Position Changes	-4.00		-4.00	
Revised Budget	**$2,622,834,835**		**$2,538,510,884**	

House Pages

Name of Committee: Approps Education Date: 6/10/09

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: Carlton Adams

2. Name: Ken Burroughs

Charles Williams

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Monday, June 29, 2009**

TIME: **Immediately After Session**

LOCATION: **Rep. Rapp's Desk**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

BILL NO.	SHORT TITLE	SPONSOR
SB 689	Modify DPI/SBE Reporting Requirements	Sen. Stevens

Respectfully,
Representative Rapp
Representative Glazier
Representative McLawhorn
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **3:00P.M.** on **June 26, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Monday, June 29, 2009

The House Appropriations Subcommittee on Education met around Representative Rapp's desk immediately after session on Monday, June 29, 2009. Representative Ray Rapp, Co-Chair, presided over the meeting, which was called to order at 8:37 p.m. The following House members were present: Representatives Glazier and McLawhorn, Co-Chairs, Representatives Bell, Blackwell, Johnson, Lucas, Parmon, Tarleton, and Wiley.

The Chair recognized Representative Tarleton to briefly explain the proposed committee substitute for SB 689, AN ACT TO MODIFY THE REPORTING REQUIREMENTS FOR THE DEPARTMENT OF PUBLIC INSTRUCTION AND THE STATE BOARD OF EDUCATION AND TO CLARIFY THE LAW REGARDING BUILDING CODE STANDARDS FOR BUILDINGS USED BY HIGH SCHOOL STUDENTS ATTENDING CLASSES ON COLLEGE OR UNIVERSITY CAMPUSES.

There being no questions or discussion, Representative Lucas moved for a favorable report as to the committee substitute, unfavorable as to the original bill. The motion passed by a voice vote. A copy of the committee substitute is attached.

With there being no further business, the meeting adjourned at 8:39 p.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

S D

SENATE BILL 689
PROPOSED HOUSE COMMITTEE SUBSTITUTE S689-PCS35350-RJ-31

Short Title: Modify DPI Reptg. Reqts./Bldg. Code/High Sc. (Public)

Sponsors:

Referred to:

March 24, 2009

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE REPORTING REQUIREMENTS FOR THE DEPARTMENT OF PUBLIC INSTRUCTION AND THE STATE BOARD OF EDUCATION AND TO CLARIFY THE LAW REGARDING BUILDING CODE STANDARDS FOR BUILDINGS USED BY HIGH SCHOOL STUDENTS ATTENDING CLASSES ON COLLEGE OR UNIVERSITY CAMPUSES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Section 7.17 of S.L. 2007-323 is repealed.

SECTION 1.(b) Section 7.8 of S.L. 2008-107 reads as rewritten:

"**SECTION 7.8.** The State Board of Education shall allot funds for mentoring services to local school administrative units based on the highest number of employees in the preceding three school years who (i) are paid with State, federal, or local funds and (ii) are either teachers paid on the first or second steps of the teacher salary schedule or instructional support personnel paid on the first step of the instructional support personnel salary schedule.

Local school administrative units shall use these funds to provide mentoring support to eligible employees in accordance with a plan approved by the State Board of Education. The plan shall include information on how all mentors in the local school administrative unit will be adequately trained to provide mentoring support. The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to January 15 of each year on the use of funds for mentoring services. The report shall include, at a minimum, the impact of each unit's mentoring program on teacher retention and how all mentors in the unit are trained."

SECTION 2. Section 7.22 of S.L. 2004-124 is repealed.

SECTION 3. G.S. 115C-238.55 reads as rewritten:

"**§ 115C-238.55. Evaluation of programs.**

The State Board of Education and the governing Boards shall evaluate the success of students in programs approved under this Part. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in and graduated from the programs. ~~Beginning October 15, 2005, and annually thereafter, the~~ The Boards shall jointly report by January 15 of each year to the Joint Legislative Education Oversight Committee on the evaluation of these programs. ~~If, by October 15, 2006, the Boards determine any or all of these programs have been successful, they shall jointly develop a prototype plan for similar programs that could be expanded across the State. This plan shall be~~

~~included in their report to the Joint Legislative Education Oversight Committee that is due by October 15, 2007.~~"

SECTION 4. G.S. 115C-12 reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(21) Duty to Monitor Acts of School Violence. – The State Board of Education shall monitor and compile an annual report on acts of violence in the public schools. The State Board shall adopt standard definitions for acts of school violence and shall require local boards of education to report them to the State Board in a standard format adopted by the State Board. The State Board shall submit its report on acts of violence in the public schools to the Joint Legislative Education Oversight Committee by March 15 of each year.

...

(27) Reporting Dropout Rates, Suspensions, Expulsions, and Alternative Placements. – The State Board shall report ~~annually~~ by March 15 of each year to the Joint Legislative Education Oversight Committee ~~and the Commission on Improving the Academic Achievement of Minority and At-Risk Students~~ on the numbers of students who have dropped out of school, been suspended, been expelled, or been placed in an alternative program. The data shall be reported in a disaggregated manner and be readily available to the public. The State Board shall not include students that have been expelled from school when calculating the dropout rate. The Board shall maintain a separate record of the number of students who are expelled from school.

...."

SECTION 5. G.S. 116-43.15 reads as rewritten:

"**§ 116-43.15. Use of college or university facilities by public school students pursuant to cooperative programs.**

The existing facilities of any constituent institution of The University of North Carolina and the existing facilities of any private college or university licensed in accordance with G.S. 116-15 that comply with ~~applicable State, county, and local fire codes~~ the North Carolina State Building Code and applicable local ordinances for those facilities may be used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs. Designs for new facilities of any constituent institution of The University of North Carolina and new facilities of any private college or university licensed in accordance with G.S. 116-15 that comply with the North Carolina State Building Code and applicable local ordinances for those facilities may be used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs.

For the purpose of establishing Use and Occupancy Classifications, these programs shall be considered 'Business – Group B' in the same manner as other college and university uses."

SECTION 6. Section 7.10 of S.L. 2003-284 is repealed.

SECTION 7. This act is effective when it becomes law.

MINUTES
JOINT APPROPRIATION
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Wednesday, July 22, 2009, 8:35 a.m.

The House Appropriation Subcommittee on Education met on Wednesday, July 22, 2009, in Room 421 of the Legislative Building at 8:35 a.m. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn, Co-Chair, Representatives Lucas, Parmon, Tarleton, Blackwell, Hilton, Holloway, Yongue, Tolson and Wiley. Members of the Education Fiscal Research Division were also in attendance. The following are attached and made part of these minutes: House Page Roster and Visitor Registration Sheet.

Chairman Rapp called the meeting to order and welcomed everyone. Chairman Rapp briefly introduced H 137, the subject matter to be covered during the committee meeting: and recognized Rep. Verla Insko to present the H137 **(Attachment #1)** and the Bill Summary of H137 **(Attachment #2).**

Chairman Rapp recognized Rep. Stam, who asked the committee to consider sending the bill to JPS. Rep. Insko stated the bill facts supported the bill to remain in Education Appropriation **(Attachment #3).**

Following the presentation, there was questions/answers and discussion. **Colin Willoughby, Wake County District Attorney**, spoke on the bill and said the DA Association did not support the bill because of vague language and definitions in the bill text. **Thomas Maher, Executive Director, NC Office of Indigent Defense Services**, spoke on the bill and supported it, stating it mirrored the mental retardation bill in many respects.

Rep. Blackwell offered an amendment to tighten up the bill language **(Attachment #4).** Research staff member, Hall Pell, stated the amendment did nothing to affect the bill either way, and the original language was sufficient, too.

Chairman Rapp called for a voice vote for the Blackwell amendment; the amendment passed unanimously.

The meeting adjourned at 9:45 a.m.

Respectfully submitted,

Representative Rick Glazier
Chair

Carin Savel
Committee Assistant

Attachment #1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

H D

HOUSE BILL 137*
Committee Substitute Favorable 7/14/09
PROPOSED COMMITTEE SUBSTITUTE H137-CSLH-20 [v.3]

7/21/2009 9:27:02 AM

Short Title: Capital Procedure/Severe Mental Disability. (Public)

Sponsors:

Referred to:

February 12, 2009

A BILL TO BE ENTITLED

AN ACT TO AMEND THE CAPITAL TRIAL, SENTENCING, AND POST-CONVICTION PROCEDURES FOR A PERSON WITH A SEVERE MENTAL DISABILITY AND TO AUTHORIZE THE USE OF CERTAIN FUNDS TO PROVIDE JUDICIAL TRAINING WITH REGARD TO THE LEGAL REQUIREMENTS OF THESE PROCEDURES.

Whereas, leading State and national mental health organizations have called for a prohibition on imposition of the death penalty for persons with a severe mental disability at the time of the commission of the crime; and

Whereas, specifically, the American Psychological Association, the American Psychiatric Association, and the National Alliance on Mental Illness have all called for the exclusion of persons with a severe mental disability from the imposition of the death penalty; and

Whereas, the American Bar Association recently endorsed the call for the end of the death penalty for persons with a severe mental disability; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Article 100 of Chapter 15A of the General Statutes is amended by adding a new section to read:

"**§ 15A-2007. Defendant with severe mental disability; death sentence prohibited.**

(a) Definition. – For purposes of this section, the term "severe mental disability" means any mental disability or defect that significantly impairs a person's capacity to do any of the following: (i) appreciate the nature, consequences, or wrongfulness of the person's conduct; (ii) exercise rational judgment in relation to conduct; or (iii) conform the person's conduct to the requirements of the law. A mental disability manifested primarily by repeated criminal conduct or attributable solely to the acute effects of alcohol or other drugs does not, standing alone, constitute a severe mental disability for purposes of this section.

(b) Death Penalty Prohibited for Defendant with Severe Mental Disability at Time of Commission of Criminal Offense. – Notwithstanding any provision of law to the contrary, no defendant who had a severe mental disability at the time of the commission of the criminal offense shall be sentenced to death.

(c) Pretrial Hearing to Determine Severe Mental Disability. – Upon motion of the defendant, supported by appropriate affidavits, the court shall order a pretrial hearing to determine if the defendant had a severe mental disability at the time of the commission of the offense. The defendant has the burden of production and persuasion to demonstrate by clear

and convincing evidence that the defendant had a severe mental disability at the time of the criminal offense. If the court determines that the defendant had a severe mental disability at the time of the criminal offense, the court shall declare the case noncapital, and the State shall not seek the death penalty against the defendant.

(d) Pretrial Determination Does Not Affect Legal Defenses. – The pretrial determination of the court shall not preclude the defendant from raising any legal defense during the trial.

(e) Procedure at Sentencing Hearing Regarding Determination of Severe Mental Disability. – If the court does not find in the pretrial proceeding that the defendant had a severe mental disability at the time of the commission of the criminal offense, the defendant may introduce evidence during the sentencing hearing regarding the disability. If, during the sentencing hearing, the defendant introduces evidence regarding the disability, the court shall submit a special issue to the jury as to whether the defendant had a severe mental disability at the time of the commission of the criminal offense. These special issues shall be considered and answered by the jury prior to the consideration of aggravating or mitigating factors and the determination of sentence. If the jury determines that the defendant had a severe mental disability at the time of the commission of the criminal offense, the court shall declare the case noncapital, and the defendant shall be sentenced to life imprisonment without parole.

(f) Burden of Production and Persuasion. – The defendant has the burden of production and persuasion to demonstrate to the jury by a preponderance of the evidence that the defendant had a severe mental disability at the time of the commission of the criminal offense.

(g) Jury Consideration of Severe Mental Disability. – If the jury determines that the defendant did not have a severe mental disability as defined by this section at the time of the commission of the criminal offense, the jury may consider any evidence of the disability presented during the sentencing hearing when determining mitigating factors and the defendant's sentence.

(h) Penalties that May Be Imposed on Convicted Defendant with a Severe Mental Disability. – The provisions of this section do not preclude the sentencing of an offender who has a severe mental disability as defined by this section to any other sentence authorized by G.S. 14-17 for the crime of murder in the first degree."

SECTION 2. G.S. 15A-2000(b) reads as rewritten:

"(b) Sentence Recommendation by the Jury. – Instructions determined by the trial judge to be warranted by the evidence shall be given by the court in its charge to the jury prior to its deliberation in determining sentence. The court shall give appropriate instructions in those cases in which evidence of the defendant's mental retardation requires the consideration by the jury of the provisions of G.S. 15A-2005. The court shall also give appropriate instructions in those cases in which evidence of the defendant's severe mental disability requires the consideration by the jury of the provisions of G.S. 15A-2007. In all cases in which the death penalty may be authorized, the judge shall include in his instructions to the jury that it must consider any aggravating circumstance or circumstances or mitigating circumstance or circumstances from the lists provided in subsections (e) and (f) which may be supported by the evidence, and shall furnish to the jury a written list of issues relating to such aggravating or mitigating circumstance or circumstances.

After hearing the evidence, argument of counsel, and instructions of the court, the jury shall deliberate and render a sentence recommendation to the court, based upon the following matters:

(1) Whether any sufficient aggravating circumstance or circumstances as enumerated in subsection (e) exist;

(2) Whether any sufficient mitigating circumstance or circumstances as enumerated in subsection (f), which outweigh the aggravating circumstance or circumstances found, exist; and

(3) Based on these considerations, whether the defendant should be sentenced to death or to imprisonment in the State's prison for life.

The sentence recommendation must be agreed upon by a unanimous vote of the 12 jurors. Upon delivery of the sentence recommendation by the foreman of the jury, the jury shall be individually polled to establish whether each juror concurs and agrees to the sentence recommendation returned.

If the jury cannot, within a reasonable time, unanimously agree to its sentence recommendation, the judge shall impose a sentence of life imprisonment; provided, however, that the judge shall in no instance impose the death penalty when the jury cannot agree unanimously to its sentence recommendation."

SECTION 3. Article 100 of Chapter 15A of the General Statutes is amended by adding a new section to read:

"**§ 15A-2008. Request for postconviction determination of severe mental disability.**

In cases in which the defendant has been convicted of first degree murder, sentenced to death, and is in custody awaiting imposition of the death penalty, the following procedures apply:

(1) Notwithstanding any other provision or time limitation contained in Article 89 of Chapter 15A of the General Statutes, a defendant may seek appropriate relief from the defendant's death sentence upon the ground that the defendant had a severe mental disability, as defined in G.S. 15A-2007(a), at the time of the commission of the capital crime.

(2) A motion seeking appropriate relief from a death sentence on the ground that the defendant had a severe mental disability at the time of the commission of the capital crime, shall be filed:

a. On or before April 1, 2010, if the defendant's conviction and sentence of death were entered prior to December 1, 2009.

b. Within 150 days of the imposition of a sentence of death, if the defendant's trial was in progress on December 1, 2009. For purposes of this section, a trial is considered to be in progress if the process of jury selection has begun.

(3) The motion, seeking relief from a death sentence upon the ground that the defendant had a severe mental disability, shall comply with the provisions of G.S. 15A-1420. The procedures and hearing on the motion shall follow and comply with G.S. 15A-1420. Upon motion of the defendant, supported by appropriate affidavits, the court shall order a hearing to determine if the defendant had a severe mental disability at the time of the commission of the offense.

(4) If the court determines that the defendant had a severe mental disability at the time of the commission of the criminal offense, the death sentence shall be vacated and the defendant shall be sentenced to life imprisonment without parole."

SECTION 4. Of the funds appropriated to the Board of Governors of The University of North Carolina for the North Carolina Judicial College for the 2009-2010 fiscal year, the School of Government at the University of North Carolina at Chapel Hill may use up to the sum of ten thousand dollars ($10,000) for the 2009-2010 fiscal year for the purpose of providing superior court judges with information and training on the requirements of this act.

SECTION 5. Sections 1 and 2 of this act become effective December 1, 2009, and apply to trials docketed to begin on or after that date. Section 3 of this act becomes effective December 1, 2009, and expires December 1, 2010. Section 4 of this act becomes effective July 1, 2009. Section 5 of this act is effective when it becomes law.

Attachment #2

HOUSE BILL 137:
Capital Procedure/Severe Mental Disability

2009-2010 General Assembly

Committee:	House Appropriations	**Date:**	July 21, 2009
Introduced by:	Reps. Insko, Harrison, Womble, Luebke	**Prepared by:**	Hal Pell Staff Attorney
Analysis of:	PCS to Second Edition H137-CSLH-20		

SUMMARY: ***This act would create new criminal trial and appellate procedures for capital defendants claiming a severe mental disability at the time of the offense, and authorizes the use of funds for judicial training. The trial procedures would be effective for trials docketed on or after December 1, 2009. The act would have retroactive application for defendants convicted, or whose trials had commenced, prior to the effective date.***

[As introduced, this bill was identical to S309, as introduced by Sen. Kinnaird, which is currently in Senate Judiciary I.]

CURRENT LAW:

- Defendants may submit evidence related to "mental capacity" or "mental condition" in capital cases. If the defendant proves mental retardation, then the offense may not be prosecuted as a capital case.
- Evidence relating to mental capacity may be submitted as a complete defense (not guilty by reason of insanity); as proof of diminished capacity such that the defendant could not form the required state of mind to commit the offense; and as matters in mitigation on sentencing.
- In order for a defendant to be found not guilty by reason of insanity, he or she must prove that at the time of the act, he or she was:
  - (1) Laboring under such a defect of reason caused by disease or a deficiency of the mind, that
  - (2) He or she was incapable of knowing the nature and quality of the act, or (if he or she did know the nature and quality of the act), that
  - (3) He or she was incapable of distinguishing right from wrong in relation to the act.
- At the sentencing stage of a capital trial, the prosecution presents aggravating circumstances to the jury for consideration. The defense presents circumstances in mitigation of the offense. If the jury finds
  - (1) Aggravating factors (proven by the State beyond a reasonable doubt) are sufficiently substantial to call for the death penalty, outweigh
  - (2) Mitigating factors (proved by a preponderance of the evidence by the defense), then the jury may impose the death penalty.
- Two statutory mitigating factors relate to the defendant's mental condition at the time of the offense:
  - (1) The capital felony was committed while the defendant was under the influence of mental or emotional disturbance.

(2) The capacity of the defendant to appreciate the criminality of his conduct or to conform his conduct to the requirements of the law was impaired.

BILL ANALYSIS:

Section 1:

- This section provides that if a defendant who is charged with first degree murder establishes that he or she suffered from a severe mental disability at the time of the offense, then the defendant is ineligible to receive the death penalty and the sentence imposed upon conviction for the offense must be life imprisonment without parole.
- The section sets out definitions, and establishes the procedures for a capital defendant alleging severe mental disability. A severe mental disability means:

  Any mental disability or defect that significantly impairs a person's capacity to do any one of the following:

  (1) Appreciate the nature, consequences, or wrongfulness of the conduct.

  (2) Exercise rational judgment in relation to conduct.

  (3) Conform the person's conduct to the requirements of the law.
- The law would provide that a mental disability that is manifested by (1) repeated criminal conduct, or (2) attributable solely to alcohol or drug use, does not (by itself) constitute a severe mental disability.
- The motion would be heard upon a defendant's request at a pretrial hearing, with the defendant having the burden of proving, by clear and convincing evidence, a severe mental disability existed at the time of the offense. If the court finds that the defendant has met the burden, then the case would be non-capital.
- If the court rules against the defendant at the pretrial hearing, then the defendant may present evidence during the sentencing hearing on the issue. The court must then instruct the jury that if it finds that the defendant has proven, by a preponderance of the evidence, that a severe mental disability existed, then the case will be noncapital, and the defendant would receive a life sentence. If the jury does not find a severe mental disability, it may consider any evidence presented when determining mitigating factors.

Section 2: Makes conforming changes to the capital sentencing statutes.

Section 3: Provides for the application of the act to cases decided or tried prior to the effective date, by filing of a Motion for Appropriate Relief. Current procedures for MAR's would apply, and the deadlines would be as follows:

- On or before April 1, 2010, if the conviction and death sentence were entered prior to the effective date of the Act.
- Within 150 days of the imposition of the sentence, if the defendant's trial was in progress on the effective date of the Act. A trial would be considered to be in progress if the jury selection process had begun.

Current procedures for MAR's include extensions of time to file upon good cause shown.

Section 4: Authorizes the School of Government at the University of North Carolina at Chapel Hill to use up to $10,000 for training Superior Court judges in the requirements of the act. The funds are from

the funds appropriated to the Board of Governors of the University of North Carolina, for the use of the North Carolina Judicial College.

EFFECTIVE DATE: Sections 1 and 2 of the act would be effective December 1, 2009. Section 3 would be effective December 1, 2009, and expire on December 1, 2010. Section 4 is effective July 1, 2009. Section 5 is effective when the act becomes law.

H137-SMRK-181(CSLH-20) v1

Attachment #3

Potential Savings of Pretrial Provisions of H137

Litigating mental health issues before trial would save the State the costs of both a pital trial and direct and post-conviction appeals. AOC and IDS are in general agreement out the cost of a pre-trial hearing.

AOC estimates the cost per hearing will be:	$3,962.00
IDS estimates the cost per hearing will be:	$3,789.00
Total cost per hearing:	$7,651.00
Cost of trial saved:	$200,000.00 (at least)*
Cost of appeals avoided	$250,000.00 (at a minimum – see below)
Total savings per case (at a minimum):	**$442,349.00**

**IDS figures show that 5% of capital trials cost $200,000 - $300,000 and 5% of trials cost more than $300,000. Trials with complicated mental health issues would be among the most costly of trials because complex mental health issues require more attorney time, more court time, and additional expert assistance.*

Mental Retardation Cases Illustrate Potential Pretrial Savings

The savings to the State of North Carolina under the mental retardation bill passed in 2001 illustrates the potential savings under H137. Between 2001 and 2008, 40 defendants requested a hearing on mental retardation. Of these 40 defendants, 30 entered into a plea with the State, thus eliminating the need for a hearing and preventing all state funded appeals. Of the 10 who had a hearing, 7 became non-capital and 3 proceeded to trial.
› original number of 40 capital cases proceeding to trial was cut down to 3. According to
, capital cases are at least 3 times more expensive than non capital cases.

SAVINGS FOR NORTH CAROLINA RESULTING FROM THE MENTAL RETARDATION BILL

30 cases times $61,000*	$ 1,830,000
7 cases times $80,000*	$ 560,000
Total Savings	**$ 2,390,000**

**Capital murder cases resolved by a plea save the State approximately $61,000 each. Capital murder cases which are tried non-capitally save the State at least $80,000 each. This projected savings does not include the significant savings in appeals avoided when the defendant pleads guilty or receives a life sentence.*

Potential Savings of Post Conviction Appeals **

- IDS estimates a cost of **$3,780** per hearing, and AOC estimates a cost of **$6,660** per hearing. DOJ estimates a cost of more than **$13,000 – $25,000** per hearing for experts alone, plus 30 full days of staff/attorney time. Either AOC or DOJ would represent the State at the hearing.
- Savings will depend on where the case is in the appeals process:
  - 1 case on direct appeal ($250,000 + $80,000) **$330,000**
  - 1 case in early stage review ($200,000 + $80,000) **$280,000**
  - 1 case in late stage review **$80,000**
- For every case that becomes non-capital, the State would save a considerable amount of money.

***A 1993 Duke study found the average cost of post conviction litigation was $250,000 and $80,000 for successor litigation/clemency.*

Attachment #4

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 137-CSLH-20 DATE _____

S. B. No. _____ Amendment No. _____ (to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Blackwell
(Sen.)

moves to amend the bill on page 1, line 21

( ) WHICH CHANGES THE TITLE

by ~~inserting~~ deleting "conduct;" and substituting "conduct in the criminal offense;"; and

on page 1, line 22, by deleting "~~to conduct;~~" substituting "to the criminal offense;";

on page 1, line 23, by inserting immediately before the period on that line the phrase "in connection with the criminal offense"; and

~~on page 1, line 28, by inserting immediately after "defendant" the phrase "~~

on page 1, line 28, by deleting "who had a Severe ~~mental~~ disability" and substituting "who was under the influence of a severe mental disability".

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 137-CSLH-20 DATE 7-22-09

S. B. No. _____ Amendment No. _____ (to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Sen.) Blackwell

moves to amend the bill on page 1, line 21

( ) WHICH CHANGES THE TITLE

by ~~inserting~~ deleting "conduct;" and substituting "conduct in the criminal offense;"; and

on page 1, line 22, by deleting "to conduct;" and substituting "to the criminal offense;"; and

on page 1, line 23, by inserting immediately before the period on that line the phrase "in connection with the criminal offense"; and

~~on page 1, line 28, by inserting immediately after "defendant" the phrase "or"~~

on page 1, line 28, by deleting "who had a severe (mental) disability" and substituting "who was under the influence of a severe mental disability";

and on page 1, line 22, by ~~inserting immediately after~~ deleting "conduct" and substituting "conduct in relation to the criminal offense"

SIGNED _____

ADOPTED ✓ FAILED _____ TABLED _____

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

2009 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:

By Representative(s) Glazier, McLawhorn, Rapp (Chairs) for the Appropriations Subcommittee on Education.

☐Committee Substitute # 2 for
HB 137 A BILL TO BE ENTITLED AN ACT TO AMEND THE CAPITAL TRIAL, SENTENCING, AND POST-CONVICTION PROCEDURES FOR A PERSON WITH A SEVERE MENTAL DISABILITY.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Representative Michaux, Adams, Alexander, Crawford, Haire, Jeffus, Tolson, Yongue (Chairs) for the Standing Committee on Appropriations.

☒With a favorable report as to the committee substitute bill # 2, which changes the title, unfavorable as to Committee Substitute Bill # 1.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

VISITOR REGISTRATION SHEET

House APPR. Ed — 6-10-09

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David Anders	PTFPNC
[illegible]	PSFPNC
Chris Minard	State Bd of Ed
Jim Stegall	U.C.P.S.
[illegible] Joyce	NCASA
Emily Doyle	NCAPA
Ann Muddock	Gov's Office
Donald Bamnger	Gov's Office
Jay Schalin	Pope Center
Richard O'Brien	PFFPNC
Karen Gale	NBPTS

VISITOR REGISTRATION SHEET

House APPROP 6-10-09

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Allison Waller	Charlotte Chamber
Patrick Buffkin	
Jim Dohm	BSA
Connie Wilson	CWC, Inc
Tess	Rep. Dorothy Young
conor brockett	ncsba
Joel MAHARD	CMS
Mark Teague	UCPAA
Chuck William	NCGA
Gene Causby	NCSCA
Donald Ragsdale	DFPWC

VISITOR REGISTRATION SHEET

House Agric Ed — 6-10-09

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Christen R. Metcalf	WCC
Paul Y. Johnson	IMPact
Lane Wimmer	NCSBA
Cecil Banks	NCAE
Anita Watkins	UNC GA
Robin Braunhorn	ASU
Erin Schweitzer	UNC GA
Joyce Wallace	OSBM
Will Culpepper	Moore + Van Allen
Scott Mooney	The Insider
Kevin Fitzgerald	VNC

VISITOR REGISTRATION SHEET

House APPROP | 6-10-09

Name of Committee | **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Maureen Murrell	Autism Society of NC
Rebecca Tinder	NCACC
John Bardo	WCCC
Karen Bryd	NCCCS
Jennifer Willis	"
Jennifer Haygood	"
Rebecca Garland	DPI
Philip Price	DPI
Darnell Boyd	Rep. Adams
David Bonar	Mmm
John Mattox	Fayetteville State University

VISITOR REGISTRATION SHEET

6-10-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dianne Lynch	Western Carolina University
	GNC

VISITOR REGISTRATION SHEET

House Approp Ed — 7-22-09

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
KATHLEEN HERR	DISABILITY RIGHTS NC
Tom Bennett	NCVAN
EDDIE Caldwell	NC Sheriffs' Assn.
Cola Willoughby	DA 10th
Pat Dorer	Conference of DAs
Kimberly N Overton	Conference of DAs
Annalee Adolph	DRNC
Cas Shearin	n
John Rittelmeyer	DRNC
Susan King Cope	NAMI NC
Thomas Mahe	IDS

VISITOR REGISTRATION SHEET

COMMITTEE ON EDUCATION **07-21-2009**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME: (*Please Print*)	FIRM OR AGENCY AND ADDRESS
MARY EDWARDS Mary Edwards	DHHS
Donald Borringer	Office of the Governor
Karen Gaul	NBPTS
Roz Sawitt	NCCCS
Leanne Winner	NCSBE
Conrad Brockett	NCSBA
Brittany Farrell	NCFPC
Jami Fitzgerald	CAL
Katherine W Joyce	NCASA
Ann Morris	Public School Forum of NC
Emily Doyle	NCPAPA

VISITOR REGISTRATION SHEET

COMMITTEE ON EDUCATION **07-21-2009**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME: (*Please Print*)	FIRM OR AGENCY AND ADDRESS
Chris Minard	NC State Bd of Ed
Emily Hawthorne	OSBR
Stephanie Deerdorff	ESC/NC
Lockhart Taylor	NC-ESC
Gene Causby	NC SCA
Kevin Leonard	NCACC
Rebecca Troutman	NCACC
C. Payne Lucas, Jr.	NCDP
Tom Vitaglione	AEL
Michael Gordon	ACLU-NC
Sarah Preston	ACLU-NC

VISITOR REGISTRATION SHEET

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Erin Schwaltpely	UNC-GA
Carolyn Ingram	Intern, office of speaker Pro Tempore
Cassandra White	NCAOC
Jennifer Mahan	MHANC
Janet Scharzbach	Judge

VISITOR REGISTRATION SHEET

House Appropriations — 7-22-09

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chuck Hawkins	NCCAT
Meg McGuffie	NCCAT
[signature]	WCPSS
Chris Minard	NC State Bd of Ed
Lou Rubert	CYPC
Conor Brockett	NCSBA
Jim Stegall	WCPS
Gena Kelly	NCGA
Steve Metcalf	The Pa Cy Group
Paul Pulley	AOJ
DAVID RICE	MANNING FULTON

VISITOR REGISTRATION SHEET

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
~~Chuck Wands~~	~~ACGA~~
Tim McDowell	NCGA
Tom Vitaglione	Action For Children
John Bowdish	AstraZeneca
Bill Rowe	NC Justice Center

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 137-CSLH-20 DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Blackwell
(Sen.)

moves to amend the bill on page 1, line 21

( ) WHICH CHANGES THE TITLE

by ~~inserting~~ deleting "conduct;" and substituting "conduct in the criminal offense;"; and

on page 1, line 22, by deleting "~~to conduct;~~" and substituting "to the criminal offense;";

on page 1, line 23, by inserting immediately before the period on that line the phrase "in connection with the criminal offense"; and

~~on page 1, line 28, by inserting immediately after "defendant" the phrase "~~

on page 1, line 28, by deleting "who had a severe (mental) disability" and substituting "who was under the influence of a severe mental disability".

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

MINUTES
HOUSE APPROPRIATION
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Thursday, July 09, 2009

The House Appropriation Subcommittee on Education met on Wednesday, July 8, 2009, on the House floor at 4:50 pm. Representative Rick Glazier, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn, and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, and Lucas.

Chairman Glazier called the meeting to order. Chairman Glazier gave a brief overview of Senate Bill 1069: **AN ACT TO ESTABLISH THE JOINT LEGISLATION JOINING OUR BUSINESSES AND SCHOOLS (JOBS) STUDY COMMISSION (ATTACHMENT #1).**

Following the overview, Rep. McLawhorn made a motion to pass the bill and send it to the floor of the House upon approval of the House Appropriations Committee. Rep. Rapp seconded. The vote was unanimous **(ATTACHMENT #2).**

Respectfully submitted,

Representative Rick Glazier
Chair

Carin Savel
Committee Assistant

Attachment #1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

SESSION LAW 2009-339
SENATE BILL 1069

AN ACT TO ESTABLISH THE JOINT LEGISLATIVE JOINING OUR BUSINESSES AND SCHOOLS (JOBS) STUDY COMMISSION.

Whereas, the Innovative Education Initiatives Act became law in 2003; and

Whereas, as a result of this act, 52 Early and Middle College programs have been developed as a collaboration between the public schools, the community colleges, and private business; and

Whereas, these schools have generally evidenced a decrease in their dropout rates and, as a result, have won national awards; and

Whereas, North Carolina has seven identified economic development regions, each with its own challenges in today's changing and demanding job market; and

Whereas, North Carolina has numerous innovative public and private programs based in Science, Technology, Engineering, and Mathematics (STEM); and

Whereas, to be efficient with the taxpayers' dollars, to continue to increase the graduation rate, and to prepare our students for twenty-first century jobs, it would be beneficial to map these innovative education programs, including the development of additional Early and Middle College programs and STEM programs, and other public and private education programs that have instructional programs that prepare students to meet the particular employment and workforce preparation needs of the respective economic development regions. In addition, it would be beneficial to develop curriculum frameworks that reflect innovative design principles in some of these schools that would address both regional and statewide employment needs; and

Whereas, the United States Department of Education has identified 16 career clusters as a tool to connect career technical education (CTE) to education, workforce preparation, and economic development; and

Whereas, the North Carolina STEM Community Collaborative/MCNC is supporting the creation of a replicable community visioning process, engaging business, policy, education, and community stakeholders in mapping their local needs and producing a plan for sustainable, local education innovation based in science, technology, engineering, and mathematics; and

Whereas, it would be beneficial to position each region and the State to compete in the regional, national, and global economy by creating a joint legislative study commission to review the vision plans and overall needs of each economic development region as well as the overall needs of the State; and

Whereas, the Commission should advise the North Carolina Education Cabinet and specifically the Department of Public Instruction as they develop standard instructional programs for twenty-first century career paths in accordance with the Early and Middle College and STEM models and study the implementation of pilot programs in these respective regions that will best suit the potential of the region and better prepare students for the increased academic demands of a global economy; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is established the Joint Legislative JOBS (Joining Our Businesses and Schools) Study Commission (Commission).

SECTION 2.(a) The Commission shall consist of the following members:

(1) The Lieutenant Governor serving as the Chair.
(2) Two members appointed by the Governor.
(3) Eight members appointed by the President Pro Tempore of the Senate, to include:

a. Three members of the Senate, with one designated to serve as a vice-chair.
b. A representative of The University of North Carolina.
c. A representative of the Department of Public Instruction.
d. A representative of North Carolina's business and industry.
e. A public school teacher.
f. An individual with expertise in STEM education.

(4) Eight members appointed by the Speaker of the House of Representatives, to include:
a. Three members of the House of Representatives, with one designated to serve as a vice-chair.
b. A representative of the Community College System.
c. A representative of the Independent Colleges and Universities.
d. A representative of the Department of Commerce.
e. A representative of North Carolina's business and industry.
f. A representative of North Carolina's school superintendents.

(5) The Executive Director of the Education Cabinet or the Executive Director's designee, serving ex officio.

SECTION 2.(b) Members of the Commission shall serve a three-year term, beginning on July 1, 2009. The terms for members of the House of Representatives or the Senate shall end upon the expiration of the members' legislative term.

SECTION 2.(c) Members shall serve at the pleasure of the appointing authority. Vacancies on the Commission shall be filled by the same appointing authority who made the initial appointment.

SECTION 2.(d) A vice-chair shall serve as Chair in the absence of the Chair.

SECTION 3.(a) The Commission shall study issues related to economic development through innovative schools where instructional program frameworks reflect the high academic standards required of students to be successful as they transition to postsecondary education and future careers, including:

(1) Technical and vocational needs of each economic development region;
(2) Employment and workforce preparation needs of the State as a whole;
(3) The economic vision plans for each economic development region;
(4) The shortage of highly skilled employees such as technicians, teachers, allied health practitioners, including, but not limited to, nurses and doctors, scientists, and engineers;
(5) The 16 career clusters identified by the United States Department of Education as well as additional career paths;
(6) The development of a framework for assessment of readiness of a community or region to support twenty-first century economic demands of business and industry development and the scaling of innovative local programs to impact broader numbers of individuals in communities around the State; and
(7) Any other matter pertinent to connecting career technical education to education, workforce preparation, and economic development through innovative schools.

SECTION 3.(b) The Chair shall appoint from the Commission's membership a North Carolina STEM Community Collaborative Advisory Committee (Community Collaborative) to ensure that the efforts of the Commission and the Community Collaborative are aligned and that the Commission is informed of the Community Collaborative's activities and that the Community Collaborative is informed of the Commission's activities.

SECTION 4. The Commission shall prioritize and customize the career clusters and identify additional career paths and report its recommendations to the State Board of Education. The Commission shall (i) advise the North Carolina Education Cabinet and specifically the Department of Public Instruction as they develop, incrementally, standard instructional programs for career clusters and their corresponding career paths in accordance with the Early and Middle College model, and (ii) study the implementation of pilot programs in the seven economic development regions of the State that will best suit the needs of the regions and prepare students for the increased academic demands of a global economy.

SECTION 5. The Commission shall also study issues related to economic growth by the creation of measures and metrics which define the readiness of a community to deliver to all stakeholders the services that equip the workforce to be competitive in a STEM-intensive economy, including ensuring that students throughout the education pipeline gain the skills learned from science, technology, engineering, math, and other rigorous subjects. As a part of its study, the Commission may examine issues related to:

(1) A replicable and perpetual model for aligning efforts of local business, industry, policy, and education stakeholders in community engagement for visioning student-centered learning;

(2) The documentation and study of the innovative education programs critical for communities to be competitive in the STEM environment in the twenty-first century;

(3) A framework to network these economic development regions, aligning State, regional, and external investment in replicable innovation;

(4) Opportunities to leverage existing research, programs such as the College Foundation of North Carolina Bridges program, and other resources to maximize the impact of these existing resources and assets to avoid duplication, to achieve greater economies of scale, and to broaden the impact of these efforts by the most cost-effective means possible; and

(5) Any other topics deemed relevant by the Commission.

SECTION 6.(a) The Commission shall, within the first eight months of its creation, meet at least once in each economic development region. The Commission may use any and all appropriate technology to enhance participation in its meetings and to reduce the costs incurred by the Commission. The Chair may appoint a volunteer advisory committee in each economic development region to assist the Commission in its work.

SECTION 6.(b) The Commission shall work closely with the business community across the State and shall encourage businesses and business leaders to partner with the Commission on the work of the Commission and to establish public-private partnerships with the pilot schools.

SECTION 6.(c) The University of North Carolina shall inform the Commission on the work of its constituent institutions on the elementary and middle school fundamental building blocks for secondary STEM success. This work should be a consideration for all communities which engage in visioning student-centered learning. The Commission shall also be informed by The University of North Carolina on its North Carolina STEM program inventory and how to make this inventory available to communities which engage in visioning student-centered learning.

SECTION 7. The Commission shall meet upon the call of the Chair. A quorum of the Commission shall be a majority of its members. The Legislative Services Commission shall grant adequate meeting space to the Commission in the State Legislative Building or the Legislative Office Building. G.S. 120-19 applies to requests made on behalf of the Commission.

SECTION 8.(a) The expenses of the Commission shall be paid by the Legislative Services Commission from available funds appropriated to the General Assembly. The Legislative Services Commission may accept grants on behalf of the State to be used to help defray the expenses of the Commission. Any application and receipt of grants under this section shall be subject to the requirements of Chapters 120C and 138A of the General Statutes, and Article 14 of Chapter 120 of the General Statutes. Reasonable expenses of the Commission may include the cost of travel on a learning tour of innovative schools both inside and out of the State. Any grants funds received under this section shall be held by the General Assembly in a non-reverting special fund known as the JOBS Commission Fund to be administered by the Legislative Services Commission for expenses of the Commission. Any funds remaining in the JOBS Commission Fund shall transfer to the reserves of the General Assembly upon termination of the Commission.

SECTION 8.(b) Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate. Individual expenses of five thousand dollars ($5,000) or less, including per diem, travel, and subsistence expenses of members of the Commission, shall be paid upon authorization of the Chair of the Commission. Individual expenses in excess of five thousand dollars ($5,000) shall

be paid upon written approval of the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

SECTION 8.(c) With approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist the Commission in its work during the interims between legislative sessions. The Directors of Legislative Assistants of the House of Representatives and the Senate shall assign clerical staff to the Commission. The Commission may contract for additional professional or consultant services in accordance with G.S. 120-32.02.

SECTION 9.(a) The Commission shall make an initial report of the results of its study to the State Board of Education by March 1, 2010. In its report, the Commission shall recommend at least four of the 16 career clusters identified by the United States Department of Education that will best and most broadly serve the immediate employment and workforce preparation needs of the State and the respective regions. Upon consideration of the recommendations of the Commission, the State Board of Education, in consultation with the Department of Public Instruction, shall develop the instructional programs for at least four career clusters and shall implement at least one JOBS Early or Middle College in each of the economic development regions beginning with the 2010-2011 school year where feasible, and in all other regions by the 2011-2012 school year.

SECTION 9.(b) The Commission may make recommendations resulting from its study to the State Board of Education and the Department of Public Instruction from time to time in its discretion.

SECTION 9.(c) The Commission shall monitor the implementation of its recommendations to the State Board of Education and the Department of Public Instruction and shall report and recommend to the General Assembly any legislation necessary to implement its recommendations.

SECTION 9.(d) The Commission shall make an interim report of the results of its study and its recommendations, including any proposed legislation, to the Joint Legislative Education Oversight Committee and the 2010 Regular Session of the 2009 General Assembly no later than May 15, 2010, and to the Joint Legislative Education Oversight Committee and the 2011 Regular Session of the 2011 General Assembly no later than February 1, 2011, and a final report to the Joint Legislative Education Oversight Committee and the 2012 Regular Session of the 2011 General Assembly no later than May 15, 2012. The Commission shall file a copy of each Commission report with the President Pro Tempore of the Senate's office, the Speaker of the House of Representatives' office, and the Legislative Library.

SECTION 10. The Commission shall terminate on June 30, 2012, or upon the filing of its final report in accordance with Section 9.(d) of this act.

SECTION 11. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15th day of July, 2009.

s/ Walter H. Dalton
President of the Senate

s/ Joe Hackney
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 10:00 a.m. this 24th day of July, 2009

Susan Burleson (Rep. McLawhorn)

From: Forrest Gilliam (Rep. Rapp)
Sent: Tuesday, July 28, 2009 10:47 AM
To: Rep. Curtis Blackwood, Jr.; Rep. Winkie Wilkins; Rep. Garland Pierce
Cc: Mizie Finke (Rep. Blackwood); Nancy Brantley (Rep. Wilkins); Mildred Alston (Rep. Pierce)
Subject: Meeting Notice - Education Appropriations - Wednesday, July 29 at 9:00AM

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, July 29, 2009**

TIME: **9:00AM**

LOCATION: **421 LOB**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

BILL NO.	SHORT TITLE	SPONSOR
HB 1140	Educ. Assistance for Minimum Wage Workers	Representative Blackwood Representative Wilkins Representative Johnson Representative Pierce

Respectfully,
Representative McLawhorn
Representative Glazier
Representative Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **10:45AM** on **July 28, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Forrest Gilliam (Committee Assistant)

08/03/2009

House Appropriations Subcommittee on Education
Agenda

Wednesday, July 29, 2009
9:00 AM
Room 421, Legislative Office Building
Representative McLawhorn, Presiding

BILLS TO BE DISCUSSED

BILL NO.	SHORT TITLE	SPONSOR
HB 1140	Education Assistance for Minimum Wage Workers	Blackwood Wilkins Johnson Pierce

Adjournment

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Wednesday, July 29, 2009, 9:00 AM

The House Education Committee met on Wednesday July 29, 2009, in Room 421 of the Legislative Office Building at 9:00 AM. The following members were present: Chairs McLawhorn and Rapp, Vice Chairs Bell and Tarleton, and Representatives Blackwell, Hilton, Holloway, and Wiley. A Visitor Registration List is attached as part of these minutes.

Chairwoman Marian McLawhorn called the meeting to order. She thanked the pages, Sergeant at Arms, and staff.

The bill to be heard was HB 1140, EDUCATION ASSISTANCE FOR MINIMUM WAGE WORKERS. A copy of the bill and fiscal note is attached (See Attachment 1). Representative Blackwood and Representative Wilkins, primary sponsors, presented the bill to the committee. Representative Blackwell sent forth an amendment (See attachment 2). The amendment carried and Representative Blackwell moved for a favorable report as amended, rolled into a committee substitute and unfavorable to the original bill. The motion received a favorable report. With no further discussion, the meeting adjourned at 9:37 AM.

Respectfully submitted,

Marian McLawhorn
Representative Marian McLawhorn

Susan Burleson
Susan Burleson, Committee Assistant

Attachment 1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

H 2

HOUSE BILL 1140
Committee Substitute Favorable 5/7/09

Short Title: Educ. Assistance for Minimum Wage Workers. (Public)

Sponsors:

Referred to:

April 7, 2009

A BILL TO BE ENTITLED

AN ACT TO PROVIDE EDUCATIONAL ASSISTANCE FOR MINIMUM WAGE WORKERS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 35A of Chapter 115C of the General Statutes reads as rewritten:

"Article 35A.
"College Scholarships.

"§ 115C-499.1. Definitions.

The following definitions apply to this Article:

(1) Academic year. – A period of time in which a student is expected to complete the equivalent of at least two semesters' or three quarters' academic work.

(2) Authority. – The State Education Assistance Authority created by Article 23 of Chapter 116 of the General Statutes.

(3) Eligible postsecondary institution. – A school that is:

a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4);

b. A community college as defined in G.S. 115D-2(2);

c. A nonprofit postsecondary institution as defined in G.S. 116-22(1) or G.S. 116-43.5(a)(1); or

d. A postsecondary institution owned or operated by a hospital authority as defined in G.S. 131E-16(14) or school of nursing affiliated with a nonprofit postsecondary institution as defined in G.S. 116-22(1).

(4) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible postsecondary institution.

(5) Scholarship. – A scholarship for education awarded under this Article.

(6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

"§ 115C-499.1A. Eligibility requirements for a scholarship for a minimum wage worker.

(a) A student must meet all of the following requirements in order to be eligible to receive a scholarship for a minimum wage worker under this Article:

(1) The student must have worked full time for at least 18 consecutive months in a minimum wage or subminimum wage job. Applicants who have worked

the greatest number of consecutive months at such jobs shall receive special consideration in awarding the scholarships.

(2) The student must qualify as a legal resident of North Carolina and as a resident for tuition purposes 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 of Governors.

(3) The student must meet enrollment standards by one of the following methods:

a. Being admitted and enrolled in a basic skills program at a community college as defined in G.S. 115D-2(2). In order to continue to be eligible for a scholarship for a second academic year, the student must meet achievement standards by maintaining satisfactory academic progress to enable the student to enter a degree, diploma, or certificate program at the community college in which the student is enrolled at the end of the second academic year or sooner.

b. Being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution. In order to continue to be eligible for a scholarship for subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the eligible postsecondary institution in which the student is enrolled.

(4) A student may not receive a scholarship for study in a basic skills program for more than two full academic years. A student may not receive a scholarship under this Article for more than four full academic years, including the academic years spent in a basic skills program.

"§ 115C-499.2. Eligibility requirements for ~~a scholarship.~~other scholarships.

~~In order to be eligible to receive a scholarship under this Article, a~~ Except as provided in G.S. 115C-499.1A, a student seeking a degree, diploma, or certificate at an eligible postsecondary institution must meet all of the following ~~requirements:~~requirements in order to be eligible to receive a scholarship under this Article:

(1) Only needy North Carolina students are eligible to receive scholarships. For purposes of this subsection, "needy North Carolina students" are those eligible students whose expected family contribution under the federal methodology does not exceed five thousand dollars ($5,000).

(2) The student must meet all other eligibility requirements for the federal Pell Grant, with the exception of the expected family contribution.

(3) The student must qualify as a legal resident of North Carolina and as a resident for tuition purposes in accordance with definitions of residency that may from time to time be adopted by the Board of Governors and published in the residency manual of the Board of Governors.

(4) The student must meet enrollment standards by being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution.

(5) In order to continue to be eligible for a scholarship for the student's second and subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV

programs by the eligible postsecondary institution in which the student is enrolled.

(6) A student may not receive a scholarship under this Article for more than four full academic years.

"§ 115C-499.3. Scholarship amounts; amounts dependent on net income available.

~~(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a scholarship awarded under this Article to a student at an eligible postsecondary institution shall be based upon the enrollment status and expected family contribution of the student and shall not exceed four thousand dollars ($4,000) per academic year, including any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs.~~

(b) Subject to the maximum amounts provided in this section, the Authority shall have the power to determine the actual scholarship amounts disbursed to students in any given year based on the amount of net income available under Chapter 18C of the General Statutes. If the net income available is not sufficient to fully fund the scholarships to the maximum amount, all scholarships shall be reduced equally, to the extent practicable, so that every eligible applicant shall receive a proportionate scholarship amount.

First priority for five percent (5%) of the net income available under G.S. 18C-164(c)(3) shall be to provide scholarships for minimum wage workers. If these funds are not adequate to fund all eligible scholarships for a year, this amount shall be increased for subsequent years to ten percent (10%) of the net income available under G.S. 18C-164(c)(3). Funds not committed for these scholarships by September 1 of a year may be used for other scholarships.

(b1) Subject to the amount of net income available under G.S. 18C-164(c)(3):

(1) A scholarship for a minimum wage worker awarded to a student admitted to and enrolled in a basic skills program at an eligible postsecondary institution shall not exceed eleven thousand dollars ($11,000) per academic year.

(2) A scholarship for a minimum wage worker awarded to a student who is not eligible for any federal Pell Grant and who is admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution shall not exceed eleven thousand dollars ($11,000) per academic year.

(3) A scholarship for a minimum wage worker awarded to a student who is eligible for a federal Pell Grant shall be based upon the enrollment status and expected family contribution of the student and shall not exceed twelve thousand five hundred dollars ($12,500) per academic year, including any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs.

(4) Any other scholarship for a student at an eligible postsecondary institution shall be based upon the enrollment status and expected family contribution of the student and shall not exceed four thousand dollars ($4,000) per academic year, including any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs.

If the amount of net income available is not adequate to fully fund all scholarships, priority shall be given to scholarships for minimum wage workers.

(c) The minimum award of a scholarship under this Article shall be one hundred dollars ($100.00).

"§ 115C-499.4. Scholarship administration; reporting requirements.

(a) The scholarships provided for in this Article shall be administered by the Authority under rules adopted by the Authority in accordance with the provisions of this Article.

(b) The Authority shall report no later than June 1, 2011 and annually thereafter to the Joint Legislative Education Oversight Committee. The report shall contain, for the previous academic year, the amount of scholarship and grant money disbursed, the number of students

eligible for the funds, the number of eligible students receiving the funds, and a breakdown of the eligible postsecondary institutions that received the funds.

(c) The Authority may use up to one and one-half percent (1.5%) of the funds transferred in accordance with Chapter 18C of the General Statutes for administrative purposes.

(d) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Article.

(e) The State Education Assistance Authority shall report annually to the Joint Legislative Commission on Governmental Operations regarding the use of the funds allocated to the Authority under S.L. 2005-344."

SECTION 2. This act is effective when it becomes law. The first scholarships shall be awarded pursuant to this act for the 2010-2011 academic year.

Attachment 1

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1140 (Second Edition)

SHORT TITLE: Educ. Assistance for Minimum Wage Workers.

SPONSOR(S): Representatives Johnson, Blackwood, Pierce, and Wilkins

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
REVENUES:					
State Lottery Fund	**No Fiscal Impact**				
EXPENDITURES:					
State Lottery Fund	**No Fiscal Impact**				
SEAA (various funds)	**See Assumptions and Methodology**				
ESC (various funds)	**See Assumptions and Methodology**				

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:
North Carolina State Education Assistance Authority (SEAA); Employment Security Commission (ESC)

EFFECTIVE DATE: This act is effective when it becomes law. The first scholarships shall be awarded pursuant to this act for the 2010-2011 academic year.

BILL SUMMARY:
The bill provides scholarships for state residents who have worked full time for at least 18 consecutive months in minimum wage jobs and are enrolled in a basic skills program at a community college or as an undergraduate student at an eligible postsecondary institution. The scholarship amount is $11,000 per year maximum for students enrolled in basic skills programs and a $12,500 per year maximum for Pell-Grant eligible students. The bill designates scholarships for minimum wage workers as a priority for 5% to 10% of the state lottery proceeds dedicated to college scholarships (percentage amount is based on the number of eligible applicants). HB 1140 requires that funds be committed to scholarships for minimum wage workers annually by September 1 and permits remaining funds to be used for other scholarships. The bill gives priority for scholarships to minimum wage workers if funds are not adequate to fully fund all scholarships.

BACKGROUND:
The North Carolina Education Lottery Scholarship receives 10% of the proceeds distributed each year from the North Carolina State Lottery Fund for educational purposes. This scholarship is for

public and private college students whose annual expected family contribution (EFC) is less than $5,000. The scholarship amount ranges from $100 to $2,500 based on need determined by the FAFSA form filed by students seeking student aid. FY 2007-08 was the first year the scholarship was offered. The distribution of Lottery Scholarship funds in FY 2008-09 is as follows:

	# of students	Amount Awarded	Average Award
UNC system	12,443	$15,618,430	$1,255
Comm. Colleges	14,610	$14,046,631	$961
Private Colleges	3,704	$4,295,341	$1,160
Total	30,757	$33,960,402	$1,104

ASSUMPTIONS AND METHODOLOGY:
The proposed bill has no fiscal impact on the State Lottery Fund since it redistributes allotted scholarship funds. In FY 2010-11, the first year of the scholarships awarded under this bill, there will be an estimated $36.25 million available for all Lottery scholarships. HB 1140 will allocate 5% or $1.8 million of this amount to scholarships for minimum wage workers. Up to 10% of the Lottery Scholarship amount can be allocated to minimum wage workers in future years if there is demand from eligible students.

The new scholarship for minimum wage workers will increase administrative costs to the State Education Assistance Authority (SEAA) and the Employment Security Commission (ESC). The SEAA will have to set up a process with the ESC to confirm scholarship recipients' period of employment at minimum wage. G.S. 115C-499.4(c) provides SEAA with up to 1.5% of the lottery scholarship funds to administer the current program. Since the number of eligible minimum wage scholarship recipients is unknown at this time, SEAA does not know how much additional manpower will be needed to administer the new scholarship and whether the 1.5% cap is sufficient to handle the new program. Any administrative costs for the minimum wage scholarship not covered by Lottery funds would be borne by the SEAA budget consisting of state and federal funds. As for the ESC, since the bill provides no compensation for the man-hours needed for this new program, ESC will have to absorb the costs in its budget made up of several state and federal funding sources.

SOURCES OF DATA: North Carolina State Education Assistance Authority

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Richard Bostic

APPROVED BY: Marilyn Chism, Director
Fiscal Research Division

DATE: May 12, 2009

Official
Fiscal Research Division
Publication

Signed Copy Located in the NCGA Principal Clerk's Offices

Attachment 2
ADOPTED

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. 2

H. B. No. 1140 DATE 7-29-09

S. B. No. _____ Amendment No. 1
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE ✓

(Rep.) Blackwell
(Sen.)

moves to amend the bill on page 1, line 35 ~~36~~ 36

( ) WHICH CHANGES THE TITLE ~~this page does not~~

by rewriting the line to read:

"The student must have worked in a minimum wage or subminimum wage job for at least 18 consecutive months of the 24 months ~~prece~~ immediately preceding the student's application. Applicants who have worked the greatest number of consecutive months ~~of the~~ immediately preceding 24 month period at such job shall receive special consideration for the scholarship.

SIGNED Rep. A. Blackwell

ADOPTED ✓ FAILED _____ TABLED _____

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

VISITOR REGISTRATION SHEET

7-29-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCICU
Jay Schalin	Pope Center
[signature]	NBSRA
Alice Garland	NCEL
Brian Lewis	NCAE
[signature]	NCCAT
[signature]	Intern
Jim Stegall	UCPS
David Anders	PFFPNC
Richard O'Brien	"

VISITOR REGISTRATION SHEET

7-29-09

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Erin Schuettpelz	UNC - GA
Ashley Vroom	NCASA

HOUSE PAGES

NAME OF COMMITTEE House Appropriations DATE 7-29-09

1. Name: Morgan Burke
   County: Wake
   Sponsor: Rep. Ty Harrell
2. Name: Amanda Riley
   County: Wake
   Sponsor: Rep. Jane Whilden
3. Name: Taylor Bryant
   County: Lee
   Sponsor: Rep. Jimmy Love
4. Name: Benjamin Daughtry
   County: Johnston
   Sponsor: Rep. Langdon
5. Name: _____
   County: _____
   Sponsor: _____

SGT-AT-ARM

1. Name: Charles Williams
2. Name: Earl Coker
3. Name: _____
4. Name: _____

2010

NORTH CAROLINA GENERAL ASSEMBLY

HOUSE APPROPRIATIONS/ SUBCOMMITTEE ON EDUCATION
2009 – 2010 SESSION



Rep. Rick Glazier
Co-Chair



Rep. Marian McLawhorn
Co-Chair



Rep. Ray Rapp
Co-Chair



Rep. Larry Bell
Vice Chair



Rep. Linda Johnson
Vice Chair



Rep. Marvin Lucas
Vice Chair



Rep. Hugh Blackwell



Rep. Earline Parmon
Vice Chair



Rep. Cullie Tarleton
Vice Chair



Rep. Mark Hilton



Rep. Bryan Holloway



Rep. Laura Wiley

NORTH CAROLINA GENERAL ASSEMBLY

SENATE APPROPRIATIONS/ SUBCOMMITTEE ON EDUCATION
2009 – 2010 SESSION



Sen. Vernon Malone
Co-Chair



Sen. Richard Stevens
Co-Chair



Sen. Malcolm Graham
Vice Chair



Se. Joe Sam Queen
Vice Chair



Sen. Don Davis



Sen. Fletcher Hartsell



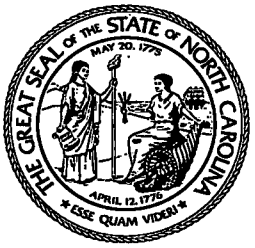
Sen. Jean Preston



Sen. Jerry Tillman



Sen. Don Vaughan



House Appropriations Subcommittee on Education
Membership List – 2009-2010

House Members:	Legislative Assistant	Phone	Office	Seat
Rep. Rick Glazier, Co-Chair	Carin Savel, Committee Asst.	3-5601	2215	81
Rep. Marian McLawhorn, Co-Chair	Susan Burleson, Committee Asst.	3-5757	1217	34
Rep. Ray Rapp, Co-Chair	Forrest Gilliam, Committee Asst.	3-5732	2213	17
Rep. Larry Bell, Vice-Chair	Carolyn Edwards	3-5863	538	12
Rep. Linda Johnson, Vice-Chair	Diana Wraight	3-5861	1006	28
Rep. Marvin Lucas, Vice-Chair	Thelma Utley	3-5902	417A	20
Rep. Cullie M. Tarleton, Vice-Chair	Susan Whitehead	3-7727	2221	69
Rep. Earline Parmon, Vice-Chair	Pat Christmas	3-5829	541	66
Rep. Hugh Blackwell	Joan Adams	3-5805	1311	114
Rep. Mark Hilton	Carol Wilson	3-5988	1021	61
Rep. Bryan Holloway	Lindsay McCargo	3-5609	502	98
Rep. Laura Wiley	Edna Pearce	3-5877	513	76

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

(Name of Committee)

DATES	05-20-10	05-25-10 AM	05-25-10 PM	5-27-10 AM	5-27-10 PM										
HOUSE MEMBERS															
GLAZIER, Rick – Chair	✓	✓	✓	✓	✓										
McLAWHORN, Marian - Chair	✓	✓	✓	✓	✓										
RAPP, Ray – Chair	✓	✓	✓	✓	✓										
BELL, Larry - Vice Chair	✓	✓	✓	✓	✓										
JOHNSON, Linda – Vice Chair	✓	✓	✓	✓	✓										
LUCAS, Marvin – Vice Chair	✓	✓	✓	✓	✓										
PARMON, Earline- Vice Chair	✓			✓	✓										
TARLETON, Cullie- Vice Chair	✓	✓	✓	✓	✓										
BLACKWELL, Hugh	✓	✓	✓	✓	✓										
HILTON, Mark		✓	✓	✓	✓										
HOLLOWAY, Bryan	✓	✓		✓	✓										
WILEY, Laura	✓	✓		✓	✓										
STAFF															
Richard Bostic	✓	✓	✓	✓	✓										
Kristopher Nordstrom	✓	✓	✓	✓	✓										
Brian Mattson	✓	✓	✓	✓	✓										
Andrea Poole	✓	✓	✓	✓	✓										

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

(Name of Committee)

DATES	05-20-10	05-25-10 A	05-25-10 P	05-27-10 A	05-27-10 P		07/09/10								
HOUSE MEMBERS		✓	✓												
GLAZIER, Rick – Chair		✓	✓	✓	✓		✓								
McLAWHORN, Marian - Chair		✓	✓	✓	✓		✓								
RAPP, Ray – Chair		✓	✓	✓	✓		✓								
BELL, Larry - Vice Chair		✓	✓	✓	✓		✓								
JOHNSON, Linda – Vice Chair		✓	✓	✓	✓		✓								
LUCAS, Marvin – Vice Chair		✓	✓	✓	✓		✓								
PARMON, Earline- Vice Chair				✓	✓		✓								
TARLETON, Cullie- Vice Chair		✓	✓	✓	✓		✓								
BLACKWELL, Hugh		✓	✓	✓	✓		✓								
HILTON, Mark		✓	✓	✓	✓										
HOLLOWAY, Bryan		✓		✓	✓										
WILEY, Laura		✓		✓	✓										
Jeffus, Maggie					✓										
~~Holloway~~ YONTUE, Doug					✓										
STAFF															
Richard Bostic				✓	✓										
Kristopher Nordstrom				✓	✓										
Brian Mattson				✓	✓										
Andrea Poole				✓	✓										
~~James Robinson~~															

ROLL CALL VOTE

____ ____ = _____(TOTAL) HB# ____
YES NO SB# ____

HOUSE STANDING COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

House Subcommittee on _____

YES	NO	MEMBER (last name)	YES	NO	MEMBER (last name)
____	____	GLAZIER, Rick Chair	____	____	
____	____	McLAWHORN, Marian Chair	____	____	
____	____	RAPP, Ray Chair	____	____	
____	____	BELL, Larry Vice Chair	____	____	
____	____	JOHNSON, Linda Vice Chair	____	____	
____	____	LUCAS, Marvin Vice Chair	____	____	
____	____	PARMON, Earline Vice Chair	____	____	
____	____	TARLETON, Cullie Vice Chair	____	____	
____	____	MEMBERS	____	____	
____	____	BLACKWELL, Hugh	____	____	
____	____	HILTON, Mark	____	____	
____	____	HOLLOWAY, Bryan	____	____	
____	____	WILEY, Laura	____	____	
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Ex officio Members

____	____	Speaker Pro Tem
____	____	Majority Leader
____	____	Majority Whip

NORTH CAROLINA SENATE
COMMITTEE MEETING NOTICE
2009-2010 SESSION

You are hereby notified that the Joint Appropriations Subcommittee on Education will meet as follows:

DATE	TIME	ROOM	DESCRIPTION
Tues., April 6, 2010	10:30 am – 1:00 pm	421 – LOB	Meeting
Mon., April 12, 2010	2:00 pm – 5:00 pm	544 – LOB	(2:00) Hear Continuation Review on Drivers Ed (3:30) Hear Continuation Review on Prison Education **Joint Appropriations Subcommittees on Transportation and Justice & Public Safety invited to meeting**
Tues., April 13, 2010	10:00 am – 12:00 pm	544 – LOB	Joint Education Appropriations Subcommittee invited to attend Joint Select Committee on State Funded Student Financial Aid

Respectfully,

Senator Tony Foriest, Co-Chair
Senator Richard Stevens, Co-Chair

Jackie Ray (Committee Assistant), foriestla@ncleg.net, (919) 301-1446

Joint Appropriations Subcommittee on Education
Agenda

Tuesday, April 6, 2010, 10:30 A.M.
Room 421, Legislative Office Building
Senator Foriest, Presiding

I. Welcome
Senator Foriest

II. Agency Presentations
Erskine Bowles, President of the University of North Carolina
Dr. William Harrison, Chair of State Board of Education, and
Dr. June Atkinson, State Superintendent of Public Instruction
Dr. Scott Ralls, President of the NC Community College System

III. Budget Overview
Brian Matteson, Kris Nordstrom, Andrea Poole, and Richard Bostic
Fiscal Research Division

IV. Committee Discussion

V. Adjourn

House Appropriations Subcommittee on Education
Rep. Glazier (Chair)
Rep. McLawhorn (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Senate Appropriations on Education/ Higher Education
Sen. Foriest (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Boseman (Vice Chair)
Sen. Blue, Sen. Davis, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

Committee: Joint Appropriations Subcommittee on Education

DATES / MEMBERSHIP	4/6/10																
Sen.Tony Foriest, Co-Chair	X																
Sen. Richard Stevens, Co-Chair	X																
Sen. Julia Boseman, Vice Chair	X																
Sen. Dan Blue																	
Sen. Don Davis																	
Sen. Fletcher Hartsell	X																
Sen. Jean Preston	X																
Sen. Jerry Tillman																	
Sen. Don Vaughan																	
Rep. Rick Glazier, Chair	X																
Rep. Marian McLawhorn, Chair	X																
Rep. Ray Rapp, Chair	X																
Rep. Larry Bell, Vice Chair																	
Rep. Linda Johnson, Vice Chair	X																
Rep. Marvin Lucas, Vice Chair	X																
Rep. Earline Parmon, Vice Chair																	
Rep. Cullie Tarleton, Vice Chair	X																
Rep. Hugh Blackwell	X																
Rep. Mark Hilton																	
Rep. Bryan Holloway																	
Rep. Laura Wiley	X																

STAFF																	
Richard Bostic, Fiscal	X																
Brian Matteson, Fiscal	X																
Kris Nordstrom, Fiscal	X																
Andrea Poole, Fiscal	X																
Jackie Ray, Comm. Asst.	X																
Carin Savel, Comm. Asst.																	
Susan Burleson, Comm. Asst.																	
Forrest Gilliam, Comm. Asst.																	

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, April 6, 2010, 10:30 a.m.

The Joint Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building on Tuesday, April 6, 2010, at 10:30 a.m. Senator Tony Foriest, Co-Chair, presided over the meeting. The following Senators were present: Richard Stevens, Co-Chair, Julia Boseman, Vice Chair, Fletcher Hartsell, and Jean Preston. The following House members were present: Representatives Rick Glazier, Marian McLawhorn, and Ray Rapp, Co-Chairs, Representatives Cullie Tarleton, Marvin Lucas, and Linda Johnson, Vice Chairs, Representatives Hugh Blackwell and Laura Wiley. Members of the Education Fiscal Research Division (FRD) team were also present.

The Chair called the meeting to order and recognized the Sergeant at Arms and staff who attended and assisted with the meeting.

The Chair indicated that the staff had prepared a calendar for April, May and June 2010, denoting the joint appropriations schedule (see Attachment 1). Senator Sevens commented that the plan is for the Senate to have an adopted budget by May 20, 2010. He also indicated that the House's budget is scheduled to be finished by June 10, 2010, conferees appointed, and a conference report for the adopted budget to be completed by June 29, 2010. Representative Rapp commented that the subcommittee was looking at an overall $1- $1.2 billion shortfall in this upcoming year.

Richard Bostic of the Education FRD Team commented about the following upcoming meetings that subcommittee members may wish to attend: 1) April 12, 2010 – two Continuation Reviews (drivers' education and prison education) at 2:00 p.m. and 3:30 p.m. respectively, and 2) April 13, 2010 – the Joint Select Committee on State Funded Student Financial Aid meeting at 10:00 a.m.

The Chair noted that today's meeting would consist of agency presentations, followed by questions and comments, and then conclude with reports from the Education FRD team.

University of North Carolina System President, Erskine Bowles, addressed the subcommittee to discuss the following: last year's budget cuts, this year's reversions, the Governor's proposed five percent (5%) cut for 2010-2011 and UNC budget priorities for this year (see Attachment 2). President Bowles also discussed his priorities for this year which include access to students, need-based student aid money, and protecting the academic core.

Dr. William Harrison, Chair of the State Board of Education, addressed the subcommittee to discuss the continuation budget's impact on the 115 LEAs across the state of North Carolina. Dr. Harrison referenced the FY 2009-10 and budgeted FY 2010-11 cuts and adjustments (see Attachment 3).

Minutes
Joint Appropriations Subcommittee on Education
April 6, 2010

Dr. June Atkinson, State Superintendent of Public Instruction, addressed the group to discuss the continuation budget's impact on the Department of Public Instruction (DPI) and funding for public schools.

North Carolina Community College System President, Dr. Scott Ralls, addressed the subcommittee regarding the budget's impact on the community college system. He referenced enrollment growth and budget facts relating to the community colleges (see Attachment 4). Dr. Ralls noted that the community college system is focused on prioritizing three key areas to promote job development – expanding health care programs, rejuvenating technical education, and dealing with the equipment crisis.

The FRD staff addressed the committee regarding budget overviews (see Attachment 5). Brian Matteson briefed the group regarding K-12 issues – Average Daily Membership (ADM), Average Salaries, State Fiscal Stabilization Fund (SFSF), LEA Adjustment, Lottery, Virtual Public Schools, and Race to the Top (RTTT). Andrea Poole briefed the committee regarding community college issues – Enrollment Growth, Prisoner Education Continuation Review, Community College High School Programs, and Senior Citizens Tuition Waiver. Lastly, Richard Bostic talked about UNC issues – Enrollment Growth (note correction that President Bowles is asking for $5.6 million in addition to the $53.4 million listed in the April 6, 2010, briefing document), Aid to Private College Students, Tuition, Financial Aid, ECU Dental School, UNC-Charlotte Energy Production Infrastructure Center (EPIC), and NC A&T/UNC-Greensboro Nanotechnology.

Following each presentation, there were questions and discussion. The meeting adjourned at 12:40 p.m.

Respectfully submitted,

Senator Anthony E. Foriest, Co-Chair

Jacqueline F. Ray, Comm. Assistant

Attachment 1

Joint Appropriations Schedule – 2010 Session

April

Sun	*Mon*	*Tue*	*Wed*	*Thu*	*Fri*	*Sat*
				1	2	3
4	5	6 10:00 - Meeting with Subcommittee Chairs.	7	8	9	10
11	12	13	14	15	16	17
18	19 Joint Subcommittees Report	20 Governor's Budget Joint Subcommittees Report	21 Joint Subcommittees Report	22 Joint Subcommittees Report	23 Joint Subcommittees Report	24
25	26	27	28	29	30	

Joint Subcommittee Work/Meetings

Joint Subcommittee Work/Meetings

2010

May

Sun	*Mon*	*Tue*	*Wed*	*Thu*	*Fri*	*Sat*
						1
2	**3**	**4** ***Primary Elections***	**5**	**6**	**7**	**8**
			Senate Subcommittees Meet			
9	**10**	**11**	**12** ***Session Convenes***	**13**	**14** Bill Drafting Deadline for Approp. Bills (due to Drafting)	**15**
	Senate Subcommittees Continue to Meet and Begin Reporting					
16	**17**	**18**	**19** Filing Deadline for Study Comm. Bills	**20** Senate Passes Budget	**21**	**22**
23	**24**	**25**	**26**	**27**	**28**	**29**
	House Subcommittees Meet					
		Filing Deadline - Approp. Bills	Filing Deadline – Local and Pension/ Retirement Bills			
30	**31**-**Memorial Day** House Subcommittees Meet and Begin Reporting					

June

Sun	*Mon*	*Tue*	*Wed*	*Thu*	*Fri*	*Sat*
		1	**2**	**3**	**4**	**5**
		House Subcommittees Meet and Begin Reporting				
6	**7**	**8**	**9**	**10**	**11**	**12**
				House Passes Budget	Conferees Appointed	
13	**14**	**15**	**16**	**17**	**18**	**19**
	Senate Reviews House Budget	Conferees Meet to Resolve Differences				
20	**21**	**22**	**23**	**24**	**25**	**26**
	Conferees Meet to Resolve Differences					
27	**28**	**29**	**30**			
		Adopt Conference Report	End of the 2009-10 Fiscal Year			

Attachment 2

2010 Legislative Priorities of the University of North Carolina

The University of North Carolina's top priority this session is **students**; providing access to North Carolinians, meeting the increased demand for financial aid, and maintaining quality by protecting the Academic Core.

ion

The Board of Governors and President Bowles offer an alternative proposal to the legislatively mandated tuition increases for 2010-2011 adopted in the 2009 budget.

Proposed Alternative Board of Governors' Tuition Increase:

- Provides predictability and affordability for students and families consistent with the 4-year tuition plan.
- Average increase of $130 (**5.2%**) for in-state undergraduate students
- Average increase of $461 (**3.4%**) for out-of-state undergraduate students
- Board requires revenues to remain on the campuses, with **51%** ($17.4 million) of revenues dedicated to need-based financial aid, 25% ($8.6 million) to retention and graduation efforts, and 24% ($8.4 million) to other critical needs.
- Tuition-generated need-based financial aid is critical to campus efforts to meet increased student need that cannot be covered with existing resources.

Current 2010-2011 Budget Tuition Increase Set by Legislature:

- Places a larger burden on in-state students, with **86%** of revenue generated by North Carolina residents, compared to only **66%** under the Board's proposal
- Average increase for in-state undergraduates would be $180 (**7.2%**)
- Average increase for out-of-state undergraduates would be $200 (**1.4%**)
- Revenue generated by the tuition increase would flow to the state's General Fund.

ed-Based Financial Aid

...ancial aid need is up across the campuses. **71%** of UNC students are applying for financial aid, compared to only 66% last year. Increased need, coupled with the loss of the EARN program ($4,000 per student), has put additional strain on families and students. Financial aid offices are unable to meet the need.

We are requesting **$34.8 million** (recurring) for Need-Based Financial Aid. This is in addition to need-based aid generated from the BOG's tuition proposal. In order to meet this need, we ask the General Assembly to:

- Restore $12 million (recurring) to cover the non-recurring appropriation from FY 2009-10; and
- Fund $22.8 million to cover the increased need for financial aid.

Minimize Cuts

In 2009, UNC permanently cut administrative costs by **18%**, while keeping permanent academic cuts to **0.3%**, protecting our Academic Core.

- **$294.3** million in recurring and non-recurring reductions in FY 2009-10
- **96.5%** ($162.5 million) of the permanent cuts were made in administration
- The University has done its part during the budget crisis, absorbing an additional **5% ($134.4 million** non-recurring) holdback for FY 2009-10. This is **29%** of the total holdback, while we only make up **13%** of state appropriations.
- Additional permanent cuts would damage the Academic Core, forcing the campuses to further:
  - Increase class size and reduce section offerings;
  - Eliminate faculty;
  - Reduce lab and library hours;
  - Eliminate student programs;
  - Reduce tutoring & advising services; and
  - Eliminate additional administrative positions tied to academic and financial integrity.

Attachment 3

North Carolina's Public Schools
Changes to the State Public School Fund
FY 2009-10 and Budgeted for FY 2010-11

Review Current Year - FY 2009-10	
Recurring Cuts:	
ADM Adjustment	$225.0
Improving Student Acct.	36.4
Central Office	14.6
Other Recurring	54.4
	$ 330.4
Non-Recurring Cuts:	
Textbooks	$ 48.0
Noninstructional Support	379.6
Other Non-recurring	22.2
	$ 449.8
Total Cut (9.5%)	**$ 780.2**
Federal Recovery (ARRA):	
Stabilization	$ 379.6
ESEA Title I (27 months)	247.1
IDEA VI-B (27 months)	314.4
Total	$ 941.1

Retirement Rate 8.75%
Hospitalization Cost $4,527

Cuts in Budget for FY 2010-11:		
Additional Recurring	Increase	Total
ADM Adjustment (+35.4%)	$79.8	$ 304.8
Driver Training *	$33.3	
Other Recurring	6.9	61.3
	$ 120.0	$ 366.1
Non-Recurring Cuts:		
Textbooks	$ 67.4	$ 115.4
Noninstructional Support	(6.3)	373.3
Other Non-recurring	(0.6)	21.6
	$ 60.5	$ 510.3
** driver training ($33.3 m) not in FY 2010-11 Budget*		
Total Cut (12%)	**$ 180.5**	$ 876.4
Federal Recovery (ARRA):		
Stabilization		$ 373.3
ESEA Title I	*carryover*	0
IDEA VI-B	*carryover*	0
Total		$ 373.3

Scheduled Retirement Rate 10.510%
Scheduled Hospitalization Cost $4,929

ADM Adjustment:

Description	Position, Moe	Statewide Salary	Dollars	Percent of Reduction
Academically Gifted			(1,069,962)	*0.48%*
At Risk Student Services			(1,954,258)	*0.87%*
Central Office Administration			(742,792)	*0.33%*
Children with Disabilities			(4,718,921)	*2.10%*
Classroom Material			(1,017,263)	*0.45%*
Classroom Teachers	(2,466.04)	$ 54,375	(134,090,935)	*59.60%*
Instructional Support	(108.36)	$ 60,837	(6,592,301)	*2.93%*
Limited English			(1,235,857)	*0.55%*
Low Wealth Supplemental			(2,678,791)	*1.19%*
Mentor Pay			(602,638)	*0.27%*
Non-Instructional Support			(436,454)	*0.19%*
School Building Administration			(7,354,487)	*3.27%*
Principal	(409.95)	$ 7,116		
Assistant Principal	(696.70)	$ 6,369		
School Technology			(7,738)	*0.00%*
Small County Supplemental			(287,486)	*0.13%*
Teacher Assistants			(44,091,000)	*19.60%*
Textbooks			(3,242,879)	*1.44%*
Transportation			(248,068)	*0.11%*
Voc Ed Month of Employment	(1,421.47)	$ 5,681	(8,075,373)	*3.59%*
Voc Ed Program Support			(709,357)	*0.32%*
Charter School Reductions			(5,843,440)	*2.60%*
			$ (225,000,000)	100%

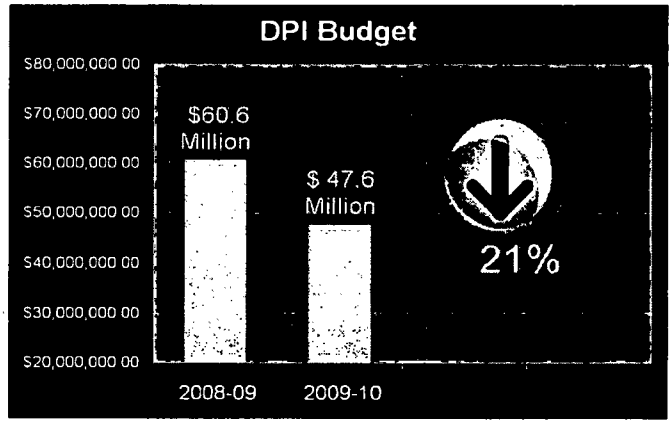
Chart of Proposed Increased Local cation Agency Funding Flexibility for FY 2009-10 and FY 2010-11

Program Description	Current Flexibility	Proposed Flexibility
ABC Incentive Award	No Transfer Allowed	No Funding in FY 2009-10. If Funded in FY 2010-11, no transfer would be allowed.
Academically & Intellectually Gifted	May transfer if in school improvement plan and all eligible students are being served.	May Transfer - no restrictions
At Risk Student Services/Alternative Schools	No transfer out; but, could transfer in.	May Transfer - no restrictions
Behavioral Support	No Transfer Allowed	Same
Career Technical Education - Program Support	Can transfer between CTE categories only.	Can transfer up to the level of funding increase. Waiver of federal maintenance of effort will be requested. If waiver is approved additional flexibility will be granted.
Career Technical Education Months of Employment	Can transfer between CTE categories and transfer out up to the amount of the legislative pay increase.	Can transfer up to the level of funding increase.
Central Office Administration	Can transfer out; but, no transfer in	Same
Children with Disabilities	No transfer out; but, could transfer in.	Can transfer up to the level of funding increase per year only if the dollars per eligible student is maintained at the FY 2008-09 level as adjusted for legislated adjustments (federal recovery money can be used as part of the dollar per eligible student calculation).
Children with Disabilities Special Funds (PRC 063)	No Transfer Allowed	Same
Classroom Materials/Instructional Supplies/Equipment	Transfers allowed to textbooks only if in the schools improvement plan.	May Transfer - no restrictions
Classroom Teachers	Transfers allowed to instructional supplies, exceptional children teachers, at risk teachers, and textbooks.	Transfers allowed. The legislation requires LEAs to minimize the dismissal of classroom-based personnel and that class size requirements in grades K-3 shall remain unchanged. The legislation also states that LEAs shall use allotted positions to maximize student achievement in grades 4-12.
Disadvantaged Student Supplemental Funding	No Transfer Allowed	May Transfer - no restrictions
Driver Training	No Transfer Allowed	Same
Federal Funds	No Transfer Allowed	Same
High School Learn and Earn	No Transfer Allowed	May Transfer - no restrictions
Improving Student Accountability	No transfer out; but, could transfer in	None - Program eliminated

Chart of Proposed Increased Local Education Agency Funding Flexibility for FY 2009-10 and FY 2010-11

Program Description	Current Flexibility	Proposed Flexibility
Instructional Support	Transfers allowed out of, at the statewide average salary.	Same
LEA Financed Purchase of School Buses	No Transfer Allowed	Same
Limited English Proficiency	No Transfer Allowed	May Transfer - no restrictions
Low Wealth Supplemental Funding	No Transfer Allowed	May Transfer - no restrictions
Non-instructional Support	May be transferred only for teacher positions (any grade) if in a school's improvement plan. Three percent (3%) of these funds may be transferred for staff development.	No Transfer allowed out of this category. Only $11 million remains this category.
School Building Administration	Transfers allowed out of, at the statewide average salary.	May Transfer - no restrictions
School Technology	No Transfer Allowed	May Transfer - no restrictions
Small County Supplemental Funding	No Transfer Allowed	No Transfer required
Teacher Assistants	Transfers into teacher assistants are acceptable. If included in a school's plan, transfers from teacher assistants to dollars for classroom teachers for grades K-3 (PRC 008) are allowed. Teacher assistant positions must be vacant to transfer.	May Transfer - no restrictions
Textbooks	Transfers only to Classroom Materials/ Instructional Supplies/Equipment allowed if included in a school's improvement plan. LEAs do not have to obtain a waiver to purchase off the state-adopted list.	Transfers into and out of this category are allowed. There is no change in carryover provisions as outlined in policy.
Transportation	Funds may be transferred but will impact efficiency ratings.	Same

Change in NCDPI Budget



NCDPI Budget Actions

FY 2009-10

		Amount
Position cuts	(64.0)	($4,625,856)
Support funding cuts		($2,087,638)
Additional 5% OSBM Hold-Back		($4,029,621) *

- The 5% OSBM Hold-Back is $5.0 million:
  - $4.0 DPI Operations (as included above)
  - $1.0 Non-Profits (Community in Schools, Teach for America, etc.)

NCDPI Budget Actions FY 2010-11

Budget actions with heaviest impact

		Amount
Position cuts (an additional 36)	(100.0)	($5.4 million)
(at least 75 of the 100 must be State Paid)		
Support funding (an additional $800,000)		($2.9 million)



Change in NCDPI Budget – How this Reduction has Impacted Public Schools

- Transportation
- New Accountability Model
- Different/More Effective Professional Development
- Web-Site Updates/Information
- IT Operations



Creating Success

NC Community Colleges
Hope • Opportunity • Jobs

NC Community Colleges: North Carolina's Economic Emergency Room

With 31,000 new students ranging from recent high-school graduates to displaced workers, our state's community colleges have become the economic emergency room for North Carolina's workforce. All 58 colleges are struggling to provide the services North Carolinians need at a time when our state's revenues are tight.

- Thousands of laid-off workers looking for new job skills are flooding through our doors. Some are seeking short-term training through JobsNOW; some, healthcare or first responder training, and some, skills in the fast-growing industries of biotechnology, life sciences, aerospace or green technology.
- A record number of younger full-time students have enrolled, attracted by the economical, quality education available as family finances tighten or drawn by a streamlined articulation agreement between our colleges and our state's universities offering a gateway to a bachelor's degree.

Community colleges are on the frontlines of treating North Carolina economic emergency needs. These 2010-11 budget requests are put forth to help us attend to or "triage" the workforce and educational needs of tens of thousands of new community college students.

2010-2011 "Triage" Budget Request

- **Enrollment Growth** **$85 million**

  Unprecedented enrollment increases of at least 31,000 students mean that the NC Community College System has grown by a student size equivalent to UNC-Chapel Hill in just one year. Funding for enrollment growth is needed to cover the burgeoning costs of new students and to maintain program quality for all students.

- **Equipment Growth** **$5 million**

  Community colleges remain underfunded for equipment with budgets allowing for replacement only every nine years. The problem is exacerbated by the fact that the equipment budget does not grow with enrollment.

- **Forward Funding** **$14 million**

  Community colleges are the fastest growing education sector but the only one to receive funding based on the previous year's enrollment. A recurring appropriation to a reserve fund will help manage enrollment surges and begin to align our growth funding with other educational institutions.

- **Summer Developmental** **$12 million**

  Sixty-four percent of the 2008 NC High School graduates who enrolled at community colleges took at least one remedial (i.e. developmental) course. Moving more remediation efforts to the currently unfunded summer semester, at a cost of approximately $12 million, will make summers more productive for students working to succeed and will increase the probability of student completion.

Creating Success
NC Community Colleges

Key Enrollment and Budget Facts

- FY 2009-10 enrollment ≈ 247,000 FTE students, an increase of **31,000** FTE students
- FY 2009-10 budget based on ≈ 216,000 FTE
- Management Flexibility Cut = ($28.6 million)
- Additional Reversions = ($29.2 million)

Budgeted Curriculum Funding per Budgeted FTE:	**$4,917**
Estimated Curriculum Expenditures per Actual FTE:	**$4,034**
Est. Expenditures Less Than Budgeted Funding per FTE	**($ 883)**

How Colleges Are Stretching State Dollars

# of Colleges	% of Colleges	Budget Management Strategy
55	95%	Increasing class sizes.
54	93%	Limiting travel
43	74%	Deferring equipment purchases
40	69%	Increasing faculty workloads
39	67%	Substituting part-time faculty for full-time.
39	67%	Eliminating positions
34	59%	Using institutional funds to support expenses normally supported by State funds.
33	57%	Eliminating programs and/or class sections
27	47%	Using qualified administrative staff to teach courses
24	41%	Do not have the resources to meet student demand for certain courses/programs

*As reported by colleges through survey conducted in October 2009

NORTH CAROLINA GENERAL ASSEMBLY
Legislative Services Office
George R. Hall, Legislative Services Officer

scal Research Division
0 N. Salisbury Street, Suite 619
Raleigh, NC 27603-5925
Tel. 919-733-4910 Fax 919-715-3589

Marilyn Chism, Director

April 6, 2010

MEMORANDUM

TO: Joint Appropriations Subcommittee on Education

FROM: Education Team

SUBJECT: 2010 Session Briefing Document

K-12

- **Average Daily Membership (ADM)** – ADM, the measure of student headcount for funding allotment purposes, is coming in lower than budgeted. That means less funding will be needed to provide the same level of services budgeted for FY 2010-11. We don't have final numbers yet, but initial estimates place the adjustment in the area of $10 million.

- **Average Salaries** – Average salaries are also coming in below budgeted figures. Apparently, experienced teachers are retiring at a higher rate than anticipated. We don't have final numbers yet, but current estimates place this adjustment in the area of $20 million.

- **State Fiscal Stabilization Fund (SFSF)** – The US Department of Education changed the rules for SFSF following the passage of the FY 2009-11 Budget. These changes affect the mix of SFSF between K-12 and UNC. We will need to make some adjustment in the mix between the two agencies in order to conform the State budget to federal requirements. Since we will have to amend our application again next year using actual 2009-10 data and that may not be known in time for the budget deliberations, the General Assembly might want to consider a special provision to allow OSBM to adjust the appropriation between K-12 and UNC as necessary to comply with the SFSF amended application.

- **LEA Adjustment** – The Budget included a flexible spending cut of $225 and $305 million to all State public school allotments while also granting near-complete spending flexibility to LEAs With the flexibility granted to LEAs to move funding in and out of virtually all allotment categories, if the NCGA has to make additional public schools adjustments then this area may be the most practical place to amend.

- **Lottery** – In FY 2009-10, Lottery revenues are projected to come in approximately $51 million above the budgeted amounts. The language in the 2009 Technical Corrections Bill requires all over-collections to go towards school capital and to be distributed only to those counties that did not qualify for the "35% effort funding". As a result, the counties that did not qualify for extra

Lottery funding on the basis of local tax effort are set to receive significantly more money, especially on a per-pupil basis, than those counties that actually did qualify for the 35% pot. Approximately $31 million is required to provide the same amount per pupil to those counties not qualifying for the 35% funding as those counties that do qualify.

- **Virtual Public Schools** – In the last three budgets, the General Assembly has asked for the State Board to propose a formula to ensure sustained funding of NCVPS, as well as to recognize savings. The "formula" put forth by the SBE failed to meet either of these criteria. However, in its deliberations, the SBE considered a few other options which the General Assembly might consider adopting.

- **Race to the Top (RTTT)**– North Carolina reached Round 2 of the initial application review for RTTT but ultimately was not 1 of the 2 States awarded Federal funding. The Governor has pledged to reapply for the 2nd RTTT competition in June.

CC

- **Enrollment Growth** – Based on the Fall Census, with enrollment growth of almost 16%. $126.2 million will be needed to fully fund enrollment growth in FY 2010-11. The continuation budget included $41.1 million; requiring an additional appropriation of $85.0 million to fully fund growth.

- **Prisoner Education Continuation Review** – The Education Continuation Review for 2009 was the NC Community College System's inmate education program. The General Assembly would need to appropriate $32.9 million to restore funding (or $35.9 million to fully fund the program at FY 2008-09 levels). This continuation review will be discussed in depth at the April 12th meeting of this joint subcommittee.

- **CC High School Programs** – Because Learn and Earn Online (LEO) was not eliminated when Dual Enrollment and Huskins courses were restricted last session, many of the students who would have taken dual enrollment or Huskins courses are instead taking LEO courses and the anticipated savings from this reduction are not being realized. The General Assembly may wish to reconcile these differences this session.

- **Senior Citizen Tuition Waiver** – Last session, the senior citizen tuition waiver was restricted to 6 credit hours or 96 contact hours per semester. The CC System has struggled to administer the 96 contact hour restriction because continuing education courses vary widely in length. The General Assembly may want to consider revisiting this tuition waiver.

UNC

- **Enrollment Growth** - $53.4 million is built into the FY 2010-11 UNC base budget for enrollment growth.

- **Aid to Private College Students** – An additional $4.3 million is requested for enrollment growth in the Legislative Tuition Grant program ($55.6 million) and the State Contractual Scholarship Fund program ($44.1 million).

- **Tuition** – The UNC Board of Governors (BOG) has requested a repeal of the FY 2010-11 legislative tuition increase and the reinstatement of their authority to raise tuition on resident students next academic year. Repeal of the tuition increase will require a General Fund appropriation of $34,776,301.

- **Financial Aid**

    - The FY 2009-10 General Fund appropriation for UNC need-based aid was $11 million R and $12 million NR. Since the original request from UNC was for recurring funds, then the UNC Board of Governors (BOG) has asked that the $12 million NR be made recurring. In addition, an estimated $22.8 million in aid funds is requested to keep pace with enrollment growth and the growth in student need due to the economy.
    - To extend the life of the Escheat Fund, action could be taken in the short session to reduce the appropriation from this fund for UNC need-based aid. Without an appropriation from the General Fund or some other source, this would reduce the annual awards to students.

- **ECU Dental School** – East Carolina University estimates that it will need an additional $11 million in recurring funds to open its School of Dentistry in Fall 2011. A breakdown of expenses has been requested to see if some of the cost can be phased in with each new class.

- **UNCC EPIC** – The UNCC Energy Production Infrastructure Center (EPIC) is scheduled for completion in August 2011. The General Assembly appropriated $2 million in FY 2009-10, the UNC BOG request, to begin hiring 15 faculty and staff for the program. The General Assembly did not fund the $3 million request for FY 2010-11 to complete the staffing for the program.

- **NC A&T/UNC-G Nanotechnology** – The NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering is scheduled for completion in Fall 2011. $3.9 million in recurring start-up funds have been appropriated to date, but another $3.4 million may be requested in the short session to complete the staffing and operations of the program.

Principal Clerk _____
Reading Clerk _____

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The Senate Committee on **Appropriations on Education/Higher Education** will meet at the following time:

DAY	DATE	TIME	ROOM
Friday	May 7, 2010	9:00 AM	421 LOB

The following will be considered:

The Committee will discuss the Governor's budget on education and 5% budget reduction options for education. REMINDER: Please bring your copy of the Governor's Recommended Adjustments to the 2010-2011 state budget.

Senator Tony Foriest, Co-Chair
Senator Richard Stevens, Co-Chair

Senate Appropriations Subcommittee on Education/Higher Education
Agenda

Friday, May 7, 2010, 9:00 A.M.
Room 421, Legislative Office Building
Senator Foriest, Presiding

I. Welcome
Senator Foriest

II. Review of Governor's Budget Recommendations and Senate 5% Budget Reduction Options

Brian Matteson, Andrea Poole, and Richard Bostic
Fiscal Research Division

III. Committee Discussion

IV. Adjourn

Senate Appropriations on Education/ Higher Education
Sen. Foriest (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Boseman (Vice Chair)
Sen. Blue, Sen. Davis, Sen. Dickson, Sen. Hartsell,
Sen. Preston, Sen. Tillman, Sen. Vaughan

Committee: Senate Appropriations on Education/Higher Education

DATES / MEMBERSHIP	5/7/10															
Senator Tony Foriest, Co-chair	X															
Senator Richard Stevens, Co-chair	X															
Senator Julia Boseman, Vice-chair	X															
Senator Dan Blue																
Senator Don Davis	X															
Senator Margaret Dickson	X															
Senator Fletcher Hartsell																
Senator Jean Preston	X															
Senator Jerry Tillman	X															
Senator Don Vaughan																
STAFF																
Richard Bostic, Fiscal	X															
Brian Matteson, Fiscal	X															
Kris Nordstrom, Fiscal																
Andrea Poole, Fiscal	X															
Jackie Ray, Comm. Asst.	X															

MINUTES
SENATE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Friday, May 7, 2010, 9:00 a.m.

The Senate Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building on Friday, May 7, 2010, at 9:00 a.m. Senator Tony Foriest, Co-Chair, presided over the meeting. The following Senators were present: Richard Stevens, Co-Chair, Julia Boseman, Vice Chair, Don Davis, Margaret Dickson, Jean Preston, and Jerry Tillman. Members of the Education Fiscal Research Division (FRD) team were also present.

The Chair called the meeting to order and recognized staff and visitors (visitor log sheet attached), including the local school board superintendents who were meeting in the area. Senator Foriest noted that the subcommittee was here to look at possible recommendations from the Governor's budget and the Senate five percent (5%) budget reduction options.

Senator Stevens commented that this is a scenario of what could happen with the reductions and that this is a starting point for things to come.

The Chair recognized the FRD staff for their presentations (see Attachment 1). Brian Matteson began with reduction options related to public schools funding and the Department of Public Instruction. He noted that the technical adjustments were nearly identical to the Governor's recommendations. Andrea Poole presented state aid reductions and system office reductions related to community college funding. Lastly, Richard Bostic discussed reduction options related to the University of North Carolina system.

Following each presentation, there were questions and discussion. The meeting adjourned at approximately 10:15 a.m.

Respectfully submitted,

Senator Anthony E. Foriest, Co-Chair

Jacqueline F. Ray, Comm. Assistant

(NOTE: Minutes were prepared from handwritten notes due to CD malfunction.)

Public Schools

Reduction Option	Senate Options for Consideration 5% Scenario R	Senate Options for Consideration 5% Scenario NR	Governor's Budget Cuts R	Governor's Budget Cuts NR
Public School Funding:				
Technical Adjustments:				
ADM Adjustment (Actual ADM Lower than Originally Budgeted)	(4,980,046)	-	(4,980,046)	-
Average Teacher Salary Adjustment (Average Salary is Lower than Originally Budgeted)	(44,950,676)	-	(44,950,676)	-
Lottery Receipts (Budgeting Projected Increase that Is Allocated for Classroom Teachers)	(36,638,646)	-	(36,638,646)	-
Exceptional Children Headcount Adjustment (Anticipated Reduction from April 1 Headcount. Actual Figures Not Yet Available)	(6,000,000)	-	(6,000,000)	-
Small County Supplemental Funding	(3,000,000)	-	(2,000,000)	-
Other Public School Funding Reduction Options:				
ADM Contingency Reserve	(2,618,501)	-	(2,618,501)	-
More at Four	(10,000,000)	-	(3,240,466)	-
Instructional Supplies	(5,000,000)	-	(2,685,716)	-
Central Office Administration	(10,000,000)	-	(5,400,000)	-
Noninstructional Personnel	(7,100,000)	-	-	-
Mentoring	-	(9,214,190)	-	-
Limited English Proficiency	(4,000,000)	-	-	-
Transportation	(15,000,000)	-	(5,000,000)	-
Assistant Principals	(4,500,000)	-	(8,908,472)	-
Instructional Support	(5,000,000)	-	(7,167,477)	-
At-Risk	(1,200,000)	-	(7,634,652)	-
DSSF (Hold Harmless Removal for Original 16 LEAs)	(1,975,008)	-	(1,975,008)	-
Low Wealth Supplemental Funding (Hold at FY 2009-10 Appropriated Level)	(10,081,042)	-	(10,081,042)	-
Child and Family Support Teams	(2,500,000)	-	(2,500,000)	-
School Bus Replacement (One-year moratorium on new bus purchases)	-	(12,900,000)	-	(11,900,000)
Career and Technical Education-Program Support Reduction Not to Be Met by Eliminating Filled Classroom Positions)	(2,000,000)	-	-	-
Learn and Earn Virtual Schools (Eliminate Extra Supplemental Funding for all 4 Schools)	(1,000,000)	-	-	-
Learn and Earn Bricks and Mortar (2 Schools with Planning Grants Are Not Ready to Open)	(620,000)	-	-	-
NC Virtual Public Schools (Implement new formula to make program self-sustaining)	(5,574,784)	-	-	-
LEA Adjustment	(133,402,344)	-	(135,000,000)	-
Passthroughs 5% reduction	(202,130)	-	(112,104)	-
Dropout Prevention Grants	(13,000,000)	-	-	-
Supplementary Breakfast	-	-	(2,017,761)	-
Department of Public Instruction:				
DPI Operating Funds	(2,375,850)	-	(2,375,850)	-
NCCAT	(1,000,000)	-	(236,529)	-
NC Wise	(2,000,000)	(5,000,000)	(2,000,000)	(5,000,000)
DPI IT Reduction (26 positions)	(2,828,444)	-	(2,828,444)	-
DPI Academic Services Reduction (10 positions)	(1,080,000)	-	(1,080,000)	-
IT Legacy Fund Balance	-	(1,300,000)	-	(1,300,000)
Total:	**(339,627,471)**	**(28,414,190)**	**(297,431,390)**	**(18,200,000)**

Community Colleges

Reduction Option	Senate Options for Consideration 5% Scenario R	Senate Options for Consideration 5% Scenario NR	Governor's Budget Cuts R	Governor's Budget Cuts NR
State Aid Reductions:				
$8 Curriculum Tuition Increase	(37,072,732)		(32,440,740)	
20% of Increase for Financial Aid	7,414,546		6,488,188	
Net Reduction	*(29,658,186)*		*(25,952,552)*	
NR Federal Literacy Funding Swap	-	(4,500,000)	-	(4,500,000)
NR Write-up of Tuition Receipts	-	(10,000,000)	-	(10,000,000)
Management Flexibility Reduction	(5,360,670)	-	(33,268,064)	-
Fayetteville Technical Community College Botanical Laboratory	-	-	(264,000)	-
Hickory Metro Higher Education Center	-	-	(264,833)	-
System Office Reductions:				
Shift remaining .75 of proprietary schools position entirely to receipt support.	(60,747)	-	(60,747)	-
General Education Development (GED) Program Fee Increase	-	-	(118,992)	-
Reduce State Board Reserve	(160,000)	-	(160,000)	-
Reduce Advertising Budget by 50%	(150,000)	-	(150,000)	-
Various Operating Reductions in System Office	(158,764)	-	(158,764)	-
Eliminate 7 Positions	(575,022)	-	(575,022)	-
Total	**(36,123,389)**	**(14,500,000)**	**(60,972,974)**	**(14,500,000)**

UNC

Reduction Options	Senate Options for Consideration 5% Scenario		Governor's Budget Cuts	
	R	NR	R	NR
enters and Institutes	(2,000,000)	-	-	-
NC Hospitals	(2,000,000)	-	(1,716,463)	-
UNC-TV Analog to Digital Transition	(632,140)	-	(632,140)	-
Distance Education Reserve	(651,483)	-	(651,483)	-
IT Reserve	(755,917)	-	(755,917)	-
Faculty Recruiting and Retention	(1,000,000)	-	-	-
Administrative and Maintenance Reduction	-	-	(104,884)	-
NC Research Education Network (NCREN)	-	-	(135,880)	-
LTG Rate Reduction	(1,500,000)	-	(1,172,542)	
Management flexibility with priority on non-teaching related reductions	(124,288,060)	-	(98,969,117)	-
UNC General Administration Management Flexibility	-	-	(1,036,983)	-
Total	(132,827,600)	-	(105,175,409)	-

Governor's Expansion Items

Reduction Option	Governor's Expansion Items	
	R	NR
Public Schools:		
North Carolina Virtual Public Schools	10,994,157	-
Student Diagnostics Grades K-3 and Grade 5	17,737,556	21,238,000
Student Diagnostics and Intervention Initiative Grades 8 and 11	1,392,407	-
Education Value-Added Assessment System	2,000,000	-
New Schools Project	-	500,000
Dropout Prevention Grants	-	1,500,000
Governor's School	-	100,000
Subtotal - Public Schools	**32,124,120**	**23,338,000**
Community Colleges:		
Restore Community Re-entry Education	19,810,787	-
Fully Fund Regular Term Enrollment Growth	85,041,632	-
Equipment and Technology	2,500,000	-
Small Business Centers	402,861	-
Subtotal - Community Colleges	**107,755,280**	**-**
UNC:		
Career and College Promise - Need-Based Financial Aid	34,856,563	-
Enrollment Growth	5,636,814	-
Campus Initiated Tuition Increases	34,776,301	-
Faculty Recruiting & Retention Fund	1,000,000	-
Small Special Focus Schools	282,016	-
ECU Dental School Accreditation	1,000,000	-
Building Reserves	12,220,902	1,922,058
The Soldier Institute for Regenerative Medicine	-	1,500,000
Subtotal - UNC	**89,772,596**	**3,422,058**
Total - Education	**229,651,996**	**26,760,058**

VISITOR REGISTRATION SHEET

Senate Appropriations on Education/Higher Education — May 7, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Katherine Joyce	NCASA

Principal Clerk ____
Reading Clerk ____

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The Senate Committee on **Appropriations on Education/Higher Education** will meet at the following time:

DAY	DATE	TIME	ROOM
Monday	May 17, 2010	3:30 PM	421 LOB

The following will be considered:

BILL NO.	SHORT TITLE	SPONSOR

The proposed Senate education budget will be reviewed.

Senator Tony Foriest, Co-Chair
Senator Richard Stevens, Co-Chair

Senate Appropriations Committee on Education/ Higher Education
Agenda

Monday, May 17, 2010, 3:30 P.M.
Room 421, Legislative Office Building
Senator Stevens, Presiding

I. Welcome
Senator Stevens

II. Review of Proposed Senate Education Budget

Brian Matteson, Kris Nordstrom, Andrea Poole, and Richard Bostic
Fiscal Research Division

III. Committee Discussion

IV. Adjourn

Senate Appropriations on Education/ Higher Education
Sen. Foriest (Co-Chair)
Sen. Stevens (Co-Chair)
Sen. Boseman (Vice Chair)
Sen. Blue, Sen. Davis, Sen. Dickson, Sen. Hartsell, Sen. Preston, Sen. Tillman, Sen. Vaughan

Committee: Senate Appropriations on Education/Higher Education

DATES MEMBERSHIP	5/7/10	5/17/10														
Senator Tony Foriest, Co-chair	X	X														
Senator Richard Stevens, Co-chair	X	X														
Senator Julia Boseman, Vice-chair	X															
Senator Dan Blue																
Senator Don Davis	X	X														
Senator Margaret Dickson	X	X														
Senator Fletcher Hartsell		X														
Senator Jean Preston	X	X														
Senator Jerry Tillman	X	X														
Senator Don Vaughan		X														
STAFF																
Richard Bostic, Fiscal	X	X														
Brian Matteson, Fiscal	X	X														
Kris Nordstrom, Fiscal		X														
Andrea Poole, Fiscal	X	X														
Jackie Ray, Comm. Asst.	X	X														

MINUTES
SENATE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Monday, May 17, 2010, 3:30 p.m.

The Senate Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building on Monday, May 17, 2010, at 3:30 p.m. Senator Richard Stevens, Co-Chair, presided over the meeting. The following Senators were present: Tony Foriest, Co-Chair, Don Davis, Margaret Dickson, Fletcher Hartsell, Jean Preston, Jerry Tillman, and Don Vaughan. Members of the Education Fiscal Research Division (FRD) team were also present.

The Chair called the meeting to order and recognized staff and visitors (visitor log sheets attached). He noted that the subcommittee would be reviewing the recommendations regarding the Senate budget and anticipate taking a vote; however, no amendments will be taken today. Amendments will be taken on tomorrow, May 18, 2010, during the full Appropriations committee meeting scheduled for 9:00 a.m. in Room 643. The Chair reviewed some preliminary guidelines with regard to amendment considerations. He further noted that since the Governor's budget presentation and last subcommittee meeting on May 7, 2010, lots of input and dialogue have been received from committee members, the Senate, the public, personnel from the public school system, community colleges, universities, etc. about the Education budget. Senator Stevens further noted that he and Senator Foriest have spent much time with the FRD staff and full appropriations chairs and the recommended budget is now before committee members.

The Chair recognized the FRD staff to address the committee regarding the Senate Budget Recommendations and Senate Special Provisions Recommendations (see Attachments 1 and 2). Brian Matteson addressed the committee regarding budget recommendations with regard to K-12 public education. Brian explained the technical adjustments followed by other funding adjustments. Kris Nordstrom followed with explanations on the special provisions recommendations for K-12 (Section 7). Andrea Poole addressed the committee regarding budget recommendations related to community colleges. She explained technical adjustments followed by state aid adjustments and system office adjustments. Andrea followed with explanations on the special provision recommendations for community colleges (Section 8). Richard Bostic addressed the committee regarding budget adjustments related to the University of North Carolina (UNC) system. Richard also explained special provisions recommendations for the UNC system (Section 9).

Following each presentation, there were questions and discussion.

The Chair noted percentage changes in the Governor's proposed changes and revised budget vs. the Senate proposed changes and revised budget. Andrea Poole will follow up with an email to committee members noting specific percentages (see Attachment 3).

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Andrea will also provide updated information regarding amendment rules (see Attachment 4). Copies of the budget reports will be made available on line.

Senator Foriest assured committee members that all comments and suggestions relating to the budget were taken into consideration. He noted that with the deficit in funding, prioritizing was particularly important.

Senator Foriest motioned that the budget be accepted as presented. The motion was carried and the committee voted favorably to accept the budget report.

The meeting adjourned at 4:30 p.m.

Respectfully submitted,

Senator Richard Stevens, Co-Chair

Jacqueline F. Ray, Comm. Assistant

Attachment 1

Senate Appropriations Subcommittee on Education/Higher Education

Senate Budget Recommendations

May 17, 2010

Public Education

GENERAL FUND

	FY 10-11
Total Budget Approved 2009 Session	**$7,360,833,223**

Budget Changes

A. Technical Adjustments

1 Average Daily Membership ($4,980,046) R

Revises projected increase in ADM for FY 2010-11 to reflect 3,127 fewer students than originally projected. Dollar amount of adjustment includes revisions to all position, dollar, and categorical allotments.

Total funded ADM for FY 2010-11 is 1,475,668, an increase of 10,754 over FY 2009-10. There was a temporary ADM reduction in FY 2009-10 precipitated by a change in the Kindergarten eligibility age.

2 Average Teacher Salary ($44,950,676) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2009. Adjustment does not reduce any salary paid to certified personnel.

3 Education Lottery Receipts ($36,638,646) R

Adjusts the receipts budgeted for the Classroom Teachers allotment to reflect half of the projected $73 million growth in Education Lottery revenues over the $368 million budgeted amount.

4 Exceptional Children Headcount ($6,000,000) R

Adjusts funding previously budgeted for the Children With Disabilities allotment to reflect actual student headcount and does not reduce funding per student. The continuation budget includes anticipated growth based on the projected headcount of children with disabilities. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2010 headcount.

5 Small County Supplemental Funding ($3,000,000) R

Reduces funding to adjust for the expiration of Currituck County's funding eligibility in FY 2009-10 as well as a surplus of funding needed to fully fund the other eligible counties. The remaining $43.5 million is sufficient to fully fund the 28 eligible counties.

6 Learn and Earn Early College High Schools ($310,000) R

Adjusts funding to reflect the delayed opening of one Learn and Earn School scheduled to open in FY 2009-10. S.L. 2009-451 provided funding to open twelve Learn and Earn schools that had been given planning funding in FY 2008-09. Only ten of the twelve planning schools were ready to open in FY 2009-10, but one of them will be ready to open in FY 2010-11. Currently 66 Learn and Earn "Bricks and Mortar" schools are operating in North Carolina.

B. Other Public School Funding Adjustments

7 ADM Contingency Reserve ($2,618,501) R

Reduces the Contingency Reserve by 50%. The Reserve is maintained to provide additional support to school systems that experience greater than projected student headcount growth. $2.6 million will remain to support the Reserve.

8 More at Four ($10,000,000) R
($16,176,036) NR

Reduces program funding by 15% from its $165.5 million combined appropriation of General Fund and Lottery proceeds. The Joint Task Force on Early Childhood Education and Care estimates that $5 million in program savings can be achieved by the capping of administrative costs, as proposed in section 7.x of the Budget Bill. An additional $16.2 million in Federal receipts is anticipated to support More at Four in FY 2010-11.

9 Instructional Supplies ($5,000,000) R

Reduces the Instructional Supplies allotment by 6%. $89.2 million will remain for this purpose.

10 Central Office Administration ($10,000,000)

Reduces the dollar allotment to LEAs for the salaries and benefits of central office staff by 9.1%. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. $99.8 million will remain to support these local staff.

11 Noninstructional Support Personnel ($7,100,000) R

Reduces recurring funding for this allotment, which supports clerical assistants, custodians, and substitute teachers, amongst other items. $15 million in State funds will remain available for this allotment in addition to $373 million in federal Education Stabilization Funding provided to LEAs that may also be used for the same purposes.

12 Mentoring ($9,214,190) NR

Eliminates all State funding for LEA mentoring programs on a nonrecurring basis in FY 2010-11 only.

13 Limited English Proficiency ($4,000,000) R

Reduces funding for this allotment by 5.0%. $76.5 million will remain available for this allotment.

14 Transportation ($10,035,622) R

Reduces funding for the allotment, which supports the salaries of transportation personnel as well as the maintenance of yellow buses, by approximately 2.3%. $403 million will remain available for this allotment.

15 Assistant Principals ($4,500,000) R

Reduces funding for the allotment by 4.8%. Adjusts the basis of funding a ten-month Assistant Principal (AP) position from 1 AP for every 800 students to 1 AP for every 830.5 students. $88.3 million will remain available for this allotment.

16 Instructional Support ($5,000,000) R

Reduces this allotment by 1.4%. This allotment supports guidance counselors, librarians, media specialists, school nurses, social workers and other certified personnel. $353 million will remain available for this allotment.

17 At-Risk Student Services ($1,200,000) R

Reduces this allotment by 0.5%. Part of this allotment provides funding to hire a School Resource Officer (SRO) based on a specified salary and benefits amount that is greater than the actual average salary and benefits provided to SROs. This reduction adjusts the allotment to reflect actual expenditures. $234.7 million will remain available for this allotment.

18 Disadvantaged Student Supplemental Funding ($1,975,008) R

Reduces the allotment by 2.5% by eliminating a hold harmless clause that benefits the 16 LEAs initially eligible for this funding in FY 2005-06. Every LEA now qualifies for DSSF funding. $76.8 million will remain available for this allotment.

19 Child and Family Support Teams ($2,500,000) R

Reduces this allotment by 21.3%. This allotment provides funding for a dedicated social worker and school nurse in 100 schools. $9.2 million will remain available for this allotment.

20 School Bus Replacement ($11,900,000) NR

Eliminates funding for the purchase of new replacement school buses in FY 2010-11. $44 million will remain available to support the extended financing payments required for buses purchased in FYs 2007-10, and an additional $1 million will be available for emergency bus replacement purchases.

21 North Carolina Virtual Public Schools ($5,574,784) R

Eliminates the direct appropriation for the North Carolina Virtual Public Schools (NCVPS). Instead of being funded through a direct appropriation, NCVPS will be funded via a new funding formula. The new funding formula reduces LEA allotments based on projected LEA enrollment in NCVPS courses, in order to recognize the extent to which "enrollment in e-learning courses affects funding required for other allotments that are based on ADM," as directed by S.L. 2006-66, Section 7.16. NCVPS courses will continue to be available at no cost to all high school students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

22 Appropriations to Non-Public School Organizations ($202,130)

Reduces appropriations to all non-public school organizations (Communities in Schools, NC Science Olympiad, Tarheel ChalleNGe Academy, Teach for America, and Teacher Cadet) by 5%.

23 Dropout Prevention Grants ($13,000,000) R

Discontinues funding for Dropout Prevention Grants.

24 Connectivity ($1,000,000) R
($3,000,000) NR

Reduces funding for the School Connectivity Initiative (SCI) as it is deployed in all LEAs and is in the operations and maintenance phase. This adjustment also includes a $3 million nonrecurring reduction of the cash balance. The recurring cut of $1 million represents a reduction to recurring appropriations of approximately 4.5%, and leaves recurring appropriations at $21 million per year. The nonrecurring cut of $3 million reduces initiative funding projected to be unexpended in FY 2009-10.

25 Education Value Added Assessment System (EVAAS) $1,000,000 R

Provides $250,000 to expand funding for EVAAS licenses that had previously been funded out of reversions and $750,000 to purchase EVAAS Teacher Analysis.

26 Student Diagnostic and Intervention Initiative $15,000,000 NR

Provides nonrecurring funding to extend the Student Diagnostic Pilot program an additional year in the existing 40 pilot schools. Additional funding will expand the pilot program to additional school sites while also supporting the training needed for teachers to properly implement the program.

27 JOBS Commission Schools $200,000 R

Provides funding to support the creation of certain school sites recommended by the Joint Legislative Joining Our Businesses and Schools (JOBS) Study Commission.

C. Department of Public Instruction

28 DPI Operating Funds ($2,375,850) R

Reduces agency operating funds by the same amount that the Department of Public Instruction has held in reserve and that has remain unexpended for FY 2009-10.

29 North Carolina Center for the Advancement of Teaching ($1,000,000) R

Reduces funding for the North Carolina Center for the Advancement of Teaching (NCCAT) by approximately 17%, bringing annual recurring funding for the program to $4,913,229.

30 NC WISE ($2,000,000) R
($5,000,000) NR

Reduces the annual appropriation for the North Carolina Window on Student Education (NC WISE), as this project is deployed and is in operations and maintenance phase. As such, its annual budgetary needs are $2 million less than previously budgeted. This item also includes a $5 million nonrecurring reduction of the cash balance. The remaining balance will support the hardware and reporting projects associated with NC WISE.

31 Department of Public Instruction IT Program Management Office ($2,828,444) R

Eliminates 26 positions and one contractor in order to find efficiencies and reduce redundancy in the Department of Public Instruction IT Program Management Office (IT PMO). The reduction includes departmental NC WISE positions, Offices of the Chief Information Officer, Chief Technology Officer, Technology Business Services, and Project Management. NC WISE has been deployed, reducing the need for personnel. -26.00

32 Department of Public Instruction Academic Services ($1,080,000) R

Eliminates 10 positions in the Academic Services and Instructional Support department. The District and School Transformation area shall be excluded from this reduction. -10.00

33 Legacy Fund Balance ($1,300,000) NR

Eliminates the cash balance for this project. Funds were appropriated on a nonrecurring basis in three consecutive years to enable DPI to bring information technology applications into compliance with the statewide architecture requirements. This project has now been completed. The total appropriation for this purpose was $6 million.

Budget Changes	**($187,669,707)**	
	($31,590,226)	NK
Total Position Changes	-36.00	
Revised Total Budget	**$7,141,573,290**	

Community Colleges

GENERAL FUND

Total Budget Approved 2009 Session

	FY 10-11
	$1,012,467,778

Budget Changes

A. Technical Adjustments

34 Fully Fund Enrollment Growth $85,041,632 R

Provides funds to fully fund enrollment growth. According to the 2009-10 spring semester census, enrollment has increased by 15.8% (34,118 full-time equivalents or FTE) above the 2009-10 adjusted budgeted enrollment of 213,472. This increase brings FY 2010-11 budgeted enrollment to 247,590.

This funding is in addition to the $41,126,850 in the continuation budget for FY 2010-11 enrollment growth, for a total of $126,168,482 in enrollment growth funding.

B. State Aid Adjustments

35 Management Flexibility Reduction ($13,500,000) R

Reduces funds in the State Aid budget, bringing the total management flexibility reduction for FY 2010-11 to $27.5 million. The State Board of Community Colleges shall distribute the flexibility reduction, accounting for the unique needs of each college. Each college reduced shall have the flexibility to adjust its budget to implement this reduction, but shall not impact those activities directly involved in retraining displaced workers.

36 Tuition Increase ($23,244,836) R

Increases curriculum tuition from $50 to $55 for residents ($5 increase) and from $241.30 to $247 for nonresidents ($5.70 increase). Tuition for full-time resident students will increase by a maximum of $160 per year, from $1,600 to $1,760.

37 Overrealized Tuition Receipts ($10,000,000) NR

Increases the amount budgeted for tuition receipts to more accurately reflect anticipated receipts. Given recent enrollment growth trends, it is anticipated that enrollment in FY 2010-11 will increase by more than the budgeted amount.

38 One-time Increase in Federal Literacy Receipts ($4,500,000)

Increases the amount budgeted for federal literacy receipts, due to a one-time increase, and takes a corresponding one-time reduction in State funding.

39 Restore Small Business Center Funding $402,861 R

Restores the reduction made to the Small Business Center allotment in 2009. This funding will be added to each colleges' base allocation. With this restoration, the total funding available for this program will be $5,756,853.

40 Restore Funding for Prisoner Education $17,649,735 R

Restores partial funding to the prisoner education program. The program received $32.9 million in non-recurring funds in FY 2009-10 while undergoing a continuation review. A total of $20 million will be restored - in addition to the $17.6 million included in this item, an additional $2,350,256 is included in the Department of Correction budget in the Justice and Public Safety section of this report to pay for prisoner tuition at the community colleges.

C. System Office Adjustments

41 Move Position to Receipt Support ($60,747)

Reduces appropriations by shifting one Education Consultant position entirely to proprietary school receipts. This position oversees the activities that generate these receipts.

42 Reduce State Board Reserve ($160,000) R

Reduces funding for the State Board Reserve by 24% from $660,000 to $500,000.

43 Reduce Advertising Budget ($150,000) R

Reduces funds for advertising by 50%.

44 Reduce System Office Operating Budget ($158,764) R

Reduces the System Office operating budget with specific reductions to be identified by the System Office. Reductions should focus on travel, printing, postage, and registration fees.

45 Eliminate Positions ($575,022) R

Eliminates 7 positions in the Community College System Office. The duties of these positions shall be eliminated or absorbed by other System Office employees. The positions are: -7.00

-Education Program Director #60088171 (Bionetwork) - $94,250 salary and $22,045 benefits.

-Technology Support Analyst #60088065 (Information Technology) - $54,724 salary and $14,867 benefits.

-Information Technology Manager #60088013 (Information Technology) - $98,976 salary and $22,903 benefits.

-Education Program Director II #60088192 (Workforce Development and Continuing Education) - $102,750 salary and $23,588 benefits.

-Television Production Asst III #60088049 (Distance Learning) - $35,497 salary and $11,375 benefits.

-Business Officer -C #60088111 (Facilities and Administration) - $34,283 salary and $11,155 benefits.

-Office Assistant IV #60088142 (Student Services) - $36,966 salary and $11,642 benefits.

Budget Changes	**$65,244,859**	R
	($14,500,000)	NR
Total Position Changes	-7.00	
Revised Total Budget	**$1,063,212,637**	

UNC System

GENERAL FUND

Total Budget Approved 2009 Session	FY 10-11 $2,656,552,008

Budget Changes

A. Base Budget Adjustments

46	**Management Flexibility Reduction** Mandates a management flexibility reduction for the UNC operating budget with a priority on non-teaching related budget cuts. This reduction is in addition to the $100 million management flexibility reduction authorized for the FY 2010-11 base budget.	($50,000,000)	R
47	**IT Reserve Eliminated** Eliminates the remaining balance of a $10 million reserve appropriated in 1999 for Information Technology (IT). UNC General Administration used the reserve to provide grants to campuses for IT software and hardware.	($755,917)	R
48	**Distance Education Reserve Eliminated** Eliminates the remaining balance of a $1.93 million reserve appropriated in 1996 for distance learning efforts. The expansion of distance learning is now funded by the enrollment growth model and by reserves for UNC Online and 2+2 efforts.	($651,483)	
49	**UNC-TV Utilities Reduction** Reduces the $1.8 million UNC-TV utilities budget by 35% due to the station's conversion from analog to digital in June 2009.	($632,140)	R
50	**Aid to UNC Hospitals Reduced** Reduces the $44 million annual appropriation to UNC Hospitals by 4.5%.	($2,000,000)	R

51 Legislative Tuition Grant ($1,500,000) R

Reduces the appropriation for Legislative Tuition Grants (LTG) for North Carolina resident students attending the State's private colleges and universities. The current appropriation for LTG is $55,233,705.

52 Enrollment Growth $5,636,814 R

Increases the UNC system enrollment growth funding in the FY 2010-11 base budget due to projected increase of 441 FTE over previous estimates. This funding is in addition to the $53,432,226 for 4,485 FTE included in the FY 2010-11 base budget.

53 Tuition Repeal $34,776,301 R

Repeals the FY 2010-11 legislative tuition rates enacted in the 2009 legislative session and restores the associated appropriation reduction.

54 Need-Based Financial Aid $8,195,517 NR

Increases UNC Need-Based Financial Aid to account for 1) funding 4,600 additional students that qualify for assistance and inflationary increases for previously funded students ($22.85 million) and 2) restoring need-based aid that was nonrecurring in FY 2009-10 ($12 million). This General Fund appropriation plus lottery receipts of $26,661,046 equals the additional $34,856,563 needed in FY 2010-11 for UNC need-based aid.

55 UNC High School Funding Restored $282,016 R

Restores base budget cuts made in FY 2009-10 to the two high school programs in the UNC system. The North Carolina School of Science and Math will receive $80,851 for lab and educational supplies and the University of North Carolina School of the Arts will receive $201,165 for cost of living increases in their residential high school.

56 ECU Dental School Operations — $6,000,000

Funds additional faculty and operating needs of the new School of Dentistry at East Carolina University that will open with 50 students in the Fall of 2011. To date, $5.5 million has been appropriated for the school's operating budget. To ensure accreditation by the American Dental Association's Commission on Accreditation and to complete the instructional and operational budget for a student body of 200, the General Assembly pledges to fund an additional $3.5 million in FY 2011-12 and $1.5 million in FY 2012-13.

57 Energy Production Infrastructure Center (EPIC) — $3,000,000 R

Completes the staffing and operational needs of the Energy Production Infrastructure Center (EPIC) opening at UNC-Charlotte in the Fall of 2011. These funds will enable the hiring of research faculty in electrical power, power system infrastructure, and power plant engineering. These funds are in addition to the $2 million appropriated in 2009.

58 ASU College of Health Sciences and Allied Professions — $500,000 R

Funds the operating and staffing needs of the newly established College of Health Sciences and Allied Professions at Appalachian State University.

59 Distinguished Professor Endowment Fund — $4,000,000 NR

Increases the Distinguished Professor Endowment Fund to reduce the backlog of 66 professorships awaiting State matching funds. The Fund has an annual base budget appropriation of $8 million.

60 Institute for Emerging Issues Fellows Program — $309,000 NR

Funds an expansion of the Fellows program at the Institute for Emerging Issues at North Carolina State University. Faculty and student Fellows will apply their expertise to the State's current public policy issues such as job growth and economic development.

61 CASTLE $500,000 NR

Continues State support for the Center for the Acquisition of Spoken Language through Listening Enrichment (CASTLE) at UNC-Chapel Hill. The funds will be used to 1) train teachers and therapists to work with deaf preschool- age children with cochlear implants and 2) provide oral preschool classes to these children. The program has received nonrecurring appropriations annually since 2005.

62 Coastal Wave Energy Research $2,000,000 R

Funds research, design, and construction of devices to capture the energy of ocean waves. The research will be conducted by a consortium that includes the University of North Carolina Coastal Studies Institute and the Colleges of Engineering at North Carolina State University, North Carolina Agricultural and Technical State University, and the University of North Carolina Charlotte.

63 Veterinary Medicine Clinical Teaching and Research Fund $250,000 NR

Continues state funding for the North Carolina State University College of Veterinary Medicine Clinical Teaching and Research Fund. This fund was created in 2007 to allow advanced diagnostic and treatment options for animals where a) owner financing of such options are limited, b) significant instructional value exists, or c) the diagnostic and treatment options have the potential of adding significantly to the core knowledge in the relevant clinical area.

Budget Changes	**($3,344,409)**	**R**
	$13,254,517	**NR**
Total Position Changes		
Revised Total Budget	**$2,666,462,116**	

Attachment 2

Senate Appropriations Subcommittee on Education/Higher Education

Senate Special Provisions Recommendations

May 17, 2010

PART VII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand five hundred ninety-eight dollars and fifty-five cents ($3,598.55) per child. 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 2010-2011 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.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand one hundred ninety-two dollars and ninety cents ($1,192.90) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2010-2011 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. 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.

STATE FISCAL STABILIZATION FUND APPROPRIATION

SECTION 7.3. In order to ensure compliance with the requirements of Title XIV of the American Recovery and Reinvestment Act of 2009 and notwithstanding any other provision of law, the Office of State Budget and Management shall adjust the State Fiscal Stabilization Fund appropriation amounts, including any associated budget reductions, between the State Public School Fund and The University of North Carolina budget to align with the requirements of the North Carolina State Fiscal Stabilization Fund application as amended for 2010-2011. If associated budget reductions are required within the State Public School Fund, the Office of State Budget and Management shall first adjust the Career Technical Education – Months of Employment allotment prior to adjusting any other allotments within the State Public School Fund.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS ALLOTMENT FORMULA

SECTION 7.4.(a) The State Board of Education shall implement an allotment formula for the North Carolina Virtual Public Schools (NCVPS) beginning with the 2010-2011 school year. In accordance with Section 7.16 of S.L. 2006-66, the allotment formula shall create a sustainable source of funding that increases commensurate with student enrollment and recognizes "the extent to which projected enrollment in e-learning courses affects funding required for other allotments that are based on ADM."

SECTION 7.4.(b) The State Board shall use only funds provided through the North Carolina Virtual Public Schools Allotment Formula to fund NCVPS.

SECTION 7.4.(c) The Department of Public Instruction shall take the following steps to implement the North Carolina Virtual Public Schools Allotment Formula:

(1) Project the unduplicated NCVPS enrollment for each local school administrative unit and for each grade level.

(2) Divide the projected unduplicated NCVPS enrollment for each unit by six in order to calculate its ADM-equivalent student enrollment in NCVPS.

(3) Reduce the unit's ADM allotments by seventy-five percent (75%) of its ADM-equivalent student enrollment in NCVPS.

(4) Transfer a dollar amount equal to seventy-five percent (75%) of the unit's ADM-equivalent student enrollment to NCVPS.

NCVPS shall use the funds transferred to it to provide the NCVPS program at no cost to all high school students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

SECTION 7.4.(d) NCVPS shall provide only high school courses.

SECTION 7.4.(e) The Director of NCVPS shall continue to 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 North Carolina Virtual Public School program, eliminating course duplication.

MORE AT FOUR PROGRAM

SECTION 7.5.(a) The Department of Public Instruction shall continue the implementation of the More at Four prekindergarten program for four-year-olds who are at risk for school failure in all counties. The State prekindergarten program shall serve children who reach the age of four on or before August 31 of that school year and who meet eligibility criteria that indicate a child's risk for school failure. Prekindergarten classrooms shall be operated in public schools, Head Start programs, and licensed child care facilities that choose to participate under procedures defined by the Office of Early Learning within the Department of Public Instruction. All such classrooms shall be subject to the supervision of the Office of Early Learning and shall be operated in accordance with standards adopted by the State Board of Education.

SECTION 7.5.(b) The Office of Early Learning shall specify program standards and requirements addressing:

(1) Early learning standards and curricula;

(2) Teacher education and specialized training;

(3) Teacher in-service training and professional development;

(4) Maximum class size;

(5) Staff-child ratio;

(6) Screenings, referrals, and support services;

(7) Meals; and

(8) Monitoring of sites to demonstrate adherence to State programs standards.

SECTION 7.5.(c) The State Board of Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education, the House of Representatives Appropriations Subcommittee on Education, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

(1) The number of children participating in State prekindergarten.

(2) The number of children participating in State prekindergarten 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 State prekindergarten expenditures for the programs and the source of the local contributions.

(4) The results of an annual evaluation of the program.

SECTION 7.5.(d) The Office of Early Learning shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. 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. Furthermore, any age-eligible child of (i) an active duty member of the armed forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the armed forces who is ordered to active duty by the proper authority within the last 18 months or expected to be ordered within the next 18 months or (ii) a member of the armed forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the armed forces, who was injured or killed while serving on active duty, shall be eligible for the program.

SECTION 7.5.(e) The More at Four program funding shall not supplant any funding for classrooms serving four-year-olds as of the 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 mandates.

SECTION 7.5.(f) The Office of Early Learning shall develop a new More at Four funding model to be implemented in the 2010-2011 fiscal year. The per-child funding rates shall be based on participating provider cost structures and shall require a contribution of local resources to support the full cost of providing high quality prekindergarten. The Office of Early Learning shall implement an administrative cap on More at Four program funding and shall establish parameters for allowable administrative costs.

SECTION 7.5.(g) The Office of Early Learning shall contract with an independent research organization not affiliated with the Department of Health and Human Services, the Department of Public Instruction, the Office of the Governor, or any entity currently funded by or affiliated with the Department of Health and Human Services, the Department of Public Instruction, or the Office of the Governor to produce an annual report to include longitudinal review of the More at Four program and academic, behavioral, and other child-specific outcomes. The review shall include a quasi-experimental research design of a representative sample of children who complete the More at Four program every year and shall report on their sustained progress until the end of grade 9. The review shall also study a representative sample of children who do not enter the More at Four program but who are of the same grade level and demographic as those who complete the program, and their sustained progress shall also be reviewed until the end of grade 9. The review shall be presented to the Joint Legislative Oversight Committee on Education by January 31 of every year.

LEADERSHIP ACADEMY

SECTION 7.6. Of the funds appropriated in this act to the Department of Public Instruction for the 2010-2011 fiscal year, up to two hundred thousand dollars ($200,000) may be used to support a Leadership Academy that provides professional development to superintendents enabling them to train principals to address critical areas such as student achievement and teacher recruitment and retention.

DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.7.(a) The Department of Public Instruction is not required to eliminate receipt-supported positions for the 2010-2011 fiscal year.

SECTION 7.7.(b) The Department of Public Instruction shall review expenditures of federal funds for personnel and contracts at the State level. Unless the expenditure is a condition of receiving the funds, the Department shall reallocate the funds to local school administrative units whenever possible.

The Department shall report on the reallocation of these funds to local school administrative units, to the Office of the Governor, the chairs of the House of Representatives Committee on Appropriations and the House of Representatives Appropriations Subcommittee on Education, the chairs of the Senate Committee on Appropriations/Base Budget and the

Senate Appropriations Committee on Education/Higher Education, and the Office of State Budget and Management no later than January 15, 2011.

CAREER AND COLLEGE – READY, SET, GO!

SECTION 7.8.(a) The State Board of Education shall work with all member institutions of the Education Cabinet and the Joint Governing Boards to focus funding and program priorities to ensure that all North Carolina students graduate prepared to successfully pursue a career or further education. Each Education Cabinet Institution shall prioritize the Governor's Ready, Set, Go! initiative and ensure that all students PK-20:

(1) Are prepared to be successful in school and can successfully progress through PK-20 education. This includes, but is not limited to:
   a. Establishment of the Governor's Child Advocacy Council to increase ways for all children to come to school healthy and ready to learn;
   b. Investment in early child development programs like Smart Start and More at Four;
   c. Investment in smaller class sizes in K-3;
   d. Implementation of student diagnostics in grades K-3 and 5 to ensure that all students at a minimum possess grade-level reading, writing, and math skills;
   e. Implementation of student diagnostics for career and college readiness in grades 8 and 11 so students graduate prepared for work, college, or technical training; and
   f. Implementation of the Student Learning Conditions Survey for grades 7, 9, and 11 that is aligned with the Teacher Working Conditions Survey.

(2) Receive clear standards and high expectations, and benefit from the best teachers and principals that can most effectively help students reach those standards. This includes, but is not limited to:
   a. Adoption of the State-led National Common Standards, including Career and College Ready Skills and assessments that prepare students for the global economy;
   b. Evaluation of Teacher Preparation programs to identify best practices and programs that produce effective teachers;
   c. Increased access to virtual learning opportunities for students and teachers like those provided through the NC Virtual Public School;
   d. Increased access to Science, Technology, Engineering and Mathematics (STEM) opportunities;
   e. Development of leadership academies that recruit and prepare effective principals;
   f. Development of a PK-20 data system to provide comprehensive information on students;
   g. Reduction and eventual elimination of low-performing status in North Carolina schools; and
   h. Job-imbedded professional development for teachers and principals.

(3) Fully understand and complete the prerequisites for the career, certification, or degree of choice that promotes workforce success. This includes, but is not limited to:
   a. Development of academic boot camps for high school students who need additional support in reading, composition, and math;

b. Consolidation of high school transition courses to provide high school students with more college level or career and technical courses;
c. Increased access to virtual college level and specific career and technical courses for high school students;
d. Alignment between high school and college curricula so that all students are prepared for higher education work; and
e. Implementation of NCSuccess, a program designed to increase the number of certificates and associate or bachelor's degrees in higher education.

SECTION 7.8.(b) The Education Cabinet shall report by January 15, 2011, to the Office of the Governor, the Joint Governing Boards, and the Joint Education Oversight Committee on its progress toward reaching the Governor's goal that every North Carolina student will graduate ready to be successful in a career, a 2- or 4-year college, or technical training.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.9. Section 7.12.(a) of S.L. 2009-451, as rewritten by Section 3E of S.L. 2009-575, is repealed.

SCHOOL CALENDAR PILOT PROGRAM

SECTION 7.10. Section 7.40 of S.L. 2009-451 reads as rewritten:

"**SECTION 7.40.** The State Board of Education shall establish a school calendar pilot program in the Wilkes County Schools. The purpose of the pilot program is to determine whether and to what extent a local school administrative unit can save money during this extreme fiscal crisis by consolidating the school calendar.

Notwithstanding G.S. 115C-84.2(a)(1), the school calendar for the 2009-2010 ~~calendar year~~and the 2010-2011 calendar years for the Wilkes County Schools shall include a minimum of 180 days or 1,000 hours of instruction covering at least nine calendar months. Notwithstanding G.S. 115C-84.2(d), the opening date for students shall not be before August 24.

If the Wilkes County Board of Education adds instructional hours to previously scheduled days under this section, the local school administrative unit is deemed to have a minimum of 180 days of instruction and teachers employed for a 10-month term are deemed to have been employed for the days being made up and shall be compensated as if they had worked the days being made up.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee by March 15, ~~2010~~,2011, on the administration of the pilot program, cost-savings realized by it, and its impact on student achievement."

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS (NBPTS) FUNDS

SECTION 7.11.(a) G.S. 115C-296.2(d1) reads as rewritten:

"(d1) Repayment of the Application Fee. – A teacher shall repay the application fee to the State Education Assistance Authority within three years. The State Education Assistance Authority may forgive the loan upon the death or permanent disability of the teacher.

All funds appropriated to, or otherwise received by, the Authority to provide loans to teachers pursuant to this section, all funds received as repayment of loans, and all interest earned on these funds shall be placed in a trust fund. This fund shall be used only for loans made pursuant to this section and administrative costs of the Authority."

SECTION 7.11.(b) The State Board of Education shall transfer funds in the amount of three million two hundred seventy-four thousand five hundred dollars ($3,274,500) from the State Public School Fund to the State Education Assistance Authority for the 2010-2011 fiscal year for NBPTS loans. It is the intent of the General Assembly that these funds are included in the certified budget for the State Education Assistance Authority for the 2011-2012 fiscal year and subsequent fiscal years.

DRIVER EDUCATION

SECTION 7.12. The Highway Safety Research Center Institute of the University of North Carolina at Chapel Hill shall work in collaboration with the Department of Public Instruction and the Governor's Highway Safety Commission to create a standard curriculum to be used for the Driver Education Program in the Department of Public Instruction. The curriculum shall be ready for use in the school year beginning in the fall of 2011 and shall be used for all driver education programs funded with State funds.

PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY

SECTION 7.13.(a) Section 7.8 of S.L. 2009-451 reads as rewritten:

"**SECTION 7.8.(a)** The State Board of Education is authorized to adopt emergency rules in accordance with G.S. 150B-21.1A to grant maximum flexibility to local school administrative units regarding the expenditure of State funds. These rules shall not be subject to the limitations on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These rules:

(1) Shall authorize the transfer of textbook funds to other allotments to manage funding cuts; and

(2) Shall not permit the transfer of funds from school-based positions to the central office.

"**SECTION 7.8.(b)** ~~For fiscal years 2009-2010 and 2010-2011,~~ For the 2010-2011 fiscal year, local school administrative units shall ~~make every effort to~~ reduce spending whenever and wherever such budget reductions are appropriate ~~with the goal of~~ to ~~protecting~~ protect direct classroom ~~services~~ services. ~~and services for students at risk and children with special needs.~~ Local school administrative units shall implement administrative and other operating efficiencies prior to ~~and minimize~~ the dismissal of classroom-based ~~personnel~~ personnel. Local school administrative units shall maximize federal ~~by maximizing~~ funds received ~~from the~~ including American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5; Keep Our Educators Working Act or any other federal act that provides funding that can be expended on positions; Individuals with Disabilities Act (IDEA); Title I; and Title II funds. Local school administrative units are encouraged to designate all Title I-eligible schools and must maximize attrition prior to the dismissal of classroom-based personnel. Notwithstanding G.S. 115C-301 or any other law, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement in grades 4-12. Allocation of teachers and class size requirements in grades K-3 shall remain unchanged.

"**SECTION 7.8.(c)** Within 14 days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit and charter school of the amount the unit must reduce from the State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit on the basis of average daily membership.

"**SECTION 7.8.(d)** Each unit shall report to the State Board of Education, the Office of State Budget and Management, and the Department of Public Instruction on the flexibility budget reductions it has identified for the unit, including an explanation of how administrative efficiencies, federal funds, and attrition have been maximized prior to the dismissal of classroom-based personnel, within 30 days of the date this act becomes law."

SECTION 7.13.(b) For fiscal year 2010-2011, local boards of education may also implement furloughs in accordance with section __ of this act to manage funding amounts.

PROBATIONARY TEACHERS

SECTION 7.14.(a) G.S. 115C-325(c)(5) reads as rewritten:

"(5) Consecutive Years of Service. – If a probationary teacher in a full-time permanent position does not work for at least 120 workdays in a school year because the teacher is on sick leave, disability leave, or both, that school year shall not be deemed to constitute (i) a consecutive year of service for the teacher or (ii) a break in the continuity in consecutive years of service for the teacher.

If a probationary teacher in a full-time permanent position resigns or is not renewed because of a reduction in force and is subsequently rehired by the same school system within three years, there shall be deemed to be no break in the continuity in consecutive years of service for such teacher up to a maximum of three consecutive years towards career status. If, at the time the teacher resigns or is not renewed because of a reduction in force, the teacher had been employed by a school system for four consecutive years pursuant to G.S. 115C-325(c)(1), or one year pursuant to G.S. 115C-325(c)(2), and the board subsequently rehires such teacher within three years, the board may grant career status immediately upon reemploying the teacher, or vote on the teacher's career status pursuant to G.S. 115C-325(c)(1) or (c)(2) after one additional year of employment."

SECTION 7.14.(b) This act is effective when it becomes law and applies to probationary teacher employed by a local school administrative unit in a full-time permanent position for the 2010-2011 school year.

PART VIII COMMUNITY COLLEGES

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.1.(a) Of the funds appropriated to the Community Colleges System Office for the 2009-2011 fiscal biennium for the College Information System, up to one million two hundred fifty thousand dollars ($1,250,000) shall not revert at the end of each fiscal year but shall remain available until expended. These funds may only be used to purchase periodic system upgrades.

SECTION 8.1.(b) This section becomes effective June 30, 2010.

STATE AID BUDGET FLEXIBILITY

SECTION 8.2. G.S. 115D-31 is amended by adding a new subsection to read:

"(b1) A local community college may use all State funds allocated to it, except for Literacy funds and Customized Training funds, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs."

TUITION FOR PRISON INMATES

SECTION 8.3.(a) Funds are appropriated to the Department of Correction in Section 2.1 of this act to provide courses for inmates in State prisons. These funds shall be used only for courses that are known to reduce recidivism.

Courses provided in federal prisons or local jails shall be offered on a self-supporting basis.

SECTION 8.3.(b) The Department of Correction and the Community Colleges System Office shall report to the 2011 General Assembly on:

(1) The implementation of the new funding structure and requirements.

(2) Strategies for implementing their recommendations to:

a. Enhance measurable goals, objectives, and outcomes.

b. Enhance and standardize data collection.

c. Strengthen the continuum of programming from entry to exit, based on assessment of skills and needs.

d. Give individuals the opportunity to use specific skills through work assignments that meet system needs.

e. Tailor programs to specific inmate needs.

f. Increase Cognitive Behavioral Interventions (CBI) courses.

g. Develop an offender-specific human resources development course.

h. Explore additional funding sources.

i. Explore federal grant for wiring courses.

(3) Strategies for reasonably limiting the number of courses an individual takes while in prison.

SECTION 8.3.(c) The Office of State Budget and Management shall transfer sufficient funds from the Department of Correction to the Community Colleges System Office to pay for inmates' tuition for the Fall 2010 semester.

TUITION WAIVERS

SECTION 8.4.(a) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State ~~funds; provided, however, that the~~ funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees ~~for persons~~for:

(1) Persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent ~~certificate, for training~~ certificate;

(2) Training courses for (i) volunteer firemen, (ii) local fire department personnel, (iii) volunteer rescue and lifesaving department personnel, (iv) local rescue and lifesaving department personnel, (v) Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, ~~local~~ (vi) municipal, county, State, or federal law-enforcement officers, provided that the permanent duty station of the officers is within North Carolina, ~~patients in State alcoholic rehabilitation centers,~~ (vii) all full-time custodial employees of the Department of Correction, and (viii) employees of the Department's Division of Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards ~~Commission,~~Commission;

(3) Patients in State alcoholic rehabilitation centers;~~trainees~~

(4) Trainees enrolled in courses conducted under the ~~New and Expanding Industry Program, clients~~ Customized Training Program;
(5) Clients of sheltered ~~workshops, clients~~workshops;
(6) Clients of adult developmental activity ~~programs, students~~programs;
(7) Students in Health and Human Services Development ~~Programs, juveniles~~Programs;
(8) Juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent ~~jurisdiction, members~~jurisdiction;
(9) Members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General ~~Statutes, and elementary~~ Statutes;
(10) Elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation ~~(CPR). Provided further, tuition shall be waived for up~~ (CPR);
(11) Up to six hours of credit instruction and ~~96 contact hours~~ one course of noncredit instruction per academic semester for senior citizens age 65 or older who are qualified as legal residents of North ~~Carolina. Provided further, tuition shall also be waived for all~~ Carolina;
(12) All courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this ~~section."~~section; and
(13) Human resources development courses for any individual who (i) is unemployed; (ii) has received notification of a pending layoff; (iii) is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or (iv) is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines."

SECTION 8.4.(b) The Community Colleges System Office shall report to the 2011 General Assembly on the number and cost of courses taken by State law enforcement officers and of courses taken by local law enforcement officers.

SECTION 8.4.(c) The Community Colleges System Office shall make a comprehensive study of the currently authorized tuition waivers and shall report to the 2011 General Assembly on waivers that should be modified or abolished because they are not being used or for other reasons.

COMMUNITY COLLEGE FINANCIAL AID LOANS

SECTION 8.5.(a) The State Board of Community Colleges shall permanently realign its funding formula by increasing the amount allocated in the funding formula for students' services by fifty million dollars ($50,000,000) and by reducing the amount in the funding formula for curriculum and continuing education instruction by a commensurate amount. The revised formula shall ensure that community colleges have the adequate funds and resources necessary to administer and provide financial aid services to students.

SECTION 8.5.(b) G.S. 115D-40.1 reads as rewritten:

"**§ 115D-40.1. Financial Assistance for Community College Students.**

(a) Need-Based Assistance Program. – It is the intent of the General Assembly that the Community College System make these financial aid funds available to the neediest students who are not eligible for other financial aid programs that fully cover the required educational expenses of these students. The State Board may use some of these funds as short-term loans to students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.

(b) Targeted Assistance. – Notwithstanding subsection (a) of this section, the State Board may allocate no more than ten percent (10%) of the funds appropriated for Financial Assistance for Community College Students to:

(1) Students who do not qualify for need-based assistance but who enroll in low-enrollment programs that prepare students for high-demand occupations, and

(2) Students with disabilities who have been referred by the Division of Vocational Rehabilitation and are enrolled in a community college.

(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in subsections (a) and (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The

~~The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds. The~~ interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College Grant Program.

(d) Participation in Federal Loan Programs. – All community colleges shall participate in the William D. Ford Federal Direct Loan Program. The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students, including, but not limited to, Pell Grants, HOPE and Lifetime Learning Tax Credits, and the William D. Ford Federal Direct Loan Program, and to actively encourage students to utilize these federal programs and funds."

SECTION 8.5.(c) Subsection (b) of this section becomes effective July 1, 2011. The remainder of this section becomes effective July 1, 2010.

TUITION REFUNDS

SECTION 8.6.(a) A refund of community college tuition shall not be made except under the following circumstances:

(1) A one hundred percent (100%) refund shall be made if the student officially withdraws prior to the first day of class of the academic semester or term as noted in the college calendar. Also, a student is eligible for a 100 percent refund if the class in which the student is officially registered is cancelled due to insufficient enrollment.

(2) A seventy-five percent (75%) refund shall be made if the student officially withdraws from the class prior to or on the official ten percent (10%) point of the semester.

(3) For classes beginning at times other than the first week (seven calendar days) of a semester a one hundred percent (100%) refund shall be made if the student officially withdraws from the class prior to the first class meeting. A seventy-five percent (75%) refund shall be made if the student officially withdraws from the class prior to or on the ten percent (10%) point of the class.

(4) A one hundred percent (100%) refund shall be made if the student officially withdraws from a contact hour class prior to the first day of class of the academic semester or term or if the college cancels the class. A seventy-five

percent (75%) shall be made if the student officially withdraws from a contact hour class on or before the tenth calendar day of the class.

SECTION 8.6.(b) To comply with applicable federal regulations regarding refunds, federal regulations supersede the provisions of this section.

SECTION 8.6.(c) Where a student, having paid the required tuition for a semester, dies during that semester (prior to or on the last day of examinations of the college the student was attending), all tuition and fees for that semester may be refunded to the estate of the deceased.

SECTION 8.6.(d) Community colleges shall adopt local refund policies for classes for which they collect receipts which are not required to be deposited into the State Treasury account.

MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES

SECTION 8.7. Section 8.24 of S.L. 2009-451 reads as rewritten:

"**SECTION 8.24.** The management flexibility reduction for the North Carolina Community College System shall be allocated by the State Board of Community Colleges in a manner that accounts for the unique needs of each college and provides for the equitable distribution of funds to the institutions consistent with G.S. 115D-5(a). Before taking reductions to instructional budgets, the community colleges shall consider reducing budgets for senior and middle management personnel and for programs that have both low-enrollment and low-postgraduate success. Colleges shall minimize the impact on student support services and on the retraining of dislocated workers. Colleges shall not reduce funding for the Small Business Centers. The community colleges shall also review their institutional funds to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets."

PART IX. UNIVERSITIES

REPEAL ESCHEAT FUND APPROPRIATION FOR MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM

SECTION 9.1. Section 9.1.(c) of S.L. 2009-451 is repealed.

STUDY FINANCIAL AID CONSOLIDATION

SECTION 9.2.(a) The State Education Assistance Authority, The University of North Carolina, the North Carolina Community College System, and the Fiscal Research Division of the General Assembly shall establish a work group to study jointly the simplification and consolidation of State-funded financial aid for students. North Carolina Independent Colleges and Universities, Inc., shall also be included as a joint member of the work group if it chooses to participate in the study. The State Education Assistance Authority shall be the lead agency for the work group and study.

SECTION 9.2.(b) The purpose of the study is to develop recommendations and options for simplifying and consolidating the delivery of, administration of, and access to State-funded financial aid for students. In conducting the study, the work group shall consider the State's current student financial aid programs and how to consolidate those programs into two categories of State-funded student aid programs: one program that consolidates the State's major need-based programs and one program that consolidates many of the State's scholarship and forgivable loan programs currently available to students who plan to earn degrees and pursue careers in certain professional areas. More specifically the work group shall do the following:

(1) Design a unified need-based financial aid program that combines at a minimum the following three programs into a single need-based financial aid

program: The University of North Carolina Need-Based Grant program, the North Carolina Community College Grant program, and the North Carolina Education Lottery Scholarship program established under Article 35A of Chapter 115C of the General Statutes. Currently each of these programs has its own award criteria, formulas, target populations, and funding sources (Escheat Fund, General Fund, and Lottery Funds). As part of its study, the work group shall determine what the appropriate parameters may be for such a unified program by using models that take into account income, expected family contribution, college expenses, type of college attended, and any other factors the work group deems relevant. In designing the program, the work group shall address the issue of proportionality of funding and shall take into account all of the following in its consideration of that issue: the proportionality of funding that currently exists among The University of North Carolina, the North Carolina Community College System, and the North Carolina private colleges and universities; funding sources; accounting for student enrollment change; monetary differences between certain categories of students and whether based on those monetary differences student financial aid should be based on cost of attendance or tuition and fees. The work group may also consider whether it is appropriate to redefine "need" for purposes of student financial aid and to develop a common formula for the distribution of financial aid and the consequences of any proposed modifications if the decision is made to redefine "need" and develop a common formula. The program shall be designed to: (i) distribute funds in a manner that is consistent with legislative intent, but more easily understood by potential students, and (ii) retain the ability to track lottery funds.

(2) Design a "forgivable loans for service" program that combines at a minimum the following existing programs into one consolidated program that focuses on loans for services: the Nurse Educators of Tomorrow; Nurse Scholars Program; Nurse Education Scholarship Loan Program; Board of Governors Medical Scholarship Loans; Board of Governors Dental Scholarship Loans; Health, Science and Mathematics Student Loan Program; Prospective Teacher Scholarship Loan Program; and the Teacher Assistant Scholarship Program. This single consolidated program shall initially focus on two high area needs: teaching and health professions (including nursing, allied health and medical, dental, and pharmacy careers). In designing this program, the work group may consider the current allocation of funds among the various scholarship and forgivable loan programs, whether it would be appropriate to allow the reallocation and award of funds not distributed as forgivable loans in a specific service area to be awarded as forgivable loans in a different service area, and, if so, what procedure and methodology would be appropriate to trigger the reallocation of funds and provide for the distribution of those funds as awards in a different service area.

SECTION 9.2.(c) In addition to the considerations set out in subsection (b) of this section, the work group shall also consider all of the following:

(1) The time period required to phase out student loans from any of the programs affected by the program consolidation.

(2) How federal funding may affect student financial aid services.

(3) How to deal with current recipients of funds from programs affected by the consolidation.

(4) How to deal with recipients who are paying back loans made through programs affected by the consolidation.

(5) Whether the State Education Assistance Authority should be authorized to extend the repayment period for forgivable loans in hardship circumstances when a good faith effort has been made to repay the loan in a timely manner, and if so, what the appropriate procedure may be for making that determination and extending the repayment period.

(6) Whether there are, and if so how to address, any significant abuses of the financial aid system, particularly by persons who intentionally apply for and receive financial aid but who intend to drop out of school after securing financial aid funds.

(7) Any other issues the work group deems relevant to this study.

SECTION 9.2.(d) The work group shall present its proposed program designs and report its findings and recommendations to the Joint Select Committee on State Funded Student Financial Aid by October 1, 2010. In its report the work group shall also identify options that may vary from the proposed program designs but that are alternatives that the work group determines may also be workable and consistent with the legislative intent of this study. The work group shall also include in the report any legislative changes that may be needed to implement the program designs and work group recommendations.

COORDINATE THE REPORT DUE DATES FOR VARIOUS TEACHER EDUCATION REPORTS

SECTION 9.3.(a) G.S. 116-11 is amended by adding a new subdivision to read:

"(12d) The Board of Governors shall provide a comprehensive annual report on teacher education efforts at The University of North Carolina. The report shall include information about teacher education and recruitment, 2+2 initiatives, distance education programs focused on teacher education, and professional development programs for teachers and school administrators. The teacher education report shall be due on April 15 of each year to the Joint Legislative Education Oversight Committee and the State Board of Education."

SECTION 9.3.(b) G.S. 116-74.21(c) reads as rewritten:

"(c) The Board of Governors shall study the issue of supply and demand of school administrators to determine the number of school administrators to be trained in the programs in each year of the biennium and report the results of this study to the Joint Legislative Education Oversight Committee no later than ~~March 1~~April 15 annually."

SECTION 9.3.(c) Section 9.7(c) of S.L. 2008-107 reads as rewritten:

"**SECTION 9.7.(c)** The University of North Carolina and Community Colleges System Office shall report by ~~September 1, 2008,~~ April 15, 2011, and annually thereafter, to the Joint Legislative Education Oversight ~~Commission,~~ Committee, the State Board of Education, 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 classrooms, 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."

SECTION 9.3.(d) Section 9.3(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 9.3.(c)** These results shall be reported by ~~September 1, 2006,~~ April 15, 2011, and annually thereafter to the State Board of Education, the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Education Cabinet, the Joint Legislative Education Oversight ~~Commission,~~ Committee, and the Office of State Budget and Management."

SECTION 9.3.(e) Section 9.9 of S.L. 2002-126 reads as rewritten:

"**SECTION 9.9.** The Board of Governors of The University of North Carolina may allow Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University each to allocate up to one hundred seventy-eight thousand three hundred eighty dollars ($178,380) of the funds allocated to them for focused enrollment growth for a maximum of 20 Prospective Teacher Scholars. These funds may be used to recruit new nonresident students to enter into agreements to: (i) pursue a full-time course of study that will lead to teacher certification in North Carolina and (ii) teach in a North Carolina public school or a school operated by the United States government in North Carolina for one year for each year that they receive this benefit. The Board of Governors shall establish guidelines and regulations for this pilot program, including methodology for determining its success in increasing the supply of qualified teachers for North Carolina public schools. The Board shall report its guidelines and regulations to guide these pilot programs to the Joint Legislative Education Oversight Committee by ~~November 15, 2002.~~ April 15, 2011. The Board shall report annually to the Committee on the progress of the pilot programs and their costs."

ELIMINATE BIENNIAL DISTANCE EDUCATION REPORTS

SECTION 9.4. Section 11.7 of S.L. 1998-212 reads as rewritten:

"Section 11.7. This act provides funding to The University of North Carolina Board of Governors for degree-related courses provided away from the campus sites of the constituent institutions of The University of North Carolina. The intent of this commitment is to provide expanded opportunities for higher education to more North Carolina residents, including nontraditional students, and to increase the number of North Carolina residents who earn post-secondary degrees.

These funds shall be used for the provision of off-campus higher education programs, including the costs for the development or adaptation of programs for this purpose, and the funds may be used for the costs of providing space and services at the off-campus sites.

Prior to approving funding for off-campus programs in nursing, the Board shall consult with the central office of the Area Health Education Centers (AHEC) to obtain information about regional needs and priorities and to coordinate funding with AHEC efforts in nursing education.

The Board of Governors shall track these funds separately in order to provide data on the costs of providing these programs, including the different costs for various methods of delivery of educational programs. The Board of Governors shall provide for evaluation of these off-campus programs, including comparisons to the costs and quality of on-campus delivery of similar programs, as well as the impact on access to higher education and the educational attainment levels of North Carolina residents. ~~The Board shall provide a preliminary report to the General Assembly by May 1, 2000, and subsequent evaluations, including~~

~~recommendations for changes, shall be made at least biennially to the Joint Legislative Education Oversight Committee.~~"

REPEAL DUPLICATE STUDY/STATE-FUNDED STUDENT FINANCIAL AID

SECTION 9.5. Section 9.24 of S.L. 2009-451 is repealed.

PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.6. Section 9.4 of S.L. 2009-451 reads as rewritten:

"**SECTION 9.4.** The General Assembly finds that in order to expand opportunities for students involved in the performing arts, existing funding for the Summer Institute on Roanoke Island should not be allocated to one specific University of North Carolina institution but instead be allocated directly to the Roanoke Island Commission, so that any interested University of North Carolina institution may have the opportunity to participate in summer arts enrichment and education programs. Therefore, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Summer Institute of the University of North Carolina School of the Arts on Roanoke Island program for the 2009-2011 fiscal biennium, the sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646) shall be transferred for the 2009-2010 fiscal year to the Roanoke Island Commission, and the ~~sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646) shall be transferred for the 2010-2011 fiscal year to the Roanoke Island Commission.~~ recurring funds appropriated for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the University of North Carolina School of the Arts for the Summer Institute on Roanoke Island program shall be permanently transferred to the Department of Cultural Resources and allocated to the Roanoke Island Commission. The amount to be transferred shall be equal to the amount of the appropriation remaining after all reductions, prior to and included in the act, are incorporated. The Roanoke Island Commission may use these funds to contract with any of the constituent institutions of The University of North Carolina System to provide music and drama students an education in a professional performing environment while providing a public service to the State. Any available funds may be used to contract with community-based or nonprofit performing arts groups or other performing arts groups supported with State or local funds to provide music and drama on Roanoke Island."

REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) PROGRAMS

SECTION 9.7.(a) In order to assess the effectiveness of the science, technology, engineering, and mathematics (STEM) programs administered by The University of North Carolina, General Administration shall compile a comprehensive list of the programs within The University System whose primary objective is to provide community outreach in the form of either (i) teacher professional development programs to strengthen the quality of science or mathematics instruction in the public schools; or (ii) K-12 student enrichment programs in the areas of science, technology, engineering, or mathematics. The University of North Carolina General Administration shall submit the list of STEM programs compiled pursuant to this subsection to the Office of State Budget and Management and the Fiscal Research Division by February 15, 2011.

At a minimum, all of the following programs shall be included in the list:

(1) Pre-College and Teacher Professional Development programs administered through the North Carolina Mathematics and Science Education Network (NC-MSEN).

(2) Summer Ventures Program.

(3) North Carolina Central University Center for Science, Math and Technology Education.
(4) Fayetteville State University CHEER Summer Bridges.
(5) NCSTEM Community Collaborative.

SECTION 9.7.(b) The University of North Carolina General Administration shall conduct a review of each of the programs identified pursuant to subsection (a) of this section and shall report the results to the Office of State Budget and Management and the Fiscal Research Division no later than September 30, 2011, to assist with future funding decisions. The report shall contain the following information for each program:

(1) A description of the program mission, goals, and objectives.
(2) The statutory objectives for the program if applicable.
(3) Annual State appropriation and receipt funding for the program.
(4) Program effectiveness measures for Teacher Professional Development programs to include at a minimum:
  a. A measure of teachers' classroom effectiveness in STEM areas before and after attending a university professional development program.
  b. A measure of math and science educators retained as a result of attending a UNC professional development program.
(5) Program effectiveness measures for student enrichment programs to include at a minimum:
  a. A measure of students' expected college and career aspirations before and after attending a STEM program.
  b. A measure of students' math and science performance on standardized tests before and after attending a STEM program.
  c. A measure of declared STEM majors within the UNC system who attended a UNC-sponsored STEM program.

SECTION 9.7.(c) In addition, the Department of Public Instruction shall survey math and science educators in North Carolina to identify the number of current math and science educators who attended a Pre-College or Summer Ventures program sponsored by The University of North Carolina before entering college. The survey may be conducted in cooperation with ongoing data collection efforts within The University of North Carolina System. The data shall be reported to the Office of State Budget and Management and the Fiscal Research Division by February 15, 2011.

TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 9.8. The A+ Schools program is transferred from the University of North Carolina at Greensboro to the North Carolina Arts Council in the Department of Cultural Resources, as if by a Type I transfer as defined in G.S. 143A-6, with all the elements of such a transfer. The program transfer shall include the sum of fifty-eight thousand six hundred thirty-eight dollars ($58,638).

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.9. Section 9.14 of S.L. 2009-451 reads as rewritten:

"**SECTION 9.14.(a)** Of the funds received by the State and appropriated by United States Public Law 111-005, the American Recovery and Reinvestment Act of 2009, and appropriated in this act to the State Energy Office for the 2009-2010 fiscal year, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds shall be allocated to The University of North Carolina to continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107. The University shall contract with a third party by October 1, 2009, to design,

permit, procure, construct, establish, ~~operate, and reclaim as appropriate at the end of their economic life~~and operate up to three demonstration turbines and necessary support facilities in the sounds or off the coast of ~~North Carolina by September 1, 2010.~~North Carolina. The contract shall provide for the reclamation and decommissioning of the project at the end of its economic life. The demonstration project shall commence operations as soon as practicable, and, in any event, no later than December 31, 2011.

Any contract entered into between The University and a third party pursuant to this section shall ensure that The University is provided appropriate access to the demonstration turbines and necessary support facilities for research purposes. The actual number and placement of the wind turbines and necessary support facilities shall be determined by the coastal sounds wind energy study in coordination with participating entities. The Director of the Budget shall ensure that any available federal funds are secured by the State to construct the demonstration turbines and necessary support facilities. The University may negotiate and execute any rights-of-way, easements, leases, and any other agreements necessary to construct, establish, and operate the demonstration turbines and supporting facilities, notwithstanding any other provisions of law governing such negotiation and execution of any rights-of-way, easements, leases, or other required agreements required for the facilities authorized under this section.

...

"**SECTION 9.14.(c)** The North Carolina Utilities Commission is directed to facilitate and expedite wind energy pilot projects developed pursuant to this act that come within its jurisdiction to the extent allowed by law and consistent with State statute. A wind turbine constructed pursuant to this section shall be exempt from the requirements of G.S. 62-110.1. For such wind turbines owned by a public utility, upon an application by the public utility seeking a rider to recover the costs of such project, the Utilities Commission shall establish an annual rider for the public utility to recover the just and reasonable costs, including the utility's cost of debt and equity, of such project upon completion. Should the project development and construction of the demonstration wind turbines be unreasonably delayed beyond the date set forth in subsection (a) of this section for reasons outside the control of the public utility, all just and reasonable costs incurred by the public utility during project development and construction shall nonetheless be recoverable through an annual rider under this subsection, provided that the public utility shall bear the burden of proving by a preponderance of the evidence that the reasons for the delay were beyond its control and its execution of the project was reasonable and prudent. Should the demonstration wind turbines be abandoned prior to completion, the capital costs and AFUDC related to the project shall nonetheless be recoverable under this Article, provided that the utility shall bear the burden of proving by a preponderance of the evidence that the decision to abandon construction of the project was prudent.

..."

COASTAL WAVE ENERGY RESEARCH AND PROTOTYPE PROJECT

SECTION 9.10.(a) In order to provide opportunities for research into tidal, wave, and other ocean-based sources of alternative energy, the University of North Carolina Coastal Studies Institute shall form a consortium with the Colleges of Engineering at North Carolina State University, North Carolina Agricultural and Technical State University, and the University of North Carolina at Charlotte to design and construct a prototype generator to capture energy of ocean waves. The generator shall be attached to or staged from an existing State-owned structure located in the ocean waters of the State and shall be used to support marine or ocean-based research collaborations involving public and private universities.

SECTION 9.10.(b) With respect to the demonstration wave energy facility and necessary support facilities authorized by subsection (a) of this section, the facilities authorized under this act shall be constructed in accordance with the provisions of general law applicable to the construction of State facilities, except that the State Property Office shall expedite and

grant all easements and use agreements required for construction of the facilities without payment of any fee, royalty, or other cost. Notwithstanding any other provision of law, construction of the facilities authorized by this section shall be exempt from the following statutes and rules implementing those statutes: G.S. 143-48 through 143-64, 143-128, 143-129, 143-132, 113A-1 through 113A-10, 113A-50 through 113A-66, and 113A-116 through 113A-128. With respect to any other environmental permits required for construction of the facilities, the Department of Environment and Natural Resources is directed to expedite permitting of the project to the extent allowed by law and shall waive any application fees that would be otherwise applicable to applications for permits required for the facilities and, where possible under applicable law, issue all permits within 40 days of receipt of a complete application.

UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM

SECTION 9.11. G.S. 116-37 reads as rewritten:

"**§ 116-37. University of North Carolina Health Care System.**

(a) Creation of System. –

...

(4) With respect to the provisions of subsections (d), (e), (f), (h), (i), (j), and (k) of this section, the board of directors may adopt policies that make the authorities and responsibilities established by one or more of said subsections ~~separately~~ applicable ~~either~~ to the University of North Carolina Hospitals at Chapel ~~Hill or~~ Hill, to the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill, ~~or to both.~~to both, or to other persons or entities affiliated with or under the control of the University of North Carolina Health Care System.

...

(b) Board of Directors. – There is hereby established a board of directors of the University of North Carolina Health Care System, effective November 1, 1998.

(1) The board of directors ~~initially~~ shall be composed as follows:

a. A minimum of six members ex officio of said board shall be the President of The University of North Carolina (or the President's designee); the Chief Executive Officer of the University of North Carolina Health Care System; ~~two~~ the Chancellor of the University of North Carolina at Chapel Hill and one additional administrative ~~officers~~ officer of the University of North Carolina at Chapel Hill designated by the ~~Chancellor of that institution;~~Chancellor; and two members of the faculty of the School of Medicine of the University of North Carolina at Chapel Hill designated by the Dean of the School of Medicine; provided, that if not such a member ex officio by virtue of holding one or more of the offices aforementioned, additional ex officio memberships shall be held by the President of the University of North Carolina Hospitals at Chapel ~~Hill~~ Hill, the faculty member responsible for leading the clinical patient care programs of the School of Medicine, and the Dean of the School of Medicine of the University of North Carolina at Chapel ~~Hill, for a total potential ex officio membership of eight.~~Hill.

b. No less than nine and no more than 21 members at large, which number shall be determined by the board of directors, shall be appointed for four-year terms, commencing on November 1 of the year of appointment; provided, that the initial class of at-large members shall include the persons who hold the appointed

memberships on the board of directors of the University of North Carolina Hospitals at Chapel Hill incumbent as of October 31, 1998, with their terms of membership on the board of directors of the University of North Carolina Health Care System to expire on the last day of October of the year in which their term as a member of the board of directors of the University of North Carolina Hospitals at Chapel Hill would have expired. Vacant at-large positions shall be filled by the appointment of persons from the business and professional public at large who have special competence in business management, hospital administration, health care delivery, or medical practice or who otherwise have demonstrated dedication to the improvement of health care in North Carolina, and who are neither members of the Board of Governors, members of the board of trustees of a constituent institution of The University of North Carolina, nor officers or employees of the State. Members shall be appointed by the President of the University, and ratified by the Board of Governors, from among a slate of nominations made by the board of directors of the University of North Carolina Health Care ~~System, said slate to include at least twice as many nominees as there are vacant positions to be filled.~~System. No member may be appointed to more than two full four-year terms in succession; provided, that persons holding appointed memberships on November 1, 1998, by virtue of their previous membership on the board of directors of the University of North Carolina Hospitals at Chapel Hill, shall not be eligible, for a period of one year following expiration of their term, to be reappointed to the board of directors of the University of North Carolina Health Care System. Any vacancy in an unexpired term shall be filled by an appointment made by the President, and ratified by the Board of Governors, upon the nomination of the board of directors, for the balance of the term remaining.

(2) ~~The board of directors, with each ex officio and at-large member having a vote, shall elect a chairman from among the at-large members, for a term of two years; no person shall be eligible to serve as chairman for more than three terms in succession.~~The Chancellor of the University of North Carolina at Chapel Hill or a board member designated by the Chancellor shall serve as chair of the board of directors.

...

(4) In meeting the patient-care, educational, research, and public-service goals of the University of North Carolina Health Care System, the board of directors is authorized to exercise such authority and responsibility and adopt such policies, rules, and regulations as it deems necessary and appropriate, not inconsistent with the provisions of this section or the policies of the Board of ~~Governors.~~ Governors or, to the extent the board's actions affect employees of the University of North Carolina at Chapel Hill, the policies of the University of North Carolina at Chapel Hill. The board may authorize any component of the University of North Carolina Health Care System, including the University of North Carolina Hospitals at Chapel Hill, to contract in its individual capacity, subject to such policies and procedures as the board of directors may direct. The board of directors may enter into formal agreements with the University of North Carolina at

Chapel Hill with respect to the provision of clinical experience for students and for the provision of maintenance and supporting services. The board's action on matters within its jurisdiction is final, except that appeals may be made, in writing, to the Board of Governors with a copy of the appeal to the Chancellor of the University of North Carolina at Chapel Hill. The board of directors shall keep the Board of Governors and the board of trustees of the University of North Carolina at Chapel Hill fully informed about health care policy and recommend changes necessary to maintain adequate health care delivery, education, and research for improvement of the health of the citizens of North Carolina.

(c) Officers. –

(1) The executive and administrative head of the University of North Carolina Health Care System shall have the title of "Chief Executive Officer." The board of directors, ~~in cooperation with~~ the board of trustees and the Chancellor of the University of North Carolina at Chapel Hill, following such search process as the boards and the Chancellor deem appropriate, shall identify, ~~in cooperation with the Chancellor,~~ two or more persons as candidates for the office, who, pursuant to criteria agreed upon by the boards and the Chancellor, have the qualifications for both the positions of Chief Executive Officer of the University of North Carolina Health Care System and Vice-Chancellor for Medical Affairs of the University of North Carolina at Chapel Hill. The names of the candidates so ~~identified~~ identified, once approved by the board of directors and the board of trustees, shall be forwarded by the Chancellor to the President of The University of North Carolina, who if satisfied with the quality of one or more of the candidates, will nominate one as Chief Executive Officer, subject to selection by the Board of Governors. The individual serving as Chief Executive Officer shall have complete executive and administrative authority to formulate proposals for, recommend the adoption of, and implement policies governing the programs and activities of the University of North Carolina Health Care System, subject to all requirements of the board of directors. That same individual, when serving as Vice-Chancellor for Medical Affairs, shall have all authorities, rights, and responsibilities of a vice-chancellor of the University of North Carolina at Chapel Hill.

...

(3) The board of directors shall elect, on nomination of the Chief Executive Officer, the President of the University of North Carolina Hospitals at Chapel Hill, and such additional administrative and professional staff employees of the University of North Carolina Health Care System as may be deemed necessary to assist in fulfilling the duties of the office of the Chief Executive Officer, all of whom shall serve at the pleasure of the Chief Executive Officer.

...."

UNIVERSITY CANCER RESEARCH FUND

SECTION 9.12. G.S. 116-29.1 reads as rewritten:

"**§ 116-29.1. University Cancer Research Fund.**

...

(c) Cancer Research Fund Committee. – The Cancer Research Fund Committee shall consist of five ex officio members and two appointed members. The five ex officio members shall consist of the following: (i) one member shall be the ~~President of The University of North~~

~~Carolina,~~ Chancellor of the University of North Carolina at Chapel Hill, (ii) one member shall be the Director of the Lineberger Comprehensive Cancer Center, (iii) one member shall be the Dean of the School of Medicine at The University of North Carolina, (iv) one member shall be the Dean of the School of Pharmacy at The University of North Carolina, and (v) one member shall be the Dean of the School of Public Health at The University of North Carolina. The remaining two members shall be appointed by a majority vote of the standing members of the Committee and shall be selected from persons holding a leadership position in a nationally prominent cancer program.

If any of the specified positions cease to exist, then the successor position shall be deemed to be substituted in the place of the former one, and the person holding the successor position shall become an ex officio member of the Committee."

(d) Chair. – The chair shall be the ~~President of The University of North Carolina.~~Chancellor of the University of North Carolina at Chapel Hill.

...."

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 9.13.(a) Section 9.19 of S.L. 2009-451 reads as rewritten:

"**SECTION 9.19.** The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but in a manner that recognizes the importance of the academic mission and differences among The University of North Carolina entities. Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider reducing budgets for senior and middle management personnel, centers and institutes, low enrollment degree programs, speaker series, and nonacademic activities. The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of ~~the~~ The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification. Budget reductions shall not be considered in funding available for need-based financial aid.

Notwithstanding any other provision of law, for the 2010-2011 fiscal year only, the constituent institutions may, with the approval of the President of The University of North Carolina and the Board of Governors, increase tuition by up to seven hundred fifty dollars ($750.00) per academic year. This increase shall be in addition to other increases authorized for the fiscal year. These funds shall be used only to offset the institutions' management flexibility reductions."

SECTION 9.13.(b) Section 9.23 of S.L. 2009-451 is repealed.

INSTITUTE FOR OUTDOOR DRAMA

SECTION 9.14.(a) The Institute for Outdoor Drama shall be transferred from the University of North Carolina at Chapel Hill to East Carolina University.

SECTION 9.14.(b) Of the funds appropriated to the Department of Commerce, Division of Tourism, Film, and Sports Development, the sum of one hundred fifty thousand dollars ($150,000) shall be transferred to the Board of Governors of The University of North Carolina for the Institute for Outdoor Drama at East Carolina University.

RECRUITMENT OF PHARMACY STUDENTS

SECTION 9.15.(a) The University of North Carolina at Chapel Hill shall collaborate with the University of North Carolina at Asheville and Elizabeth City State

University regarding the recruitment of students of pharmacy. The universities shall develop and institute a plan in which potential pharmacy students are informed of the pharmacy programs at each of the public universities in an effort to recruit those students to State schools.

SECTION 9.15.(b) The Board of Governors shall make funds in the amount of forty-four thousand dollars ($44,000) available to Elizabeth State University for the 2010-2011 fiscal year for the recruitment and academic support of pharmacy students.

Attachment 3

Jackie Ray (Sen. Foriest)

From: Andrea Poole (Fiscal Research)
Sent: Monday, May 17, 2010 4:45 PM
To: @Senate/Sub/Appro-Education/Higher Education
Cc: Richard Bostic (Fiscal Research); Kristopher Nordstrom (Fiscal Research); Brian Matteson (Fiscal Research)
Subject: Follow-up from this afternoon's meeting

Attachments: Rules for Considering Amendments.pdf

Senators,
As promised, below are the percentages that Senator Stevens read out this afternoon. Also, the rules for amendments for tomorrow morning's Full Appropriations meeting are attached below the chart.
Let us know if you have any questions, and we'll see you at 9 a.m.
-Andrea

	Public Schools	Community Colleges	UNC	Education Total
FY 2010-11 Certified	7,360,833,223	1,012,467,778	2,656,552,008	11,029,853,009
Governor's Proposed Changes	(260,169,270)	32,282,306	(11,980,755)	(239,867,719)
Governor's Proposed Revised Budget	7,100,663,953	1,044,750,084	2,644,571,253	10,789,985,290
Percent Change	-3.53%	3.19%	-0.45%	-2.17%
Senate Proposed Changes	(219,259,933)	50,744,859	9,910,108	(158,604,966)
Senate Proposed Revised Budget	7,141,573,290	1,063,212,637	2,666,462,116	10,871,248,043
Percent Change	-2.98%	5.01%	0.37%	-1.44%



Rules for
nsidering Amendmer

Andrea Poole
Senior Fiscal Analyst, Education Team
Fiscal Research Division
North Carolina General Assembly

Senate Appropriations Committee
Rules for Considering Amendments

If amendments are offered, then the following rules must be met in order to make the amendment eligible for consideration:

1. Money can only be transferred among items within the same subcommittee section.

2. Amendments where money is being transferred among items within a subcommittee must clearly identify the items/programs that are being increased and decreased.

3. Nonrecurring reductions cannot be made to fund recurring additions.

4. Amendments that spend reversions are not allowed.

5. Amendments that increase spending in the subcommittee budgets are not allowed.

6. Amendments are not allowed where funding for an item comes from statewide reserves.

7. Amendments must be in writing, the original signed, with 75 copies available for distribution

8. To be considered, a proposed amendment must have been logged in by the committee clerk by 2:00 p.m.

VISITOR REGISTRATION SHEET

Senate Appropriations on Education/Higher Education — May 17, 2010
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Meredith Henderson	Ctr for Int'l Understanding
Tim McDowell	NCICU
Jeff Maynard	CMS
Louisa Warren	NC Justice Ctr
Mike McLaughlin	Office of Lt. Governor
Donald Barnhardt	Office of the Governor
Thomas DeVita	office of Rep. Rick Glazier
Benita Budd	NC Community College Faculty Association

VISITOR REGISTRATION SHEET

Senate Appropriations on Education/Higher Education — May 17, 2010
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
margaret stacy	Covenant w/NC's children
elizabeth Ireland	Covenant w/NC's children
DAVE Simpson	CAGC, NCACTE
Evelyn Hawthorne	DHHR
Gene Causby	NC SC #
Chris Minard	nc State Bd of Ed
Jim Steggall	UCPS.
Alice Garland	NCFL
Monica Trent	NCAGC
Steve Jackson	NC Budget & Tax
Leanne Winner	NCSBA

VISITOR REGISTRATION SHEET

Senate Appropriations on Education/Higher Education — May 17, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Julia Kraus	NC Teacher Academy
Steve Prescott	Wake Tech Comm College / NCCC Trustee Assoc.
Chris FitzSimon	NC Policy Watch
Arien Cannon	Sen. Forest intern
Debra Horton	NCPTA
Kelly Perkins	NCPTA
Kathie Joyce	NCASA
C Hawkins	NCCAT
Mary McDuffie	NCCAT
[illegible]	NCCAT
[illegible]	PSFNC

VISITOR REGISTRATION SHEET

Senate Appropriations on Education/Higher Education — May 17, 2010
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Annette Newkirk	Governor's Office
Anita Watkins	UNC GA
Ginger Burks	UNC GA
Erin Schmatfelz	UNC GA
Tony Johnson	NC REAL
Bryan Conrad	OSBM
[signature]	NCCCS
[signature]	OSBM
[signature]	OSBM
DAVID RICE	MANNING FULTON
[signature]	NCSU

VISITOR REGISTRATION SHEET

Senate Appropriations on Education/Higher Education — May 17, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Eric M	DPI
Chris Cody	DPI
Kayla Matti	DPI
Andrew Meeker	Capstrat
Rick Ingram	House
Andrew Herson	Civitas Institute
Jennifer Haygood	NCCCS
Barry Hull	NCNG
Ernie Murphrey	UNC GA
Elizabeth Hoover	OSBM
Linda Dunker	NCAE

VISITOR REGISTRATION SHEET

Senate Appropriations on Education/Higher Education — May 17, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Marge Foreman	NCAE
Brian Dempsey	McGuireWoods
Bo Heath	MWC
Rob Price	DPI
Jon Royal	NC Family Policy Council
Annaliese Dolph	DRNC
Maggie Alexander	WNCN

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Committee on **Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: Thursday, May 20, 2010
TIME: 2:00 PM
LOCATION: 421 LOB

COMMENTS:

The following bills will be considered:

Senate Budget Review

Respectfully,
Representative Glazier, Chair
Representative McLawhorn, Chair
Representative Rapp, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **15** o'clock on **May 19, 2009.**

☐ Principal Clerk
☐ Reading Clerk – House Chamber

Susan Burleson (Committee Assistant)

House Appropriations Subcommittee on Education
Agenda

Thursday, May 20, 2010, 2:00 P.M.
Room 421, Legislative Office Building
Rep. McLawhorn, Presiding

I. Welcome
Representative McLawhorn

II. Overview of Senate Budget (SB 897)
Brian Matteson, Kris Nordstrom, Andrea Poole, and Richard Bostic
Fiscal Research Division

III. Committee Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Glazier (Chair)
Rep. McLawhorn (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Thursday, May 20, 2010, 2:00 p.m.

The House Appropriations Subcommittee on Education was scheduled to meet in Room 421 of the Legislative Office Building on Thursday, May 20, 2010 at 2:00 p.m. Due to a delay, the actual meeting started at 2:55 p.m. Representative Marian McLawhorn presided over the meeting. The following House members were present: Representatives McLawhorn, Glazier, and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Vice-Chairs, Representatives Blackwell, Holloway and Wiley. Members of the Education Fiscal Research Team were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Sergeants at Arms, and staff who attended and assisted with the meeting.

The Chair called on staff from the Legislative Fiscal Research Division to give an overview of the education portion of the Senate Budget Bill (SB897). Staff member Andrea Poole explained the House education target comparison between the Governor's budget and the Senate's budget (See Attachment 1). She also briefly discussed the House Appropriations Subcommittee's approach to developing the 2010-11 budget (See Attachment 2). A copy of the Senate Appropriations Report on the Continuation, Expansion and Capital budgets (See Attachment 3) and the Senate Special Provisions Report (See Attachment 4) are also included in these minutes.

Fiscal Research staff was called on to explain and review each portion of the Money Report and Special Provisions report. Staff member, Brian Matteson reviewed the Public Education portion of the recommended Senate budget. Staff member, Kristopher Nordstrom reviewed the special provisions for the Public Education portion of the report. Ms. Poole was called on to explain and review the Community College portion of the Senate money report and special provisions. Staff member, Richard Bostic was called to discuss and review the University of North Carolina portion of the Senate money report and special provisions.

Following each presentation, there were questions and discussion. The meeting adjourned at 4:30 p.m.

Respectfully submitted,

Marian N. McLawhorn
Representative Marian N. McLawhorn

Susan H. Burleson
Susan H. Burleson, Comm. Assistant

Attachment 1

Attachment 1

House Education Target Comparison

	Education Total	Public Schools	Community Colleges	UNC
FY 2010-11 Certified	11,029,853,009	7,360,833,223	1,012,467,778	2,656,552,008
Governor's Budget				
Proposed Changes (Adj.*)	(239,867,719)	(260,169,270)	32,282,306	(11,980,755)
Proposed Revised Budget (Adj.*)	10,789,985,290	7,100,663,953	1,044,750,084	2,644,571,253
Percent Change	-2.17%	-3.53%	3.19%	-0.45%
Senate Budget				
Proposed Changes	(158,604,966)	(219,259,933)	50,744,859	9,910,108
Proposed Revised Budget	10,871,248,043	7,141,573,290	1,063,212,637	2,666,462,116
Percent Change	-1.44%	-2.98%	5.01%	0.37%
House Target				
Proposed Changes	(360,469,331)			
Proposed Revised Budget	10,669,383,678			
Percent Change	-3.27%			

*Governor's budget is adjusted for ESF funding shifts between Public Schools and UNC.

Attachment 2

N.C. HOUSE APPROPRIATIONS SUBCOMMITTEES
APPROACH TO DEVELOPING THE 2010-11 BUDGET

As you conduct subcommittee activities and deliberations, please develop subcommittee spending proposals as follows:

1. **No Expansion Except for Economic Development**

2. **Continuation Reviews and Items Funded Non-recurring in FY 2009-10**
   Funding may be provided to continue programs under Continuation Review, if justified, or for other items funded with non-recurring funds in the FY 2009-10, only on a non-recurring basis within subcommittee spending targets.

3. **Build on Governor and Senate Budget Reduction Proposals**
   Focus on:
   - Individual programs, including non-essential, ineffective, obsolete, redundant or new programs and services.
   - Specific line items within programs. (See list at bottom of page.)

4. **Use Governmental and Proprietary Fund Cash Balances**
   Cash balances can be transferred to the General Fund; expenditures can be transferred to the other funds.

5. **Consider FY 2009-10 Agency Spending Level**
   Review current agency spending level to see if the Governor's holdbacks for State agencies can be made permanent.

6. **Review Vacant Positions for Potential Reduction**

7. **No Fee Increases or Adjustments**
   The Full Chairs of House Appropriations may consider exceptions on a case-by-case basis.

8. **Use Federal Receipts**
   Budget any federal receipts such as American Recovery and Reinvestment Act (ARRA) and Temporary Assistance for Needy Families (TANF). To the extent possible and allowed by federal regulations, use the funds for supplanting and for non-recurring needs.

9. **Finally, Consider Applicable Recommendations Found In Any of the Following:**
   - Reports issued by the General Assembly's Program Evaluation Division
   - Prior and current studies and Continuation Reviews, particularly those mandated in S.L. 2009-451.

Specific Line Items within Agencies To Consider

1. Direct appropriations and grants to nonprofit organizations
2. Salary Reserves
3. Contracted services, personal and miscellaneous
4. Rental/lease of equipment, including cellular phones
5. Travel and other employee expense
6. Furniture and equipment replacement schedules
7. Loan programs

Attachment #3

SENATE APPROPRIATIONS COMMITTEE

REPORT
ON THE
CONTINUATION, EXPANSION
AND
CAPITAL BUDGETS

Senate Bill 897 – 3rd Edition

May 19th, 2010

Public Education

GENERAL FUND

	FY 10-11
Total Budget Approved 2009 Session	$7,360,833,223

Budget Changes

A. Technical Adjustments

1 Average Daily Membership ($4,980,046) R

Revises projected increase in ADM for FY 2010-11 to reflect 3,127 fewer students than originally projected. Dollar amount of adjustment includes revisions to all position, dollar, and categorical allotments.

Total funded ADM for FY 2010-11 is 1,475,668, an increase of 10,754 over FY 2009-10. There was a temporary ADM reduction in FY 2009-10 precipitated by a change in the Kindergarten eligibility age.

2 Average Teacher Salary ($44,950,676) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2009. Adjustment does not reduce any salary paid to certified personnel.

3 Education Lottery Receipts ($36,638,646) R

Adjusts the receipts budgeted for the Classroom Teachers allotment to reflect half of the projected $73 million growth in Education Lottery revenues over the $368 million budgeted amount.

4 Exceptional Children Headcount ($6,000,000) R

Adjusts funding previously budgeted for the Children With Disabilities allotment to reflect actual student headcount and does not reduce funding per student. The continuation budget includes anticipated growth based on the projected headcount of children with disabilities. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2010 headcount.

	FY 10-11	
5 Small County Supplemental Funding Reduces funding to adjust for the expiration of Currituck County's funding eligibility in FY 2009-10 as well as a surplus of funding needed to fully fund the other eligible counties. The remaining $43.5 million is sufficient to fully fund the 28 eligible counties.	($3,000,000)	R
6 Learn and Earn Early College High Schools Adjusts funding to reflect the delayed opening of one Learn and Earn School scheduled to open in FY 2009-10. S.L. 2009-451 provided funding to open twelve Learn and Earn schools that had been given planning funding in FY 2008-09. Only ten of the twelve planning schools were ready to open in FY 2009-10, but one of them will be ready to open in FY 2010-11. Currently 66 Learn and Earn "Bricks and Mortar" schools are operating in North Carolina.	($310,000)	R
B. Other Public School Funding Adjustments		
7 ADM Contingency Reserve Reduces the Contingency Reserve by 50%. The Reserve is maintained to provide additional support to school systems that experience greater than projected student headcount growth. $2.6 million will remain to support the Reserve.	($2,618,501)	R
8 More at Four Reduces program funding by 15% from its $165.5 million combined appropriation of General Fund and Lottery proceeds. The Joint Task Force on Early Childhood Education and Care estimates that $5 million in program savings can be achieved by the capping of administrative costs, as proposed in section 7.5 of the Budget Bill. An additional $16.2 million in Federal receipts is anticipated to support More at Four in FY 2010-11.	($10,000,000) ($16,176,036)	R NR
9 Instructional Supplies Reduces the Instructional Supplies allotment by 6%. $89.2 million will remain for this purpose.	($5,000,000)	R

10 Central Office Administration ($10,000,000) R

Reduces the dollar allotment to LEAs for the salaries and benefits of central office staff by 9.1%. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. $99.8 million will remain to support these local staff.

11 Noninstructional Support Personnel ($7,100,000) R

Reduces recurring funding for this allotment, which supports clerical assistants, custodians, and substitute teachers, amongst other items. $15 million in State funds will remain available for this allotment in addition to $373 million in federal Education Stabilization Funding provided to LEAs that may also be used for the same purposes.

12 Mentoring ($9,214,190) NR

Eliminates all State funding for LEA mentoring programs on a nonrecurring basis in FY 2010-11 only.

13 Limited English Proficiency ($4,000,000)

Reduces funding for this allotment by 5.0%. $76.5 million will remain available for this allotment.

14 Transportation ($10,035,622) R

Reduces funding for the allotment, which supports the salaries of transportation personnel as well as the maintenance of yellow buses, by approximately 2.3%. $403 million will remain available for this allotment.

15 Assistant Principals ($4,500,000) R

Reduces funding for the allotment by 4.8%. Adjusts the basis of funding a ten-month Assistant Principal (AP) position from 1 AP for every 800 students to 1 AP for every 830.5 students. $88.3 million will remain available for this allotment.

16 Instructional Support ($5,000,000) R

Reduces this allotment by 1.4%. This allotment supports guidance counselors, librarians, media specialists, school nurses, social workers and other certified personnel. $353 million will remain available for this allotment.

17 At-Risk Student Services ($1,200,000) R

Reduces this allotment by 0.5%. Part of this allotment provides funding to hire a School Resource Officer (SRO) based on a specified salary and benefits amount that is greater than the actual average salary and benefits provided to SROs. This reduction adjusts the allotment to reflect actual expenditures. $234.7 million will remain available for this allotment.

18 Disadvantaged Student Supplemental Funding ($1,975,008) R

Reduces the allotment by 2.5% by eliminating a hold harmless clause that benefits the 16 LEAs initially eligible for this funding in FY 2005-06. Every LEA now qualifies for DSSF funding. $76.8 million will remain available for this allotment.

19 Child and Family Support Teams ($2,500,000) R

Reduces this allotment by 21.3%. This allotment provides funding for a dedicated social worker and school nurse in 100 schools. $9.2 million will remain available for this allotment.

20 School Bus Replacement ($11,900,000) NR

Eliminates funding for the purchase of new replacement school buses in FY 2010-11. $44 million will remain available to support the extended financing payments required for buses purchased in FYs 2007-10, and an additional $1 million will be available for emergency bus replacement purchases.

21 North Carolina Virtual Public Schools ($5,574,784) R

Eliminates the direct appropriation for the North Carolina Virtual Public Schools (NCVPS). Instead of being funded through a direct appropriation, NCVPS will be funded via a new funding formula. The new funding formula reduces LEA allotments based on projected LEA enrollment in NCVPS courses, in order to recognize the extent to which "enrollment in e-learning courses affects funding required for other allotments that are based on ADM," as directed by S.L. 2006-66, Section 7.16. NCVPS courses will continue to be available at no cost to all high school students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

22 Appropriations to Non-Public School Organizations ($202,130) R

Reduces appropriations to all non-public school organizations (Communities in Schools, NC Science Olympiad, Tarheel ChalleNGe Academy, Teach for America, and Teacher Cadet) by 5%.

23 Dropout Prevention Grants ($13,000,000) R

Discontinues funding for Dropout Prevention Grants.

24 Connectivity ($1,000,000) R
($3,000,000) NR

Reduces funding for the School Connectivity Initiative (SCI) as it is deployed in all LEAs and is in the operations and maintenance phase. This adjustment also includes a $3 million nonrecurring reduction of the cash balance. The recurring cut of $1 million represents a reduction to recurring appropriations of approximately 4.5%, and leaves recurring appropriations at $21 million per year. The nonrecurring cut of $3 million reduces initiative funding projected to be unexpended in FY 2009-10.

25 Education Value Added Assessment System (EVAAS) $1,000,000

Provides $250,000 to expand funding for EVAAS licenses that had previously been funded out of reversions and $750,000 to purchase EVAAS Teacher Analysis.

26 Student Diagnostic and Intervention Initiative

Provides nonrecurring funding to extend the Student Diagnostic Pilot program an additional year in the existing 40 pilot schools. Additional funding will expand the pilot program to additional school sites while also supporting the training needed for teachers to properly implement the program. $15,000,000 NR

27 JOBS Commission Schools $200,000 R

Provides funding to support the creation of certain school sites recommended by the Joint Legislative Joining Our Businesses and Schools (JOBS) Study Commission.

C. Department of Public Instruction

28 DPI Operating Funds ($2,375,850) R

Reduces agency operating funds by the same amount that the Department of Public Instruction has held in reserve and that has remain unexpended for FY 2009-10.

29 North Carolina Center for the Advancement of Teaching ($1,000,000) R

Reduces funding for the North Carolina Center for the Advancement of Teaching (NCCAT) by approximately 17%, bringing annual recurring funding for the program to $4,913,229.

30 NC WISE ($2,000,000) R
($5,000,000) NR

Reduces the annual appropriation for the North Carolina Window on Student Education (NC WISE), as this project is deployed and is in operations and maintenance phase. As such, its annual budgetary needs are $2 million less than previously budgeted. This item also includes a $5 million nonrecurring reduction of the cash balance. The remaining balance will support the hardware and reporting projects associated with NC WISE.

31 Department of Public Instruction IT Program Management Office ($2,828,444) R

Eliminates 26 positions and one contractor in order to find efficiencies and reduce redundancy in the Department of Public Instruction IT Program Management Office (IT PMO). The reduction includes departmental NC WISE positions, Offices of the Chief Information Officer, Chief Technology Officer, Technology Business Services, and Project Management. NC WISE has been deployed, reducing the need for personnel. -26.00

32 Department of Public Instruction Academic Services ($1,080,000) R

Eliminates 10 positions in the Academic Services and Instructional Support department. The District and School Transformation area shall be excluded from this reduction. -10.00

33 Legacy Fund Balance ($1,300,000) NR

Eliminates the cash balance for this project. Funds were appropriated on a nonrecurring basis in three consecutive years to enable DPI to bring information technology applications into compliance with the statewide architecture requirements. This project has now been completed. The total appropriation for this purpose was $6 million.

Budget Changes	**($187,669,707)**	**R**
	($31,590,226)	**NR**
Total Position Changes	-36.00	
Revised Total Budget	**$7,141,573,290**	

Community Colleges

GENERAL FUND

Total Budget Approved 2009 Session	FY 10-11
	$1,012,467,778

Budget Changes

A. Technical Adjustments

34 Fully Fund Enrollment Growth — $85,041,632 R

Provides funds to fully fund enrollment growth. According to the 2009-10 spring semester census, enrollment has increased by 15.8% (34,118 full-time equivalents or FTE) above the 2009-10 adjusted budgeted enrollment of 213,472. This increase brings FY 2010-11 budgeted enrollment to 247,590.

This funding is in addition to the $41,126,850 in the continuation budget for FY 2010-11 enrollment growth, for a total of $126,168,482 in enrollment growth funding.

B. State Aid Adjustments

35 Management Flexibility Reduction — ($13,500,000) R

Reduces funds in the State Aid budget, bringing the total management flexibility reduction for FY 2010-11 to $27.5 million. The State Board of Community Colleges shall distribute the flexibility reduction, accounting for the unique needs of each college. Each college reduced shall have the flexibility to adjust its budget to implement this reduction, but shall not impact those activities directly involved in retraining displaced workers.

36 Tuition Increase — ($23,244,836) R

Increases curriculum tuition from $50 to $55 for residents ($5 increase) and from $241.30 to $247 for nonresidents ($5.70 increase). Tuition for full-time resident students will increase by a maximum of $160 per year, from $1,600 to $1,760.

37 Overrealized Tuition Receipts — ($10,000,000) NR

Increases the amount budgeted for tuition receipts to more accurately reflect anticipated receipts. Given recent enrollment growth trends, it is anticipated that enrollment in FY 2010-11 will increase by more than the budgeted amount.

38 One-time Increase in Federal Literacy Receipts ($4,500,000) NR

Increases the amount budgeted for federal literacy receipts, due to a one-time increase, and takes a corresponding one-time reduction in State funding.

39 Restore Small Business Center Funding $402,861 R

Restores the reduction made to the Small Business Center allotment in 2009. This funding will be added to each colleges' base allocation. With this restoration, the total funding available for this program will be $5,756,853.

40 Restore Funding for Prisoner Education $17,649,735 R

Restores partial funding to the prisoner education program. The program received $32.9 million in non-recurring funds in FY 2009-10 while undergoing a continuation review. A total of $20 million will be restored - in addition to the $17.6 million included in this item, an additional $2,350,256 is included in the Department of Correction budget in the Justice and Public Safety section of this report to pay for prisoner tuition at the community colleges.

C. System Office Adjustments

41 Move Position to Receipt Support ($60,747) R

Reduces appropriations by shifting one Education Consultant position entirely to proprietary school receipts. This position oversees the activities that generate these receipts.

42 Reduce State Board Reserve ($160,000) R

Reduces funding for the State Board Reserve by 24% from $660,000 to $500,000.

43 Reduce Advertising Budget ($150,000) R

Reduces funds for advertising by 50%.

44 Reduce System Office Operating Budget ($158,764) R

Reduces the System Office operating budget with specific reductions to be identified by the System Office. Reductions should focus on travel, printing, postage, and registration fees.

FY 10-11

45 Eliminate Positions ($575,022) R

Eliminates 7 positions in the Community College System Office. The duties of these positions shall be eliminated or absorbed by other System Office employees. The positions are: -7.00

-Education Program Director #60088171 (Bionetwork) - $94,250 salary and $22,045 benefits.

-Technology Support Analyst #60088065 (Information Technology) - $54,724 salary and $14,867 benefits.

-Information Technology Manager #60088013 (Information Technology) - $98,976 salary and $22,903 benefits.

-Education Program Director II #60088192 (Workforce Development and Continuing Education) - $102,750 salary and $23,588 benefits.

-Television Production Asst III #60088049 (Distance Learning) - $35,497 salary and $11,375 benefits.

-Business Officer -C #60088111 (Facilities and Administration) - $34,283 salary and $11,155 benefits.

-Office Assistant IV #60088142 (Student Services) - $36,966 salary and $11,642 benefits.

Budget Changes	**$65,244,859**	R
	($14,500,000)	NR
Total Position Changes	-7.00	
Revised Total Budget	**$1,063,212,637**	

UNC System

GENERAL FUND

Total Budget Approved 2009 Session	FY 10-11 $2,656,552,008

Budget Changes

A. Base Budget Adjustments

46	**Management Flexibility Reduction** Mandates a management flexibility reduction for the UNC operating budget with a priority on non-teaching related budget cuts. This reduction is in addition to the $100 million management flexibility reduction authorized for the FY 2010-11 base budget.	($50,000,000)	R
47	**IT Reserve Eliminated** Eliminates the remaining balance of a $10 million reserve appropriated in 1999 for Information Technology (IT). UNC General Administration used the reserve to provide grants to campuses for IT software and hardware.	($755,917)	R
48	**Distance Education Reserve Eliminated** Eliminates the remaining balance of a $1.93 million reserve appropriated in 1996 for distance learning efforts. The expansion of distance learning is now funded by the enrollment growth model and by reserves for UNC Online and 2+2 efforts.	($651,483)	R
49	**UNC-TV Utilities Reduction** Reduces the $1.8 million UNC-TV utilities budget by 35% due to the station's conversion from analog to digital in June 2009.	($632,140)	R
50	**Aid to UNC Hospitals Reduced** Reduces the $44 million annual appropriation to UNC Hospitals by 4.5%.	($2,000,000)	R

	FY 10-11	
51 Legislative Tuition Grant Reduces the appropriation for Legislative Tuition Grants (LTG) for North Carolina resident students attending the State's private colleges and universities. The current appropriation for LTG is $55,233,705.	($1,500,000)	R
52 Enrollment Growth Increases the UNC system enrollment growth funding in the FY 2010-11 base budget due to projected increase of 441 FTE over previous estimates. This funding is in addition to the $53,432,226 for 4,485 FTE included in the FY 2010-11 base budget.	$5,636,814	R
53 Tuition Repeal Repeals the FY 2010-11 legislative tuition rates enacted in the 2009 legislative session and restores the associated appropriation reduction.	$34,776,301	R
54 Need-Based Financial Aid Increases UNC Need-Based Financial Aid to account for 1) funding 4,600 additional students that qualify for assistance and inflationary increases for previously funded students ($22.85 million) and 2) restoring need-based aid that was nonrecurring in FY 2009-10 ($12 million). This General Fund appropriation plus lottery receipts of $26,661,046 equals the additional $34,856,563 needed in FY 2010-11 for UNC need-based aid.	$8,195,517	NR
55 UNC High School Funding Restored Restores base budget cuts made in FY 2009-10 to the two high school programs in the UNC system. The North Carolina School of Science and Math will receive $80,851 for lab and educational supplies and the University of North Carolina School of the Arts will receive $201,165 for cost of living increases in their residential high school.	$282,016	R

56 ECU Dental School Operations — $6,000,000 R

Funds additional faculty and operating needs of the new School of Dentistry at East Carolina University that will open with 50 students in the Fall of 2011. To date, $5.5 million has been appropriated for the school's operating budget. To ensure accreditation by the American Dental Association's Commission on Accreditation and to complete the instructional and operational budget for a student body of 200, the General Assembly pledges to fund an additional $3.5 million in FY 2011-12 and $1.5 million in FY 2012-13.

57 Energy Production Infrastructure Center (EPIC) — $3,000,000 R

Completes the staffing and operational needs of the Energy Production Infrastructure Center (EPIC) opening at UNC-Charlotte in the Fall of 2011. These funds will enable the hiring of research faculty in electrical power, power system infrastructure, and power plant engineering. These funds are in addition to the $2 million appropriated in 2009.

58 ASU College of Health Sciences and Allied Professions — $500,000 R

Funds the operating and staffing needs of the newly established College of Health Sciences and Allied Professions at Appalachian State University.

59 Distinguished Professor Endowment Fund — $4,000,000 NR

Increases the Distinguished Professor Endowment Fund to reduce the backlog of 66 professorships awaiting State matching funds. The Fund has an annual base budget appropriation of $8 million.

60 Institute for Emerging Issues Fellows Program — $309,000 NR

Funds an expansion of the Fellows program at the Institute for Emerging Issues at North Carolina State University. Faculty and student Fellows will apply their expertise to the State's current public policy issues such as job growth and economic development.

	FY 10-11	
61 CASTLE Continues State support for the Center for the Acquisition of Spoken Language through Listening Enrichment (CASTLE) at UNC-Chapel Hill. The funds will be used to 1) train teachers and therapists to work with deaf preschool- age children with cochlear implants and 2) provide oral preschool classes to these children. The program has received nonrecurring appropriations annually since 2005.	$500,000	NR
62 Coastal Wave Energy Research Funds research, design, and construction of devices to capture the energy of ocean waves. The research will be conducted by a consortium that includes the University of North Carolina Coastal Studies Institute and the Colleges of Engineering at North Carolina State University, North Carolina Agricultural and Technical State University, and the University of North Carolina Charlotte.	$2,000,000	R
63 Veterinary Medicine Clinical Teaching and Research Fund Continues state funding for the North Carolina State University College of Veterinary Medicine Clinical Teaching and Research Fund. This fund was created in 2007 to allow advanced diagnostic and treatment options for animals where a) owner financing of such options are limited, b) significant instructional value exists, or c) the diagnostic and treatment options have the potential of adding significantly to the core knowledge in the relevant clinical area.	$250,000	NR
Budget Changes	**($3,344,409)**	**R**
	$13,254,517	**NR**
Total Position Changes		
Revised Total Budget	**$2,666,462,116**	

Attachment #4

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

S 3

SENATE BILL 897
Appropriations/Base Budget Committee Substitute Adopted 5/18/10
Finance Committee Substitute Adopted 5/18/10

Short Title: Appropriations Act of 2010. (Public)

Sponsors:

Referred to:

March 26, 2009

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2009 AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

SECTION 1.1. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2010."

INTRODUCTION

SECTION 1.2. 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 State Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year as provided in G.S. 143C-1-2(b).

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, 2011, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2009-2010 fiscal year.

Current Operations – General Fund	**2010-2011**
EDUCATION	
Community Colleges System Office	$ 50,744,859
Department of Public Instruction	(219,159,933)

(2) Partnering with the federal government to allow for treatment of State inmates in federal correctional hospitals; and

(3) Purchasing a fixed number of beds at a hospital.

SECTION 6.16.(g) The Department of Correction shall report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee no later than October 1, 2010, on

(1) The Department's progress with the RFP process initiated pursuant to Section 19.20(b) of S.L. 2009-451, as rewritten by Section 15A of S.L. 2009-575, to contract for claims processing, medical management services, and the development and management of a medical professional and facility provider network.

(2) The anticipated effects on medical care provided to inmates as a result of the new hospital at Central Prison and the updated facilities at the North Carolina Correctional Institute for Women, as well as any other new medical services capacity within the Department. Specifically, the Department shall report on:

a. The types and volumes of services that the new and updated facilities will provide that previously would have been provided by community providers; and

b. The projected types and volumes of services that will still be referred to community providers.

The report shall also address changes in statewide inmate custody that are needed to maximize the utilization of the new facilities and the Department's ability to contract with community providers with the available capacity throughout the State.

SECTION 6.16.(h) The Department of Correction shall report to the Joint Legislative Commission on Governmental Operations no later than October 1, 2010, and quarterly thereafter on:

(1) The volume of services provided by community medical providers that can be scheduled in advance and, of that volume, the percentage of those services that are provided by contracted providers; and

(2) The volume of services provided by community medical providers that cannot be scheduled in advance and, of that volume, the percentage of those services that are provided by contracted providers.

SECTION 6.16.(i) Section 19.20(a) of S.L. 2009-451, as amended by Section 15A of S.L. 2009-575, is repealed.

PART VII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand five hundred ninety-eight dollars and fifty-five cents ($3,598.55) per child. 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 2010-2011 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.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand one hundred ninety-two dollars and ninety cents ($1,192.90) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2010-2011 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. 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.

STATE FISCAL STABILIZATION FUND APPROPRIATION

SECTION 7.3. In order to ensure compliance with the requirements of Title XIV of the American Recovery and Reinvestment Act of 2009 and notwithstanding any other provision of law, the Office of State Budget and Management shall adjust the State Fiscal Stabilization Fund appropriation amounts, including any associated budget reductions, between the State Public School Fund and The University of North Carolina budget to align with the requirements of the North Carolina State Fiscal Stabilization Fund application as amended for 2010-2011.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS ALLOTMENT FORMULA

SECTION 7.4.(a) The State Board of Education shall implement an allotment formula for the North Carolina Virtual Public Schools (NCVPS) beginning with the 2010-2011 school year. In accordance with Section 7.16 of S.L. 2006-66, the allotment formula shall create a sustainable source of funding that increases commensurate with student enrollment and recognizes "the extent to which projected enrollment in e-learning courses affects funding required for other allotments that are based on ADM."

SECTION 7.4.(b) The State Board shall use only funds provided through the North Carolina Virtual Public Schools Allotment Formula to fund NCVPS.

SECTION 7.4.(c) The Department of Public Instruction shall take the following steps to implement the North Carolina Virtual Public Schools Allotment Formula:

(1) Project the unduplicated NCVPS enrollment for each local school administrative unit and for each grade level.

(2) Divide the projected unduplicated NCVPS enrollment for each unit by six in order to calculate its ADM-equivalent student enrollment in NCVPS.

(3) Reduce the unit's ADM allotments by seventy-five percent (75%) of its ADM-equivalent student enrollment in NCVPS.

(4) Transfer a dollar amount equal to seventy-five percent (75%) of the unit's ADM-equivalent student enrollment to NCVPS.

NCVPS shall use the funds transferred to it to provide the NCVPS program at no cost to all high school students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

SECTION 7.4.(d) NCVPS shall provide only high school courses.

SECTION 7.4.(e) The Director of NCVPS shall continue to 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 North Carolina Virtual Public School program, eliminating course duplication.

MORE AT FOUR PROGRAM

SECTION 7.5.(a) The Department of Public Instruction shall continue the implementation of the More at Four prekindergarten program for four-year-olds who are at risk for school failure in all counties. The State prekindergarten program shall serve children who

reach the age of four on or before August 31 of that school year and who meet eligibility criteria that indicate a child's risk for school failure. Prekindergarten classrooms shall be operated in public schools, Head Start programs, and licensed child care facilities that choose to participate under procedures defined by the Office of Early Learning within the Department of Public Instruction. All such classrooms shall be subject to the supervision of the Office of Early Learning and shall be operated in accordance with standards adopted by the State Board of Education.

SECTION 7.5.(b) The Office of Early Learning shall specify program standards and requirements addressing:

(1) Early learning standards and curricula;
(2) Teacher education and specialized training;
(3) Teacher in-service training and professional development;
(4) Maximum class size;
(5) Staff-child ratio;
(6) Screenings, referrals, and support services;
(7) Meals; and
(8) Monitoring of sites to demonstrate adherence to State programs standards.

SECTION 7.5.(c) The State Board of Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education, the House of Representatives Appropriations Subcommittee on Education, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

(1) The number of children participating in State prekindergarten.
(2) The number of children participating in State prekindergarten 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 State prekindergarten expenditures for the programs and the source of the local contributions.
(4) The results of an annual evaluation of the program.

SECTION 7.5.(d) The Office of Early Learning shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. 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. Furthermore, any age-eligible child of (i) an active duty member of the armed forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the armed forces who is ordered to active duty by the proper authority within the last 18 months or expected to be ordered within the next 18 months or (ii) a member of the armed forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the armed forces, who was injured or killed while serving on active duty, shall be eligible for the program.

SECTION 7.5.(e) The More at Four program funding shall not supplant any funding for classrooms serving four-year-olds as of the 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 mandates.

SECTION 7.5.(f) The Office of Early Learning shall develop a new More at Four funding model to be implemented in the 2010-2011 fiscal year. The per-child funding rates shall be based on participating provider cost structures and shall require a contribution of local resources to support the full cost of providing high quality prekindergarten. The Office of Early

Learning shall implement an administrative cap on More at Four program funding and shall establish parameters for allowable administrative costs.

SECTION 7.5.(g) The Office of Early Learning shall contract with an independent research organization not affiliated with the Department of Health and Human Services, the Department of Public Instruction, the Office of the Governor, or any entity currently funded by or affiliated with the Department of Health and Human Services, the Department of Public Instruction, or the Office of the Governor to produce an annual report to include longitudinal review of the More at Four program and academic, behavioral, and other child-specific outcomes. The review shall include a quasi-experimental research design of a representative sample of children who complete the More at Four program every year and shall report on their sustained progress until the end of grade 9. The review shall also study a representative sample of children who do not enter the More at Four program but who are of the same grade level and demographic as those who complete the program, and their sustained progress shall also be reviewed until the end of grade 9. The review shall be presented to the Joint Legislative Oversight Committee on Education by January 31 of every year.

LEADERSHIP ACADEMY

SECTION 7.6. Of the funds appropriated in this act to the Department of Public Instruction for the 2010-2011 fiscal year, up to two hundred thousand dollars ($200,000) may be used to support a Leadership Academy that provides professional development to superintendents enabling them to train principals to address critical areas such as student achievement and teacher recruitment and retention.

DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.7.(a) The Department of Public Instruction is not required to eliminate receipt-supported positions for the 2010-2011 fiscal year.

SECTION 7.7.(b) The Department of Public Instruction shall review expenditures of federal funds for personnel and contracts at the State level. Unless the expenditure is a condition of receiving the funds, the Department shall reallocate the funds to local school administrative units whenever possible.

The Department shall report on the reallocation of these funds to local school administrative units, to the Office of the Governor, the chairs of the House of Representatives Committee on Appropriations and the House of Representatives Appropriations Subcommittee on Education, the chairs of the Senate Committee on Appropriations/Base Budget and the Senate Appropriations Committee on Education/Higher Education, and the Office of State Budget and Management no later than January 15, 2011.

CAREER AND COLLEGE – READY, SET, GO!

SECTION 7.8.(a) The State Board of Education shall work with all member institutions of the Education Cabinet and the Joint Governing Boards to focus funding and program priorities to ensure that all North Carolina students graduate prepared to successfully pursue a career or further education. Each Education Cabinet Institution shall prioritize the Governor's Ready, Set, Go! initiative and ensure that all students PK-20:

(1) Are prepared to be successful in school and can successfully progress through PK-20 education. This includes, but is not limited to:

a. Establishment of the Governor's Child Advocacy Council to increase ways for all children to come to school healthy and ready to learn;

b. Investment in early child development programs like Smart Start and More at Four;

c. Investment in smaller class sizes in K-3;

d. Implementation of student diagnostics in grades K-3 and 5 to ensure that all students at a minimum possess grade-level reading, writing, and math skills;
e. Implementation of student diagnostics for career and college readiness in grades 8 and 11 so students graduate prepared for work, college, or technical training; and
f. Implementation of the Student Learning Conditions Survey for grades 7, 9, and 11 that is aligned with the Teacher Working Conditions Survey.

(2) Receive clear standards and high expectations, and benefit from the best teachers and principals that can most effectively help students reach those standards. This includes, but is not limited to:
a. Adoption of the State-led National Common Standards, including Career and College Ready Skills and assessments that prepare students for the global economy;
b. Evaluation of Teacher Preparation programs to identify best practices and programs that produce effective teachers;
c. Increased access to virtual learning opportunities for students and teachers like those provided through the NC Virtual Public School;
d. Increased access to Science, Technology, Engineering and Mathematics (STEM) opportunities;
e. Development of leadership academies that recruit and prepare effective principals;
f. Development of a PK-20 data system to provide comprehensive information on students;
g. Reduction and eventual elimination of low-performing status in North Carolina schools; and
h. Job-imbedded professional development for teachers and principals.

(3) Fully understand and complete the prerequisites for the career, certification, or degree of choice that promotes workforce success. This includes, but is not limited to:
a. Development of academic boot camps for high school students who need additional support in reading, composition, and math;
b. Consolidation of high school transition courses to provide high school students with more college level or career and technical courses;
c. Increased access to virtual college level and specific career and technical courses for high school students;
d. Alignment between high school and college curricula so that all students are prepared for higher education work; and
e. Implementation of NCSuccess, a program designed to increase the number of certificates and associate or bachelor's degrees in higher education.

SECTION 7.8.(b) The Education Cabinet shall report by January 15, 2011, to the Office of the Governor, the Joint Governing Boards, and the Joint Education Oversight Committee on its progress toward reaching the Governor's goal that every North Carolina student will graduate ready to be successful in a career, a 2- or 4-year college, or technical training.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.9. Section 7.12.(a) of S.L. 2009-451, as rewritten by Section 3E of S.L. 2009-575, is repealed.

SCHOOL CALENDAR PILOT PROGRAM

SECTION 7.10. Section 7.40 of S.L. 2009-451 reads as rewritten:

"**SECTION 7.40.** The State Board of Education shall establish a school calendar pilot program in the Wilkes County Schools. The purpose of the pilot program is to determine whether and to what extent a local school administrative unit can save money during this extreme fiscal crisis by consolidating the school calendar.

Notwithstanding G.S. 115C-84.2(a)(1), the school calendar for the 2009-2010 ~~calendar year~~and the 2010-2011 calendar years for the Wilkes County Schools shall include a minimum of 180 days or 1,000 hours of instruction covering at least nine calendar months. Notwithstanding G.S. 115C-84.2(d), the opening date for students shall not be before August 24.

If the Wilkes County Board of Education adds instructional hours to previously scheduled days under this section, the local school administrative unit is deemed to have a minimum of 180 days of instruction and teachers employed for a 10-month term are deemed to have been employed for the days being made up and shall be compensated as if they had worked the days being made up.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee by March 15, ~~2010,~~2011, on the administration of the pilot program, cost-savings realized by it, and its impact on student achievement."

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS (NBPTS) FUNDS

SECTION 7.11.(a) G.S. 115C-296.2(d1) reads as rewritten:

"(d1) Repayment of the Application Fee. – A teacher shall repay the application fee to the State Education Assistance Authority within three years. The State Education Assistance Authority may forgive the loan upon the death or permanent disability of the teacher.

All funds appropriated to, or otherwise received by, the Authority to provide loans to teachers pursuant to this section, all funds received as repayment of loans, and all interest earned on these funds shall be placed in a trust fund. This fund shall be used only for loans made pursuant to this section and administrative costs of the Authority."

SECTION 7.11.(b) The State Board of Education shall transfer funds in the amount of three million two hundred seventy-four thousand five hundred dollars ($3,274,500) from the State Public School Fund to the State Education Assistance Authority for the 2010-2011 fiscal year for NBPTS loans. It is the intent of the General Assembly that these funds are included in the certified budget for the State Education Assistance Authority for the 2011-2012 fiscal year and subsequent fiscal years.

DRIVER EDUCATION

SECTION 7.12. The Highway Safety Research Center Institute of the University of North Carolina at Chapel Hill shall work in collaboration with the Department of Public Instruction and the Governor's Highway Safety Commission to create a standard curriculum to be used for the Driver Education Program in the Department of Public Instruction. The curriculum shall be ready for use in the school year beginning in the fall of 2011 and shall be used for all driver education programs funded with State funds.

PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY

SECTION 7.13.(a) Section 7.8 of S.L. 2009-451 reads as rewritten:

"**SECTION 7.8.(a)** The State Board of Education is authorized to adopt emergency rules in accordance with G.S. 150B-21.1A to grant maximum flexibility to local school

administrative units regarding the expenditure of State funds. These rules shall not be subject to the limitations on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These rules:

(1) Shall authorize the transfer of textbook funds to other allotments to manage funding cuts; and

(2) Shall not permit the transfer of funds from school-based positions to the central office.

"**SECTION 7.8.(b)** ~~For fiscal years 2009-2010 and 2010-2011,~~ For the 2010-2011 fiscal year, local school administrative units shall ~~make every effort to~~ reduce spending whenever and wherever such budget reductions are appropriate ~~with the goal of~~ to ~~protecting~~ protect direct classroom ~~services~~ services. ~~and services for students at risk and children with special needs.~~ Local school administrative units shall implement administrative and other operating efficiencies prior to ~~and minimize~~ the dismissal of classroom-based ~~personnel~~ personnel. Local school administrative units shall maximize federal ~~by maximizing~~ funds received ~~from the~~ including American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5; Keep Our Educators Working Act or any other federal act that provides funding that can be expended on positions; Individuals with Disabilities Act (IDEA); Title I; and Title II funds. Local school administrative units are encouraged to designate all Title I-eligible schools and must maximize attrition prior to the dismissal of classroom-based personnel. Notwithstanding G.S. 115C-301 or any other law, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement in grades 4-12. Allocation of teachers and class size requirements in grades K-3 shall remain unchanged.

"**SECTION 7.8.(c)** Within 14 days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit and charter school of the amount the unit must reduce from the State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit on the basis of average daily membership.

"**SECTION 7.8.(d)** Each unit shall report to the State Board of Education, the Office of State Budget and Management, and the Department of Public Instruction on the flexibility budget reductions it has identified for the unit, including an explanation of how administrative efficiencies, federal funds, and attrition have been maximized prior to the dismissal of classroom-based personnel, within 30 days of the date this act becomes law."

SECTION 7.13.(b) For fiscal year 2010-2011, local boards of education may also implement furloughs in accordance with Section 29.1 of this act to manage funding amounts.

PROBATIONARY TEACHERS

SECTION 7.14.(a) G.S. 115C-325(c)(5) reads as rewritten:

"(5) Consecutive Years of Service. – If a probationary teacher in a full-time permanent position does not work for at least 120 workdays in a school year because the teacher is on sick leave, disability leave, or both, that school year shall not be deemed to constitute (i) a consecutive year of service for the teacher or (ii) a break in the continuity in consecutive years of service for the teacher.

If a probationary teacher in a full-time permanent position resigns or is not renewed because of a reduction in force and is subsequently rehired by the same school system within three years, there shall be deemed to be no break in the continuity in consecutive years of service for such teacher up to a maximum of three consecutive years towards career status. If, at the time the teacher resigns or is not renewed because of a reduction in force, the teacher had been employed by a school system for four consecutive years pursuant to G.S. 115C-325(c)(1), or one year pursuant to G.S. 115C-325(c)(2), and the board subsequently rehires such teacher within

three years, the board may grant career status immediately upon reemploying the teacher, or vote on the teacher's career status pursuant to G.S. 115C-325(c)(1) or (c)(2) after one additional year of employment."

SECTION 7.14.(b) This act is effective when it becomes law and applies to probationary teacher employed by a local school administrative unit in a full-time permanent position for the 2010-2011 school year.

LEARN AND EARN ONLINE

SECTION 7.15. Section 7.10(j) of S.L. 2009-451 reads as rewritten:

"**SECTION 7.10.(j)** For the 2009-2011 biennium, high school students attending a nonpublic school may enroll in any Learn and Earn Online ~~course with space available that has been offered to but not filled by any eligible public school student.~~ course. Notwithstanding subsection (h) of this section, nonpublic school students shall be responsible for supplying their own textbooks and other instructional materials."

PART VIII COMMUNITY COLLEGES

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.1.(a) Of the funds appropriated to the Community Colleges System Office for the 2009-2011 fiscal biennium for the College Information System, up to one million two hundred fifty thousand dollars ($1,250,000) shall not revert at the end of each fiscal year but shall remain available until expended. These funds may only be used to purchase periodic system upgrades.

SECTION 8.1.(b) This section becomes effective June 30, 2010.

STATE AID BUDGET FLEXIBILITY

SECTION 8.2. G.S. 115D-31 is amended by adding a new subsection to read:

"(b1) A local community college may use all State funds allocated to it, except for Literacy funds and Customized Training funds, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs."

TUITION FOR PRISON INMATES

SECTION 8.3.(a) Funds are appropriated to the Department of Correction in Section 2.1 of this act to provide courses for inmates in State prisons. These funds shall be used only for courses that are known to reduce recidivism.

Courses provided in federal prisons or local jails shall be offered on a self-supporting basis.

SECTION 8.3.(b) The Department of Correction and the Community Colleges System Office shall report to the 2011 General Assembly on:

(1) The implementation of the new funding structure and requirements.

(2) Strategies for implementing their recommendations to:

a. Enhance measurable goals, objectives, and outcomes.

b. Enhance and standardize data collection.

c. Strengthen the continuum of programming from entry to exit, based on assessment of skills and needs.

d. Give individuals the opportunity to use specific skills through work assignments that meet system needs.

e. Tailor programs to specific inmate needs.

f. Increase Cognitive Behavioral Interventions (CBI) courses.
g. Develop an offender-specific human resources development course.
h. Explore additional funding sources.
i. Explore federal grant for wiring courses.

(3) Strategies for reasonably limiting the number of courses an individual takes while in prison.

SECTION 8.3.(c) The Office of State Budget and Management shall transfer sufficient funds from the Department of Correction to the Community Colleges System Office to pay for inmates' tuition for the Fall 2010 semester.

TUITION WAIVERS

SECTION 8.4.(a) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State ~~funds; provided, however, that the~~ funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees ~~for persons~~for:

(1) Persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent ~~certificate, for training~~ certificate;

(2) Training courses for (i) volunteer firemen, (ii) local fire department personnel, (iii) volunteer rescue and lifesaving department personnel, (iv) local rescue and lifesaving department personnel, (v) Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, ~~local~~ (vi) municipal, county, State, or federal law-enforcement officers, provided that the permanent duty station of the officers is within North Carolina, ~~patients in State alcoholic rehabilitation centers,~~ (vii) all full-time custodial employees of the Department of Correction, and (viii) employees of the Department's Division of Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards ~~Commission,~~Commission;

(3) Patients in State alcoholic rehabilitation centers;~~trainees~~

(4) Trainees enrolled in courses conducted under the ~~New and Expanding Industry Program, clients~~ Customized Training Program;

(5) Clients of sheltered ~~workshops, clients~~workshops;

(6) Clients of adult developmental activity ~~programs, students~~programs;

(7) Students in Health and Human Services Development ~~Programs, juveniles~~Programs;

(8) Juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent ~~jurisdiction, members~~jurisdiction;

(9) Members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General ~~Statutes; and elementary~~ Statutes;

(10) Elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation ~~(CPR). Provided further, tuition shall be waived for up~~ (CPR);

(11) Up to six hours of credit instruction and ~~96 contact hours~~ one course of noncredit instruction per academic semester for senior citizens age 65 or older who are qualified as legal residents of North ~~Carolina. Provided further, tuition shall also be waived for all~~ Carolina;

(12) All courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this ~~section."~~section; and

(13) Human resources development courses for any individual who (i) is unemployed; (ii) has received notification of a pending layoff; (iii) is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or (iv) is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines."

SECTION 8.4.(b) The Community Colleges System Office shall report to the 2011 General Assembly on the number and cost of courses taken by State law enforcement officers and of courses taken by local law enforcement officers.

SECTION 8.4.(c) The Community Colleges System Office shall make a comprehensive study of the currently authorized tuition waivers and shall report to the 2011 General Assembly on waivers that should be modified or abolished because they are not being used or for other reasons.

COMMUNITY COLLEGE FINANCIAL AID LOANS

SECTION 8.5.(a) The State Board of Community Colleges shall permanently realign its funding formula by increasing the amount allocated in the funding formula for students' services by fifty million dollars ($50,000,000) and by reducing the amount in the funding formula for curriculum and continuing education instruction by a commensurate amount. The revised formula shall ensure that community colleges have the adequate funds and resources necessary to administer and provide financial aid services to students.

SECTION 8.5.(b) G.S. 115D-40.1 reads as rewritten:

"**§ 115D-40.1. Financial Assistance for Community College Students.**

(a) Need-Based Assistance Program. – It is the intent of the General Assembly that the Community College System make these financial aid funds available to the neediest students who are not eligible for other financial aid programs that fully cover the required educational expenses of these students. The State Board may use some of these funds as short-term loans to students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.

(b) Targeted Assistance. – Notwithstanding subsection (a) of this section, the State Board may allocate no more than ten percent (10%) of the funds appropriated for Financial Assistance for Community College Students to:

(1) Students who do not qualify for need-based assistance but who enroll in low-enrollment programs that prepare students for high-demand occupations, and

(2) Students with disabilities who have been referred by the Division of Vocational Rehabilitation and are enrolled in a community college.

(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in subsections (a) and (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds.

These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The

~~The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds. The~~ interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College Grant Program.

(d) Participation in Federal Loan Programs. – All community colleges shall participate in the William D. Ford Federal Direct Loan Program. The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students, including, but not limited to, Pell Grants, HOPE and Lifetime Learning Tax Credits, and the William D. Ford Federal Direct Loan Program, and to actively encourage students to utilize these federal programs and funds."

SECTION 8.5.(c) Subsection (b) of this section becomes effective July 1, 2011. The remainder of this section becomes effective July 1, 2010.

TUITION REFUNDS

SECTION 8.6.(a) A refund of community college tuition shall not be made except under the following circumstances:

(1) A one hundred percent (100%) refund shall be made if the student officially withdraws prior to the first day of class of the academic semester or term as noted in the college calendar. Also, a student is eligible for a 100 percent refund if the class in which the student is officially registered is cancelled due to insufficient enrollment.

(2) A seventy-five percent (75%) refund shall be made if the student officially withdraws from the class prior to or on the official ten percent (10%) point of the semester.

(3) For classes beginning at times other than the first week (seven calendar days) of a semester a one hundred percent (100%) refund shall be made if the student officially withdraws from the class prior to the first class meeting. A seventy-five percent (75%) refund shall be made if the student officially withdraws from the class prior to or on the ten percent (10%) point of the class.

(4) A one hundred percent (100%) refund shall be made if the student officially withdraws from a contact hour class prior to the first day of class of the academic semester or term or if the college cancels the class. A seventy-five percent (75%) shall be made if the student officially withdraws from a contact hour class on or before the tenth calendar day of the class.

SECTION 8.6.(b) To comply with applicable federal regulations regarding refunds, federal regulations supersede the provisions of this section.

SECTION 8.6.(c) Where a student, having paid the required tuition for a semester, dies during that semester (prior to or on the last day of examinations of the college the student was attending), all tuition and fees for that semester may be refunded to the estate of the deceased.

SECTION 8.6.(d) Community colleges shall adopt local refund policies for classes for which they collect receipts which are not required to be deposited into the State Treasury account.

MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES

SECTION 8.7. Section 8.24 of S.L. 2009-451 reads as rewritten:

"**SECTION 8.24.** The management flexibility reduction for the North Carolina Community College System shall be allocated by the State Board of Community Colleges in a manner that accounts for the unique needs of each college and provides for the equitable distribution of funds to the institutions consistent with G.S. 115D-5(a). Before taking reductions to instructional budgets, the community colleges shall consider reducing budgets for senior and middle management personnel and for programs that have both low-enrollment and low-postgraduate success. Colleges shall minimize the impact on student support services and on the retraining of dislocated workers. Colleges shall not reduce funding for the Small Business Centers. The community colleges shall also review their institutional funds to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets."

PART IX. UNIVERSITIES

REPEAL ESCHEAT FUND APPROPRIATION FOR MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM

SECTION 9.1. Section 9.1.(c) of S.L. 2009-451 is repealed.

STUDY FINANCIAL AID CONSOLIDATION

SECTION 9.2.(a) The State Education Assistance Authority, The University of North Carolina, the North Carolina Community College System, and the Fiscal Research Division of the General Assembly shall establish a work group to study jointly the simplification and consolidation of State-funded financial aid for students. North Carolina Independent Colleges and Universities, Inc., shall also be included as a joint member of the work group if it chooses to participate in the study. The State Education Assistance Authority shall be the lead agency for the work group and study.

SECTION 9.2.(b) The purpose of the study is to develop recommendations and options for simplifying and consolidating the delivery of, administration of, and access to State-funded financial aid for students. In conducting the study, the work group shall consider the State's current student financial aid programs and how to consolidate those programs into two categories of State-funded student aid programs: one program that consolidates the State's major need-based programs and one program that consolidates many of the State's scholarship and forgivable loan programs currently available to students who plan to earn degrees and pursue careers in certain professional areas. More specifically the work group shall do the following:

(1) Design a unified need-based financial aid program that combines at a minimum the following three programs into a single need-based financial aid program: The University of North Carolina Need-Based Grant program, the North Carolina Community College Grant program, and the North Carolina Education Lottery Scholarship program established under Article 35A of Chapter 115C of the General Statutes. Currently each of these programs has its own award criteria, formulas, target populations, and funding sources (Escheat Fund, General Fund, and Lottery Funds). As part of its study, the work group shall determine what the appropriate parameters may be for such a unified program by using models that take into account income, expected family contribution, college expenses, type of college attended, and any other factors the work group deems relevant. In designing the program, the work group shall address the issue of proportionality of funding and shall take into account all of the following in its consideration of that issue: the proportionality of funding that currently exists among The University of North Carolina, the North Carolina Community College System, and the

North Carolina private colleges and universities; funding sources; accounting for student enrollment change; monetary differences between certain categories of students and whether based on those monetary differences student financial aid should be based on cost of attendance or tuition and fees. The work group may also consider whether it is appropriate to redefine "need" for purposes of student financial aid and to develop a common formula for the distribution of financial aid and the consequences of any proposed modifications if the decision is made to redefine "need" and develop a common formula. The program shall be designed to: (i) distribute funds in a manner that is consistent with legislative intent, but more easily understood by potential students, and (ii) retain the ability to track lottery funds.

(2) Design a "forgivable loans for service" program that combines at a minimum the following existing programs into one consolidated program that focuses on loans for services: the Nurse Educators of Tomorrow; Nurse Scholars Program; Nurse Education Scholarship Loan Program; Board of Governors Medical Scholarship Loans; Board of Governors Dental Scholarship Loans; Health, Science and Mathematics Student Loan Program; Prospective Teacher Scholarship Loan Program; and the Teacher Assistant Scholarship Program. This single consolidated program shall initially focus on two high area needs: teaching and health professions (including nursing, allied health and medical, dental, and pharmacy careers). In designing this program, the work group may consider the current allocation of funds among the various scholarship and forgivable loan programs, whether it would be appropriate to allow the reallocation and award of funds not distributed as forgivable loans in a specific service area to be awarded as forgivable loans in a different service area, and, if so, what procedure and methodology would be appropriate to trigger the reallocation of funds and provide for the distribution of those funds as awards in a different service area.

SECTION 9.2.(c) In addition to the considerations set out in subsection (b) of this section, the work group shall also consider all of the following:

(1) The time period required to phase out student loans from any of the programs affected by the program consolidation.

(2) How federal funding may affect student financial aid services.

(3) How to deal with current recipients of funds from programs affected by the consolidation.

(4) How to deal with recipients who are paying back loans made through programs affected by the consolidation.

(5) Whether the State Education Assistance Authority should be authorized to extend the repayment period for forgivable loans in hardship circumstances when a good faith effort has been made to repay the loan in a timely manner, and if so, what the appropriate procedure may be for making that determination and extending the repayment period.

(6) Whether there are, and if so how to address, any significant abuses of the financial aid system, particularly by persons who intentionally apply for and receive financial aid but who intend to drop out of school after securing financial aid funds.

(7) Any other issues the work group deems relevant to this study.

SECTION 9.2.(d) The work group shall present its proposed program designs and report its findings and recommendations to the Joint Select Committee on State Funded Student Financial Aid by October 1, 2010. In its report the work group shall also identify options that

may vary from the proposed program designs but that are alternatives that the work group determines may also be workable and consistent with the legislative intent of this study. The work group shall also include in the report any legislative changes that may be needed to implement the program designs and work group recommendations.

COORDINATE THE REPORT DUE DATES FOR VARIOUS TEACHER EDUCATION REPORTS

SECTION 9.3.(a) G.S. 116-11 is amended by adding a new subdivision to read:

"(12d) The Board of Governors shall provide a comprehensive annual report on teacher education efforts at The University of North Carolina. The report shall include information about teacher education and recruitment, 2+2 initiatives, distance education programs focused on teacher education, and professional development programs for teachers and school administrators. The teacher education report shall be due on April 15 of each year to the Joint Legislative Education Oversight Committee and the State Board of Education."

SECTION 9.3.(b) G.S. 116-74.21(c) reads as rewritten:

"(c) The Board of Governors shall study the issue of supply and demand of school administrators to determine the number of school administrators to be trained in the programs in each year of the biennium and report the results of this study to the Joint Legislative Education Oversight Committee no later than ~~March 1~~April 15 annually."

SECTION 9.3.(c) Section 9.7(c) of S.L. 2008-107 reads as rewritten:

"**SECTION 9.7.(c)** The University of North Carolina and Community Colleges System Office shall report by ~~September 1, 2008,~~ April 15, 2011, and annually thereafter, to the Joint Legislative Education Oversight ~~Commission,~~ Committee, the State Board of Education, 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 classrooms, 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."

SECTION 9.3.(d) Section 9.3(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 9.3.(c)** These results shall be reported by ~~September 1, 2006,~~ April 15, 2011, and annually thereafter to the State Board of Education, the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Education Cabinet, the Joint Legislative Education Oversight ~~Commission,~~ Committee, and the Office of State Budget and Management."

SECTION 9.3.(e) Section 9.9 of S.L. 2002-126 reads as rewritten:

"**SECTION 9.9.** The Board of Governors of The University of North Carolina may allow Elizabeth City State University, the University of North Carolina at Pembroke, and Western

Carolina University each to allocate up to one hundred seventy-eight thousand three hundred eighty dollars ($178,380) of the funds allocated to them for focused enrollment growth for a maximum of 20 Prospective Teacher Scholars. These funds may be used to recruit new nonresident students to enter into agreements to: (i) pursue a full-time course of study that will lead to teacher certification in North Carolina and (ii) teach in a North Carolina public school or a school operated by the United States government in North Carolina for one year for each year that they receive this benefit. The Board of Governors shall establish guidelines and regulations for this pilot program, including methodology for determining its success in increasing the supply of qualified teachers for North Carolina public schools. The Board shall report its guidelines and regulations to guide these pilot programs to the Joint Legislative Education Oversight Committee by ~~November 15, 2002.~~ April 15, 2011. The Board shall report annually to the Committee on the progress of the pilot programs and their costs."

ELIMINATE BIENNIAL DISTANCE EDUCATION REPORTS

SECTION 9.4. Section 11.7 of S.L. 1998-212 reads as rewritten:

"Section 11.7. This act provides funding to The University of North Carolina Board of Governors for degree-related courses provided away from the campus sites of the constituent institutions of The University of North Carolina. The intent of this commitment is to provide expanded opportunities for higher education to more North Carolina residents, including nontraditional students, and to increase the number of North Carolina residents who earn post-secondary degrees.

These funds shall be used for the provision of off-campus higher education programs, including the costs for the development or adaptation of programs for this purpose, and the funds may be used for the costs of providing space and services at the off-campus sites.

Prior to approving funding for off-campus programs in nursing, the Board shall consult with the central office of the Area Health Education Centers (AHEC) to obtain information about regional needs and priorities and to coordinate funding with AHEC efforts in nursing education.

The Board of Governors shall track these funds separately in order to provide data on the costs of providing these programs, including the different costs for various methods of delivery of educational programs. The Board of Governors shall provide for evaluation of these off-campus programs, including comparisons to the costs and quality of on-campus delivery of similar programs, as well as the impact on access to higher education and the educational attainment levels of North Carolina residents. ~~The Board shall provide a preliminary report to the General Assembly by May 1, 2000, and subsequent evaluations, including recommendations for changes, shall be made at least biennially to the Joint Legislative Education Oversight Committee.~~"

REPEAL DUPLICATE STUDY/STATE-FUNDED STUDENT FINANCIAL AID

SECTION 9.5. Section 9.24 of S.L. 2009-451 is repealed.

PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.6. Section 9.4 of S.L. 2009-451 reads as rewritten:

"**SECTION 9.4.** The General Assembly finds that in order to expand opportunities for students involved in the performing arts, existing funding for the Summer Institute on Roanoke Island should not be allocated to one specific University of North Carolina institution but instead be allocated directly to the Roanoke Island Commission, so that any interested University of North Carolina institution may have the opportunity to participate in summer arts enrichment and education programs. Therefore, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Summer Institute

of the University of North Carolina School of the Arts on Roanoke Island program for the 2009-2011 fiscal biennium, the sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646) shall be transferred for the 2009-2010 fiscal year to the Roanoke Island Commission, and the ~~sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646) shall be transferred for the 2010-2011 fiscal year to the Roanoke Island Commission.~~ recurring funds appropriated for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the University of North Carolina School of the Arts for the Summer Institute on Roanoke Island program shall be permanently transferred to the Department of Cultural Resources and allocated to the Roanoke Island Commission. The amount to be transferred shall be equal to the amount of the appropriation remaining after all reductions, prior to and included in the act, are incorporated. The Roanoke Island Commission may use these funds to purchase equipment and to contract with any of the constituent institutions of The University of North Carolina System to provide music and drama students an education in a professional performing environment while providing a public service to the State. Any available funds may be used to contract with community-based or nonprofit performing arts groups or other performing arts groups supported with State or local funds to provide music and drama on Roanoke Island."

REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) PROGRAMS

SECTION 9.7.(a) In order to assess the effectiveness of the science, technology, engineering, and mathematics (STEM) programs administered by The University of North Carolina, General Administration shall compile a comprehensive list of the programs within The University System whose primary objective is to provide community outreach in the form of either (i) teacher professional development programs to strengthen the quality of science or mathematics instruction in the public schools; or (ii) K-12 student enrichment programs in the areas of science, technology, engineering, or mathematics. The University of North Carolina General Administration shall submit the list of STEM programs compiled pursuant to this subsection to the Office of State Budget and Management and the Fiscal Research Division by February 15, 2011.

At a minimum, all of the following programs shall be included in the list:

(1) Pre-College and Teacher Professional Development programs administered through the North Carolina Mathematics and Science Education Network (NC-MSEN).

(2) Summer Ventures Program.

(3) North Carolina Central University Center for Science, Math and Technology Education.

(4) Fayetteville State University CHEER Summer Bridges.

(5) NCSTEM Community Collaborative.

SECTION 9.7.(b) The University of North Carolina General Administration shall conduct a review of each of the programs identified pursuant to subsection (a) of this section and shall report the results to the Office of State Budget and Management and the Fiscal Research Division no later than September 30, 2011, to assist with future funding decisions. The report shall contain the following information for each program:

(1) A description of the program mission, goals, and objectives.

(2) The statutory objectives for the program if applicable.

(3) Annual State appropriation and receipt funding for the program.

(4) Program effectiveness measures for Teacher Professional Development programs to include at a minimum:

a. A measure of teachers' classroom effectiveness in STEM areas before and after attending a university professional development program.

b. A measure of math and science educators retained as a result of attending a UNC professional development program.

(5) Program effectiveness measures for student enrichment programs to include at a minimum:

a. A measure of students' expected college and career aspirations before and after attending a STEM program.

b. A measure of students' math and science performance on standardized tests before and after attending a STEM program.

c. A measure of declared STEM majors within the UNC system who attended a UNC-sponsored STEM program.

SECTION 9.7.(c) In addition, the Department of Public Instruction shall survey math and science educators in North Carolina to identify the number of current math and science educators who attended a Pre-College or Summer Ventures program sponsored by The University of North Carolina before entering college. The survey may be conducted in cooperation with ongoing data collection efforts within The University of North Carolina System. The data shall be reported to the Office of State Budget and Management and the Fiscal Research Division by February 15, 2011.

TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 9.8. The A+ Schools program is transferred from the University of North Carolina at Greensboro to the North Carolina Arts Council in the Department of Cultural Resources, as if by a Type I transfer as defined in G.S. 143A-6, with all the elements of such a transfer. The program transfer shall include the sum of fifty-eight thousand six hundred thirty-eight dollars ($58,638).

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.9. Section 9.14 of S.L. 2009-451 reads as rewritten:

"**SECTION 9.14.(a)** Of the funds received by the State and appropriated by United States Public Law 111-005, the American Recovery and Reinvestment Act of 2009, and appropriated in this act to the State Energy Office for the 2009-2010 fiscal year, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds shall be allocated to The University of North Carolina to continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107. The University shall contract with a third party by October 1, 2009, to design, permit, procure, construct, establish, ~~operate, and reclaim as appropriate at the end of their economic life~~and operate up to three demonstration turbines and necessary support facilities in the sounds or off the coast of ~~North Carolina by September 1, 2010.~~North Carolina. The contract shall provide for the reclamation and decommissioning of the project at the end of its economic life. The demonstration project shall commence operations as soon as practicable, and, in any event, no later than December 31, 2011.

Any contract entered into between The University and a third party pursuant to this section shall ensure that The University is provided appropriate access to the demonstration turbines and necessary support facilities for research purposes. The actual number and placement of the wind turbines and necessary support facilities shall be determined by the coastal sounds wind energy study in coordination with participating entities. The Director of the Budget shall ensure that any available federal funds are secured by the State to construct the demonstration turbines and necessary support facilities. The University may negotiate and execute any rights-of-way, easements, leases, and any other agreements necessary to construct, establish, and operate the

demonstration turbines and supporting facilities, notwithstanding any other provisions of law governing such negotiation and execution of any rights-of-way, easements, leases, or other required agreements required for the facilities authorized under this section.

...

"**SECTION 9.14.(c)** The North Carolina Utilities Commission is directed to facilitate and expedite wind energy pilot projects developed pursuant to this act that come within its jurisdiction to the extent allowed by law and consistent with State statute. A wind turbine constructed pursuant to this section shall be exempt from the requirements of G.S. 62-110.1. For such wind turbines owned by a public utility, upon an application by the public utility seeking a rider to recover the costs of such project, the Utilities Commission shall establish an annual rider for the public utility to recover the just and reasonable costs, including the utility's cost of debt and equity, of such project upon completion. Should the project development and construction of the demonstration wind turbines be unreasonably delayed beyond the date set forth in subsection (a) of this section for reasons outside the control of the public utility, all just and reasonable costs incurred by the public utility during project development and construction shall nonetheless be recoverable through an annual rider under this subsection, provided that the public utility shall bear the burden of proving by a preponderance of the evidence that the reasons for the delay were beyond its control and its execution of the project was reasonable and prudent. Should the demonstration wind turbines be abandoned prior to completion, the capital costs and AFUDC related to the project shall nonetheless be recoverable under this Article, provided that the utility shall bear the burden of proving by a preponderance of the evidence that the decision to abandon construction of the project was prudent.

..."

COASTAL WAVE ENERGY RESEARCH AND PROTOTYPE PROJECT

SECTION 9.10.(a) In order to provide opportunities for research into tidal, wave, and other ocean-based sources of alternative energy, the University of North Carolina Coastal Studies Institute shall form a consortium with the Colleges of Engineering at North Carolina State University, North Carolina Agricultural and Technical State University, and the University of North Carolina at Charlotte to design and construct a prototype generator to capture energy of ocean waves. The generator shall be attached to or staged from an existing State-owned structure located in the ocean waters of the State and shall be used to support marine or ocean-based research collaborations involving public and private universities.

SECTION 9.10.(b) With respect to the demonstration wave energy facility and necessary support facilities authorized by subsection (a) of this section, the facilities authorized under this act shall be constructed in accordance with the provisions of general law applicable to the construction of State facilities, except that the State Property Office shall expedite and grant all easements and use agreements required for construction of the facilities without payment of any fee, royalty, or other cost. Notwithstanding any other provision of law, construction of the facilities authorized by this section shall be exempt from the following statutes and rules implementing those statutes: G.S. 143-48 through 143-64, 143-128, 143-129, 143-132, 113A-1 through 113A-10, 113A-50 through 113A-66, and 113A-116 through 113A-128. With respect to any other environmental permits required for construction of the facilities, the Department of Environment and Natural Resources is directed to expedite permitting of the project to the extent allowed by law and shall waive any application fees that would be otherwise applicable to applications for permits required for the facilities and, where possible under applicable law, issue all permits within 40 days of receipt of a complete application.

UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM

SECTION 9.11. G.S. 116-37 reads as rewritten:

"§ 116-37. University of North Carolina Health Care System.

(a) Creation of System. –

...

(4) With respect to the provisions of subsections (d), (e), (f), (h), (i), (j), and (k) of this section, the board of directors may adopt policies that make the authorities and responsibilities established by one or more of said subsections ~~separately~~ applicable ~~either~~ to the University of North Carolina Hospitals at Chapel ~~Hill or~~ Hill, to the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill, ~~or to both.~~ to both, or to other persons or entities affiliated with or under the control of the University of North Carolina Health Care System.

...

(b) Board of Directors. – There is hereby established a board of directors of the University of North Carolina Health Care System, effective November 1, 1998.

(1) The board of directors ~~initially~~ shall be composed as follows:

a. A minimum of six members ex officio of said board shall be the President of The University of North Carolina (or the President's designee); the Chief Executive Officer of the University of North Carolina Health Care System; ~~two~~ the Chancellor of the University of North Carolina at Chapel Hill and one additional administrative ~~officers~~ officer of the University of North Carolina at Chapel Hill designated by the ~~Chancellor of that institution;~~ Chancellor; and two members of the faculty of the School of Medicine of the University of North Carolina at Chapel Hill designated by the Dean of the School of Medicine; provided, that if not such a member ex officio by virtue of holding one or more of the offices aforementioned, additional ex officio memberships shall be held by the President of the University of North Carolina Hospitals at Chapel ~~Hill~~ Hill, the faculty member responsible for leading the clinical patient care programs of the School of Medicine, and the Dean of the School of Medicine of the University of North Carolina at Chapel ~~Hill, for a total potential ex officio membership of eight.~~ Hill.

b. No less than nine and no more than 21 members at large, which number shall be determined by the board of directors, shall be appointed for four-year terms, commencing on November 1 of the year of appointment; provided, that the initial class of at-large members shall include the persons who hold the appointed memberships on the board of directors of the University of North Carolina Hospitals at Chapel Hill incumbent as of October 31, 1998, with their terms of membership on the board of directors of the University of North Carolina Health Care System to expire on the last day of October of the year in which their term as a member of the board of directors of the University of North Carolina Hospitals at Chapel Hill would have expired. Vacant at-large positions shall be filled by the appointment of persons from the business and professional public at large who have special competence in business management, hospital administration, health care delivery, or medical practice or who otherwise have demonstrated dedication to the improvement of health care in North Carolina, and who are neither members of the Board of Governors, members of the board of trustees of a constituent institution of The University of North

Carolina, nor officers or employees of the State. Members shall be appointed by the President of the University, and ratified by the Board of Governors, from among a slate of nominations made by the board of directors of the University of North Carolina Health Care ~~System, said slate to include at least twice as many nominees as there are vacant positions to be filled.~~System. No member may be appointed to more than two full four-year terms in succession; provided, that persons holding appointed memberships on November 1, 1998, by virtue of their previous membership on the board of directors of the University of North Carolina Hospitals at Chapel Hill, shall not be eligible, for a period of one year following expiration of their term, to be reappointed to the board of directors of the University of North Carolina Health Care System. Any vacancy in an unexpired term shall be filled by an appointment made by the President, and ratified by the Board of Governors, upon the nomination of the board of directors, for the balance of the term remaining.

(2) ~~The board of directors, with each ex officio and at-large member having a vote, shall elect a chairman from among the at-large members, for a term of two years; no person shall be eligible to serve as chairman for more than three terms in succession.~~The Chancellor of the University of North Carolina at Chapel Hill or a board member designated by the Chancellor shall serve as chair of the board of directors.

...

(4) In meeting the patient-care, educational, research, and public-service goals of the University of North Carolina Health Care System, the board of directors is authorized to exercise such authority and responsibility and adopt such policies, rules, and regulations as it deems necessary and appropriate, not inconsistent with the provisions of this section or the policies of the Board of ~~Governors.~~ Governors or, to the extent the board's actions affect employees of the University of North Carolina at Chapel Hill, the policies of the University of North Carolina at Chapel Hill. The board may authorize any component of the University of North Carolina Health Care System, including the University of North Carolina Hospitals at Chapel Hill, to contract in its individual capacity, subject to such policies and procedures as the board of directors may direct. The board of directors may enter into formal agreements with the University of North Carolina at Chapel Hill with respect to the provision of clinical experience for students and for the provision of maintenance and supporting services. The board's action on matters within its jurisdiction is final, except that appeals may be made, in writing, to the Board of Governors with a copy of the appeal to the Chancellor of the University of North Carolina at Chapel Hill. The board of directors shall keep the Board of Governors and the board of trustees of the University of North Carolina at Chapel Hill fully informed about health care policy and recommend changes necessary to maintain adequate health care delivery, education, and research for improvement of the health of the citizens of North Carolina.

(c) Officers. –

(1) The executive and administrative head of the University of North Carolina Health Care System shall have the title of "Chief Executive Officer." The board of directors, ~~in cooperation with~~ the board of trustees and the

Chancellor of the University of North Carolina at Chapel Hill, following such search process as the boards and the Chancellor deem appropriate, shall identify, ~~in cooperation with the Chancellor,~~ two or more persons as candidates for the office, who, pursuant to criteria agreed upon by the boards and the Chancellor, have the qualifications for both the positions of Chief Executive Officer of the University of North Carolina Health Care System and Vice-Chancellor for Medical Affairs of the University of North Carolina at Chapel Hill. The names of the candidates so ~~identified~~ identified, once approved by the board of directors and the board of trustees, shall be forwarded by the Chancellor to the President of The University of North Carolina, who if satisfied with the quality of one or more of the candidates, will nominate one as Chief Executive Officer, subject to selection by the Board of Governors. The individual serving as Chief Executive Officer shall have complete executive and administrative authority to formulate proposals for, recommend the adoption of, and implement policies governing the programs and activities of the University of North Carolina Health Care System, subject to all requirements of the board of directors. That same individual, when serving as Vice-Chancellor for Medical Affairs, shall have all authorities, rights, and responsibilities of a vice-chancellor of the University of North Carolina at Chapel Hill.

...

(3) The board of directors shall elect, on nomination of the Chief Executive Officer, the President of the University of North Carolina Hospitals at Chapel Hill, and such additional administrative and professional staff employees of the University of North Carolina Health Care System as may be deemed necessary to assist in fulfilling the duties of the office of the Chief Executive Officer, all of whom shall serve at the pleasure of the Chief Executive Officer.

...."

UNIVERSITY CANCER RESEARCH FUND

SECTION 9.12. G.S. 116-29.1 reads as rewritten:

"**§ 116-29.1. University Cancer Research Fund.**

...

(c) Cancer Research Fund Committee. – The Cancer Research Fund Committee shall consist of five ex officio members and two appointed members. The five ex officio members shall consist of the following: (i) one member shall be the ~~President of The University of North Carolina,~~ Chancellor of the University of North Carolina at Chapel Hill, (ii) one member shall be the Director of the Lineberger Comprehensive Cancer Center, (iii) one member shall be the Dean of the School of Medicine at The University of North Carolina, (iv) one member shall be the Dean of the School of Pharmacy at The University of North Carolina, and (v) one member shall be the Dean of the School of Public Health at The University of North Carolina. The remaining two members shall be appointed by a majority vote of the standing members of the Committee and shall be selected from persons holding a leadership position in a nationally prominent cancer program.

If any of the specified positions cease to exist, then the successor position shall be deemed to be substituted in the place of the former one, and the person holding the successor position shall become an ex officio member of the Committee."

(d) Chair. – The chair shall be the ~~President of The University of North Carolina.~~ Chancellor of the University of North Carolina at Chapel Hill.

...."

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 9.13.(a) Section 9.19 of S.L. 2009-451 reads as rewritten:

"**SECTION 9.19.** The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but in a manner that recognizes the importance of the academic mission and differences among The University of North Carolina entities. Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider reducing budgets for senior and middle management personnel, centers and institutes, low enrollment degree programs, speaker series, and nonacademic activities. The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of ~~the~~ The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification. Budget reductions shall not be considered in funding available for need-based financial aid.

Notwithstanding any other provision of law, for the 2010-2011 fiscal year only, the constituent institutions may, with the approval of the President of The University of North Carolina, increase tuition by up to seven hundred fifty dollars ($750.00) per academic year. This increase shall be in addition to other increases authorized for the fiscal year. These funds shall be used only to offset the institutions' management flexibility reductions."

SECTION 9.13.(b) Section 9.23 of S.L. 2009-451 is repealed.

INSTITUTE FOR OUTDOOR DRAMA

SECTION 9.14.(a) The Institute for Outdoor Drama shall be transferred from the University of North Carolina at Chapel Hill to East Carolina University.

SECTION 9.14.(b) Of the funds appropriated to the Department of Commerce, Division of Tourism, Film, and Sports Development, the sum of one hundred fifty thousand dollars ($150,000) shall be transferred to the Board of Governors of The University of North Carolina for the Institute for Outdoor Drama at East Carolina University.

RECRUITMENT OF PHARMACY STUDENTS

SECTION 9.15.(a) The University of North Carolina at Chapel Hill shall collaborate with the University of North Carolina at Asheville and Elizabeth City State University regarding the recruitment of students of pharmacy. The universities shall develop and institute a plan in which potential pharmacy students are informed of the pharmacy programs at each of the public universities in an effort to recruit those students to State schools.

SECTION 9.15.(b) The Board of Governors shall make funds in the amount of forty-four thousand dollars ($44,000) available to Elizabeth State University for the 2010-2011 fiscal year for the recruitment and academic support of pharmacy students.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ELECTRONIC BENEFITS TRANSFER SYSTEM

SECTION 10.1. The Department of Health and Human Services, Division of Child Development, shall implement an Electronic Benefits Transfer system for child care subsidy. The Department shall review all current electronic card system operations as related to Child Support Enforcement and Food and Nutrition to determine whether coordination may occur among the three-card systems that result in cost-savings.

VISITOR REGISTRATION SHEET

Appropriations Education Subcommittee — May 20, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Larry Keen	FTCC, Fayetteville
Jennifer Mills	NCCCS
Bryan Conrad	OSBM
Pam Seamon	OSBM
Joyce Wallace	OSBM
Elizabeth Hovenstine	OSBM
John Hardin	Manning Fulton
David Rice	Manning Fulton
Leanne Winner	NCSBE

VISITOR REGISTRATION SHEET

Appropriations Education Subcommittee — May 20, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mark Lanier	UNCW
Donald Bridges	Office of the Governor
[illegible]	NCICU
[illegible]	NCCU
[illegible]	NC New Schools Project
Andrew Meehan	Capstrat
[illegible]	NBRJS
TOM BOWLIN	NC NATIONAL GUARD
Brian Lewis	NC Assoc. of Educators
Anita Watkins	UNC GA
Erin Schuettpelz	UNC GA

VISITOR REGISTRATION SHEET

Appropriations Education Subcommittee — May 20, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Evelyn Hawthorne	EH&R
Jim Ayn	NCCAT
C Hawkins	NCCAT
Katherine Joyce	NCASA
Chris Minard	NC State Bd of Ed
Dan Harrison	WCBS
Jim Steegall	NCPS.
Gene Causby	NCSLA
Malinda Todd	NC REAL
Beth Edwards	DPI.
Alice Garland	NCEL

HOUSE PAGES

NAME OF COMMITTEE EDUCATION APPRO. DATE 5/20/10

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

1. Name: TREY RAILEY
2. Name: MIKE MARTIN
3. Name: _____
4. Name: _____

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: Tuesday , May 25, 2010
TIME: 8:30 am
LOCATION: 421 LOB
COMMENTS:

The following bills will be considered:

Review of draft budget recommendations

Respectfully,
Representative Rapp, Chair
Representative Glazier, Chair
Representative McLawhorn, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **11** o'clock on **May 24** , **2009**.

☐ Principal Clerk
☐ Reading Clerk – House Chamber

Forrest Gilliam (Committee Assistant)

House Appropriations Subcommittee on Education
Agenda

Tuesday, May 25, 2010, 8:30 A.M.
Room 421, Legislative Office Building
Rep. Rapp, Presiding

I. Welcome
Representative Rapp

II. Review of House Budget Recommendations
Brian Matteson, Andrea Poole, and Richard Bostic
Fiscal Research Division

III. Committee Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Glazier (Chair)
Rep. McLawhorn (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, May 25 2010, 8:30a.m.

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building at 8:34a.m. on Tuesday, May 25, 2010. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and McLawhorn, Co-Chairs, Representatives Bell, Johnson, Lucas, Tarleton, Blackwell, Hilton, Holloway, and Wiley. Members of the Education Team in the Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted with the meeting, and provided members with a tentative Committee schedule for the week.

The Chair recognized **Brian Matteson**, with the Fiscal Research Division, to present the Public School portion of the Draft House Education Budget Summary (Attachment #1), **Andrea Poole** to present the Community College section of the draft, and **Richard Bostic** to present the University section of the draft. There were questions and discussion about the Community College and Public School sections.

Chairman Rapp announced that the committee would meet again after session to finish questions and discussion about the University section of the draft. The meeting adjourned at 9:49 a.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

Educati [illegible]bcommittee Summary FY 2010-11

Education General Fund Budget (Governor's Figures Adjusted for Federal ESF Funding Comparability)								
	Certified	Governor	Governor vs Certified	Senate Budget	Senate vs Certified	House Proposed Subcommittee Report	House vs Certified	
Public Schools	$7,360,833,223	$7,100,663,953	-3.53%	7,141,573,290	-2.98%	7,067,475,871	-3.99%	(33,188,082)
Community Colleges	$1,012,467,778	$1,044,750,084	3.19%	1,063,212,637	5.01%	1,053,030,630	4.01%	40,562,852
UNC	$2,656,552,008	$2,644,571,253	-0.45%	2,666,462,116	0.37%	2,548,877,177	-4.05%	(107,674,831)
Total	**$11,029,853,009**	**$10,789,985,290**	**-2.17%**	**$10,871,248,043**	**-1.44%**	**$10,669,383,678**	**-3.27%**	**($360,469,331)**
Target						$ 10,669,383,678		
Difference						$ -		

Attachment 2

Public Schools

#	Item	Governor FY 2010-11 R	Governor FY 2010-11 NR	Senate FY 2010-11 R	Senate FY 2010-11 NR	House FY 2010-11 R	House FY 2010-11 NR
	Technical Adjustments						
1.	ADM Adjustment	(4,980,046)	-	(4,980,046)	-	(4,980,046)	-
2.	Average Teacher Salary Adjustment	(44,950,676)	-	(44,950,676)	-	(44,950,676)	-
3.	Lottery Receipts	(36,638,646)	-	(36,638,646)	-	(126,638,646)	-
4.	Exceptional Children Headcount Adjustment	(6,000,000)	-	(6,000,000)	-	(6,000,000)	-
5.	Small County Supplemental Funding	(2,000,000)	-	(3,000,000)	-	(2,400,000)	-
6.	Learn and Earn Bricks and Mortar (1 School with a Planning Grant Is Not Ready to Open)	-	-	(310,000)	-	(306,200)	-
7.	Education Stabilization Fund – GF Reduction Offset by ARRA ESF Funding	-	(54,658,931)	Via special provision		Via special provision	
	Other Public School Funding Adjustments						
8.	ADM and BRAC Contingency Reserve	(2,618,501)	-	(2,618,501)	-	(2,618,501)	-
9.	More at Four (Senate – $16.2 m from Federal receipts)	(3,240,466)	-	(10,000,000)	(16,176,036)	(7,500,000)	-
10.	Instructional Supplies	(2,685,716)	-	(5,000,000)	-	(6,000,000)	-
11.	Central Office Administration	(5,400,000)	-	(10,000,000)	-	(5,400,000)	-
12.	Noninstructional Support Personnel	-	-	(7,100,000)	-	(5,000,000)	-
13.	Mentoring	-	-	-	(9,214,190)	-	(9,214,190)
14.	Limited English Proficiency	-	-	(4,000,000)	-	(4,000,000)	-
15.	Transportation	(5,000,000)	-	(10,035,622)	-	(10,000,000)	-
16.	Assistant Principals	(8,908,472)	-	(4,500,000)	-	(4,500,000)	-
17.	Instructional Support	(7,167,477)	-	(5,000,000)	-	(3,500,000)	-
18.	At-Risk Student Services	(7,634,652)	-	(1,200,000)	-	(1,200,000)	-
19.	DSSF (Hold Harmless Removal for Original 16 LEAs)	(1,975,008)	-	(1,975,008)	-	(1,925,688)	-
20.	Child and Family Support Teams	(2,500,000)	-	(2,500,000)	-	(2,500,000)	-
21.	School Bus Replacement (One-year moratorium on new bus purchases)	-	(11,900,000)	-	(11,900,000)	-	(12,900,000)
22.	NC Virtual Public Schools (Implement new formula to make program self-sustaining)	-	-	(5,574,784)	-	(5,574,784)	-
23.	Career and Technical Education – Program Support	-	-	-	-	(2,000,000)	-
24.	Passthroughs	(112,104)	-	(202,130)	-	(112,104)	-

Public Schools

#	Item	Governor FY 2010-11 R	Governor FY 2010-11 NR	Senate FY 2010-11 R	Senate FY 2010-11 NR	House FY 2010-11 R	House FY 2010-11 NR
25.	Dropout Prevention Grants	-	1,500,000	(13,000,000)	-	527,212	-
26.	Connectivity	-	-	(1,000,000)	(3,000,000)	(1,000,000)	(3,000,000)
27.	EVAAS	2,000,000	-	1,000,000	-	-	-
28.	Student Diagnostics K-3 & 5	17,737,556	21,238,000	-	15,000,000	-	-
29.	Student Diagnostics 8 & 11	1,392,407	-	-	-	-	-
30.	Jobs Commission Pilot Schools	-	-	200,000	-	200,000	-
31.	Low Wealth Supplemental Funding	(10,081,042)	-	-	-	-	-
32.	School Breakfast	(2,017,761)	-	-	-	-	-
33.	LEA Adjustment	(135,000,000)	-	-	-	-	-
34.	NC Virtual Public Schools – Expand GF Funding	10,994,157	-	-	-	-	-
35.	New Schools Project Teacher Training	-	500,000	-	-	-	-
36.	Governor's School	-	100,000	-	-	-	-
37.	Learn and Earn Online (eliminate funding for classes through the UNC-G iSchool)	-	-	-	-	(4,675,000)	-
38.	NC Science, Math, and Technical Education Center	-	-	-	-	100,000	-
39.	Kids Voting	-	-	-	-	50,000	-
40.	Diversity in Public Schools Commission	-	-	-	-	26,244	-
	Department of Public Instruction:						
41.	DPI Operating Funds	(2,375,850)	-	(2,375,850)	-	-	-
42.	NCCAT	(236,529)	-	(1,000,000)	-	(236,529)	-
43.	NC WISE	(2,000,000)	(5,000,000)	(2,000,000)	(5,000,000)	(2,000,000)	(10,000,000)
44.	DPI Technology Services Reduction (26 positions)	(2,828,444)	-	(2,828,444)	-	(2,828,444)	-
45.	DPI Academic Services Reduction (10 positions)	(1,080,000)	-	(1,080,000)	-	-	-
46.	IT Legacy Fund Balance	-	(1,300,000)	-	(1,300,000)	-	(1,300,000)
Total Adjustments		**$ (265,307,270)**	**$ (49,520,931)**	**$ (187,669,707)**	**$ (31,590,226)**	**$ (256,943,162)**	**$ (36,414,190)**
Certified Budget			7,360,833,223		7,360,833,223		7,360,833,223
Total Adjustments			(314,828,201)		(219,259,933)		(293,357,352)
Recomme[illegible] Budget			**$7,046,[illegible]2**		**$7,141,573,290**		**[illegible],475,871.**

Community Colleges

#	Item	Governor FY 2010-11 R	Governor FY 2010-11 NR	Senate FY 2010-11 R	Senate FY 2010-11 NR	House FY 2010-11 R	House FY 2010-11 NR
	Technical Adjustments						
1.	Enrollment Growth	85,041,632	-	85,041,632	-	85,041,632	-
	State Aid Adjustments						
2.	Management Flexibility Reduction	(33,268,064)	-	(13,500,000)	-	(21,000,000)	-
3.	Curriculum Tuition Increase (Gov $8, Senate $5 in-state, $5.70 out-of-state, House $8/$8.70)	(32,440,740)	-	(23,244,836)	-	(37,147,110)	-
4.	20% of Increase for Financial Aid	6,488,188	-	-	-	-	-
5.	NR Write-up of Tuition Receipts	-	(10,000,000)	-	(10,000,000)	-	(10,000,000)
6.	NR Federal Literacy Funding Swap	-	(4,500,000)	-	(4,500,000)	-	(4,500,000)
7.	Small Business Centers – Restore 2009 Cuts	402,861	-	402,861	-	402,861	-
8.	Prisoner Education CR Restoration	19,810,787	-	17,649,735	portion to DOC	26,000,000	-
9.	Fayetteville Tech CC Botanical Laboratory	(264,000)	-	-	-	-	-
10.	Hickory Metro Higher Education Center	(264,833)	-	-	-	-	-
11.	Equipment and Technology	2,500,000	-	-	-	4,000,000	-
12.	Multi-Campus Centers	-	-	-	-	(711,006)	-
13.	Reduce BioNetwork Grants	-	-	-	-	(250,000)	-
	System Office Adjustments						
14.	Shift Proprietary Schools Position to Receipt Support (.75 pos.)	(60,747)	-	(60,747)	-	(60,747)	-
15.	Reduce State Board Reserve	(160,000)	-	(160,000)	-	(160,000)	-
16.	Reduce Advertising Budget	(150,000)	-	(150,000)	-	(100,000)	(100,000)
17.	Various Operating Reductions in System Office	(158,764)	-	(158,764)	-	(158,764)	-
18.	Eliminate 7 Positions	(575,022)	-	(575,022)	-	(575,022)	-
19.	Increase GED Testing Fee & Shift 2 Positions to Receipt Support	(118,992)	-	-	-	(118,992)	-
Total Adjustments		**$ 46,782,306**	**$ (14,500,000)**	**$ 65,244,859**	**$ (14,500,000)**	**$ 55,162,852**	**$ (14,600,000)**
Certified Budget			1,012,467,778		1,012,467,778		1,012,467,778
Total Adjustments			32,282,306		50,744,859		40,562,852
Proposed Budget			**$1,044,750,084**		**$1,063,212,637**		**$1,053,030,630**

UNC

		Governor		Senate		House	
		FY 2010-11		FY 2010-11		FY 2010-11	
#	Item	R	NR	R	NR	R	NR
	Technical Adjustments						
1.	ESF – Adjust Proportion of UNC ESF Funds	-	54,658,931	-	-	-	-
2.	Tuition Receipts Adjustment	-	-	-	-	(1,700,000)	-
	State Aid Adjustments						
3.	Management Flexibility Reduction	(98,969,117)	-	(50,000,000)	-	(77,307,007)	(5,000,000)
4.	IT Reserve	(755,917)	-	(755,917)	-	(755,917)	-
5.	Distance Education Reserve	(651,483)	-	(651,483)	-	(651,483)	-
6.	UNC-TV Analog to Digital Transition	(632,140)	-	(632,140)	-	(410,863)	-
7.	UNC Hospitals	(1,716,463)	-	(2,000,000)	-	(10,000,000)	(15,000,000)
8.	Legislative Tuition Grant Reduction	(1,172,542)	-	(1,500,000)	-	-	-
9.	Enrollment Growth	5,636,814	-	5,636,814	-	5,636,814	-
10.	Tuition Swap	34,776,301	-	34,776,301		-	
11.	Increase Non-resident Tuition	-	-	-	-	(7,519,566)	-
12.	Need-Based Financial Aid	34,856,563	-	-	8,195,517	-	12,000,000
13.	UNC High Schools	282,016	-	282,016	-	282,016	-
14.	ECU Dental	1,000,000	-	6,000,000	-	11,000,000	-
15.	EPIC	-	-	3,000,000	-	1,000,000	-
16.	ASU Allied Health	-	-	500,000	-	Via special provision	
17.	Distinguished Professors	-	-	-	4,000,000	-	-
18.	Emerging Issues Fellows	-	-	-	309,000	-	-
19.	CASTLE	-	-	-	500,000	575,000	-
20.	Wave Energy Project	-	-	2,000,000	-	-	-
21.	Vet School	-	-	-	250,000	200,000	-
22.	Building Reserves	12,220,902	1,922,058	-	-	-	-
23.	WFU Soldier Institute	1,500,000	-	-	-	-	-
24.	Faculty Recruiting and Retention	1,000,000	-	-	-	(1,500,000)	-
25.	UNC Centers and Institutes	-	-	-	-	(5,000,000)	-
26.	Non-resident Athletic Tuition Waiver	-	-	-	-	(9,432,978)	-

UNC

#	Item	Governor FY 2010-11 R	Governor FY 2010-11 NR	Senate FY 2010-11 R	Senate FY 2010-11 NR	House FY 2010-11 R	House FY 2010-11 NR
27.	NCCU Historically Minority Colleges and Universities Consortium - Transfer money to Dropout Prevention	-	-	-	-	(527,212)	-
28.	Wake Forest and Salem College Professional Development for Teachers	-	-	-	-	(63,635)	-
29.	ECU MRI Fund Balance	-	-	-	-	(2,000,000)	-
30.	Nanotechnology NCA&T, UNC-G	-	-	-	-	1,000,000	-
31.	Positions Vacant Over 2 Years	-	-	-	-	(2,500,000)	-
	UNC-GA and System-Wide Adjustments						
32.	UNC-GA Management Flexibility Reduction	(1,036,983)	-	-	-	-	-
33.	NCREN	(135,880)	-	-	-	-	-
34.	Administrative Reductions	(104,884)	-	-	-	-	-
Total Adjustments		**$ (13,902,813)**	**$ 56,580,989**	**$ (3,344,409)**	**$ 13,254,517**	**$ (99,674,831)**	**$ (8,000,000)**
Certified Budget			2,656,552,008		2,656,552,008		2,656,552,008
Total Adjustments			42,678,176		9,910,108		(107,674,831)
Proposed Budget			**$2,699,230,184**		**$2,666,462,116**		**$2,548,877,177**

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education 5/25/10

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
TOM BOWLIN	NC NATIONAL GUARD
Barry Hall	NCNG
Kevin Fitzgerald	UNC SOM
[illegible]	UNC GA
Anita Watkins	UNC GA
Chelsea Corey	Research Div. RA
David DeFoor	NCSU Staff Senate
Bryan Conrad	OSBM
Seth Palmer	Ofc. of Lt Gov
Diane Lynch	Western Carolina University
Charles Walsh	Civitas

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — 5/25/10

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kevin D. Briggs	NCCCS
Jennifer Haygood	"
Jennifer Willis	"
Eric Murphy	UNC-GA
Ashley Perkinson	Perkinson Law
Teresa Williams	WCU
Ben Bryan	NC Teacher Academy
Julia Kron	NC Teacher Academy
John Hardin	Manning Fulton
Brian Lewis	NCAE
Annaliese Dolph	DPNC
John Barrow	WCU

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education 5/25/10

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rob Thompson	Covenant w/ NC's Children
Tuffy Price	DPI
Clinton B. Watson	LEOC/LEOA
Mike Forman	NCAE
Jay Schaefer	Pope Center
Roz Sawicki	NC Child Care Coalition
Leann Winner	NCSBA
Sam Stegall	U.C.P.S.
Chris Minard	NC State Bd of Ed
Kathy Wayne	NCASA
Tim McDowell	NCICU
Jane Stoy	NCAE
Ann Harris	Public School Forum

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education 5/25/10

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wendy Icely	Policy Group
Rebekah M. Sharpe	NCFPC
Evelyn Hawthorne	DHHR
Gene Causby	NC SCA
Matt Harrell	TPG
Jack Nagrod	CM8

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — 5/25/10

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
M. Henderson	NCCIU
Brad A. Salmon	Intern (Glazier)
Steve Jackson	Budget & Tax Center
Josh McMullen	NAFIS
Alice Garland	NCEL
[illegible]	Vocational-DPI
Andrew Meeha-	Capstrat
John Dearing	NC New Schools Project
Elizabeth Hamrick	OSBM
[illegible]	OSBM
Joyce Wallace	OSBM

HOUSE PAGES

NAME OF COMMITTEE APPROPRIATIONS EDUCATION DATE 5-25-10

1. Name: Dakota Boyd
   County: Johnston
   Sponsor: J.H. Langdon
2. Name: Park Inglefield
   County: Catawba
   Sponsor: Hackney
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: Rick Ingram Intern
   County: Madison
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

SGT-AT-ARM

1. Name: EARL LOKER
2. Name: FRANK PREVO
3. Name: _____
4. Name: _____

Corrected Notice

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the **Appropriations Subcommittee on Education** will meet as follows:

DAY & DATE: Tuesday, May 25, 2010
TIME: ~~Immediately after session~~ 30 minutes after session
LOCATION: 421 LOB
COMMENTS:

The following bills will be considered:

Review of draft budget recommendations.

Respectfully,
Representative Rapp, Chair
Representative Glazier, Chair
Representative McLawhorn, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **15** o'clock on **May 25, 2010.**

☐ Principal Clerk
☐ Reading Clerk – House Chamber

Forrest Gilliam (Committee Assistant)

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

Tuesday, May 25 2010, After Session

The House Appropriations Subcommittee on Education met in Room 421 of the Legislative Office Building at 5:17 p.m. on Tuesday, May 25, 2010. Representative Ray Rapp, Co-Chair, presided over the meeting. The following House members were present: Representatives Glazier and McLawhorn, Co-Chairs, Representatives Bell, Johnson, Lucas, Tarleton, Blackwell, and Hilton. Members of the Education Team in the Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached and made part of these minutes.

The Chair recognized the Pages and the Sergeant of Arms staff who attended and assisted with the meeting.

The Chair recognized **Brian Matteson**, with the Fiscal Research Division, to explain the use of North Carolina Education Lottery funds in the Draft House Education Budget Summary. (See Attachment #1 for a copy of the explanation of Lottery funding and see Attachment #2 for a copy of the Draft Budget Summary).

The Chair recognized Richard Bostic, with the Fiscal Research Division, to answer questions about the University section of the Draft Budget Summary.

There being no other business before the Committee, the meeting adjourned at 5:41 p.m.

Respectfully submitted,

Representative Ray Rapp

Forrest Gilliam, Committee Assistant

Attachment I

Education Lottery Funding: FY 2009-10 and FY 2010-11

2009-10

#1: Budgeted		#2: Updated Actual under Curr. Law	
Program	$	Program	$
Class Size (27%)	99,399,395	Class Size (23.7%)	99,399,395
More at Four (23%)	84,635,709	More at Four (20.2%)	84,635,709
School Capital (40%)	147,228,083	***School Capital (47.3%)***	***198,442,446***
Scholarships (10%)	36,807,021	Scholarships (8.8%)	36,807,021
Total Funding	**368,070,208**	**Total Funding**	**419,284,571**

#3: Senate Budget		#4: House Option	
Program	$	Program	$
Class Size (23.7%)	99,399,395	Class Size (23.7%)	99,399,395
More at Four (20.2%)	84,635,709	More at Four (20.2%)	84,635,709
School Capital (42.7%)	***179,109,129***	***School Capital (42.7%)***	***179,109,129***
Scholarships (13.4%)	***56,140,338***	Scholarships (8.8%)	36,807,021
		Carryover to 10-11	***19,333,317***
Total Funding	**419,284,571**	**Total Funding**	**419,284,571**

FY 2010-11 House Option

Increase Class Size Funding		
Program	$	Notes
		$99.4m Budgeted+ $73.3m Net Revenues Increase+$16.8m Lottery Reserve+$19.3m FY 09-10 Carryover+$17.2m Capital Redirection from Budgeted amount
Class Size (47.3%)	***226,038,041***	
More at Four (17.7%)	84,635,709	Same as budgeted
School Capital (27.2%)	***130,008,122***	17.2 million below FY 2009-11 budgeted level
Scholarships (7.7%)	36,807,021	Same as budgeted
Total Funding	**477,488,893**	$441.3m projected+overage(19.3m)+reserve(16.8m)=$477.5m

Senate

#1: Budgeted (50/40/10%) Section 5.1(a)&(b)-Senate Budget	
Program	$
Class Size (30.8%)	136,038,041
More at Four (19.2%)	84,635,709
School Capital (40%)	176,539,000
Scholarships (10%)	44,134,750
Total Funding	**441,347,500**

Educati bcommittee Summary FY 2010-11

Education General Fund Budget (Governor's Figures Adjusted for Federal ESF Funding Comparability)								
	Certified	Governor	Governor vs Certified	Senate Budget	Senate vs Certified	House Proposed Subcommittee Report	House vs Certified	
Public Schools	$7,360,833,223	$7,100,663,953	-3.53%	7,141,573,290	-2.98%	7,067,475,871	-3.99%	(33,188,082)
Community Colleges	$1,012,467,778	$1,044,750,084	3.19%	1,063,212,637	5.01%	1,053,030,630	4.01%	40,562,852
UNC	$2,656,552,008	$2,644,571,253	-0.45%	2,666,462,116	0.37%	2,548,877,177	-4.05%	(107,674,831)
Total	**$11,029,853,009**	**$10,789,985,290**	**-2.17%**	**$10,871,248,043**	**-1.44%**	**$10,669,383,678**	**-3.27%**	**($360,469,331)**
Target						$ 10,669,383,678		
Difference						$ -		

Attachment 2

Public S s

#	Item	Governor FY 2010-11 R	Governor FY 2010-11 NR	Senate FY 2010-11 R	Senate FY 2010-11 NR	House FY 2010-11 R	House FY 2010-11 NR
	Technical Adjustments						
1.	ADM Adjustment	(4,980,046)	-	(4,980,046)	-	(4,980,046)	-
2.	Average Teacher Salary Adjustment	(44,950,676)	-	(44,950,676)	-	(44,950,676)	-
3.	Lottery Receipts	(36,638,646)	-	(36,638,646)	-	(126,638,646)	-
4.	Exceptional Children Headcount Adjustment	(6,000,000)	-	(6,000,000)	-	(6,000,000)	-
5.	Small County Supplemental Funding	(2,000,000)	-	(3,000,000)	-	(2,400,000)	-
6.	Learn and Earn Bricks and Mortar (1 School with a Planning Grant Is Not Ready to Open)	-	-	(310,000)	-	(306,200)	-
7.	Education Stabilization Fund – GF Reduction Offset by ARRA ESF Funding	-	(54,658,931)	Via special provision		Via special provision	
	Other Public School Funding Adjustments						
8.	ADM and BRAC Contingency Reserve	(2,618,501)	-	(2,618,501)	-	(2,618,501)	-
9.	More at Four (Senate – $16.2 m from Federal receipts)	(3,240,466)	-	(10,000,000)	(16,176,036)	(7,500,000)	-
10.	Instructional Supplies	(2,685,716)	-	(5,000,000)	-	(6,000,000)	-
11.	Central Office Administration	(5,400,000)	-	(10,000,000)	-	(5,400,000)	-
12.	Noninstructional Support Personnel	-	-	(7,100,000)	-	(5,000,000)	-
13.	Mentoring	-	-	-	(9,214,190)	-	(9,214,190)
14.	Limited English Proficiency	-	-	(4,000,000)	-	(4,000,000)	-
15.	Transportation	(5,000,000)	-	(10,035,622)	-	(10,000,000)	-
16.	Assistant Principals	(8,908,472)	-	(4,500,000)	-	(4,500,000)	-
17.	Instructional Support	(7,167,477)	-	(5,000,000)	-	(3,500,000)	-
18.	At-Risk Student Services	(7,634,652)	-	(1,200,000)	-	(1,200,000)	-
19.	DSSF (Hold Harmless Removal for Original 16 LEAs)	(1,975,008)	-	(1,975,008)	-	(1,925,688)	-
20.	Child and Family Support Teams	(2,500,000)	-	(2,500,000)	-	(2,500,000)	-
21.	School Bus Replacement (One-year moratorium on new bus purchases)	-	(11,900,000)	-	(11,900,000)	-	(12,900,000)
22.	NC Virtual Public Schools (Implement new formula to make program self-sustaining)	-	-	(5,574,784)	-	(5,574,784)	-
23.	Career and Technical Education – Program Support	-	-	-	-	(2,000,000)	-
24.	Passthroughs	(112,104)	-	(202,130)	-	(112,104)	-

Public Schools

#	Item	Governor FY 2010-11 R	Governor FY 2010-11 NR	Senate FY 2010-11 R	Senate FY 2010-11 NR	House FY 2010-11 R	House FY 2010-11 NR
25.	Dropout Prevention Grants	-	1,500,000	(13,000,000)	-	527,212	-
26.	Connectivity	-	-	(1,000,000)	(3,000,000)	(1,000,000)	(3,000,000)
27.	EVAAS	2,000,000	-	1,000,000	-	-	-
28.	Student Diagnostics K-3 & 5	17,737,556	21,238,000	-	15,000,000	-	-
29.	Student Diagnostics 8 & 11	1,392,407	-	-	-	-	-
30.	Jobs Commission Pilot Schools	-	-	200,000	-	200,000	-
31.	Low Wealth Supplemental Funding	(10,081,042)	-	-	-	-	-
32.	School Breakfast	(2,017,761)	-	-	-	-	-
33.	LEA Adjustment	(135,000,000)	-	-	-	-	-
34.	NC Virtual Public Schools – Expand GF Funding	10,994,157	-	-	-	-	-
35.	New Schools Project Teacher Training	-	500,000	-	-	-	-
36.	Governor's School	-	100,000	-	-	-	-
37.	Learn and Earn Online (eliminate funding for classes through the UNC-G iSchool)	-	-	-	-	(4,675,000)	-
38.	NC Science, Math, and Technical Education Center	-	-	-	-	100,000	-
39.	Kids Voting	-	-	-	-	50,000	-
40.	Diversity in Public Schools Commission	-	-	-	-	26,244	-
	Department of Public Instruction:						
41.	DPI Operating Funds	(2,375,850)	-	(2,375,850)	-	-	-
42.	NCCAT	(236,529)	-	(1,000,000)	-	(236,529)	-
43.	NC WISE	(2,000,000)	(5,000,000)	(2,000,000)	(5,000,000)	(2,000,000)	(10,000,000)
44.	DPI Technology Services Reduction (26 positions)	(2,828,444)	-	(2,828,444)	-	(2,828,444)	-
45.	DPI Academic Services Reduction (10 positions)	(1,080,000)	-	(1,080,000)	-	-	-
46.	IT Legacy Fund Balance	-	(1,300,000)	-	(1,300,000)	-	(1,300,000)
Total Adjustments		**$ (265,307,270)**	**$ (49,520,931)**	**$ (187,669,707)**	**$ (31,590,226)**	**$ (256,943,162)**	**$ (36,414,190)**
Certified Budget			7,360,833,223		7,360,833,223		7,360,833,223
Total Adjustments			(314,828,201)		(219,259,933)		(293,357,352)
Recommended Budget			**$7,046,**		**$7,141,573,290**		**,475,871**

Community Colleges

#	Item	Governor FY 2010-11 R	Governor FY 2010-11 NR	Senate FY 2010-11 R	Senate FY 2010-11 NR	House FY 2010-11 R	House FY 2010-11 NR
	Technical Adjustments						
1.	Enrollment Growth	85,041,632	-	85,041,632	-	85,041,632	-
	State Aid Adjustments						
2.	Management Flexibility Reduction	(33,268,064)	-	(13,500,000)	-	(21,000,000)	-
3.	Curriculum Tuition Increase (Gov $8, Senate $5 in-state, $5.70 out-of-state, House $8/$8.70)	(32,440,740)	-	(23,244,836)	-	(37,147,110)	-
4.	20% of Increase for Financial Aid	6,488,188	-	-	-	-	-
5.	NR Write-up of Tuition Receipts	-	(10,000,000)	-	(10,000,000)	-	(10,000,000)
6.	NR Federal Literacy Funding Swap	-	(4,500,000)	-	(4,500,000)	-	(4,500,000)
7.	Small Business Centers -- Restore 2009 Cuts	402,861	-	402,861	-	402,861	-
8.	Prisoner Education CR Restoration	19,810,787	-	17,649,735	portion to DOC	26,000,000	-
9.	Fayetteville Tech CC Botanical Laboratory	(264,000)	-	-	-	-	-
10.	Hickory Metro Higher Education Center	(264,833)	-	-	-	-	-
11.	Equipment and Technology	2,500,000	-	-	-	4,000,000	-
12.	Multi-Campus Centers	-	-	-	-	(711,006)	-
13.	Reduce BioNetwork Grants	-	-	-	-	(250,000)	-
	System Office Adjustments						
14.	Shift Proprietary Schools Position to Receipt Support (.75 pos.)	(60,747)	-	(60,747)	-	(60,747)	-
15.	Reduce State Board Reserve	(160,000)	-	(160,000)	-	(160,000)	-
16.	Reduce Advertising Budget	(150,000)	-	(150,000)	-	(100,000)	(100,000)
17.	Various Operating Reductions in System Office	(158,764)	-	(158,764)	-	(158,764)	-
18.	Eliminate 7 Positions	(575,022)	-	(575,022)	-	(575,022)	-
19.	Increase GED Testing Fee & Shift 2 Positions to Receipt Support	(118,992)	-	-	-	(118,992)	-
Total Adjustments		**$ 46,782,306**	**$ (14,500,000)**	**$ 65,244,859**	**$ (14,500,000)**	**$ 55,162,852**	**$ (14,600,000)**
Certified Budget			1,012,467,778		1,012,467,778		1,012,467,778
Total Adjustments			32,282,306		50,744,859		40,562,852
Proposed Budget			**$1,044,750,084**		**$1,063,212,637**		**$1,053,030,630**

UNC

		Governor		Senate		House	
		FY 2010-11		FY 2010-11		FY 2010-11	
#	Item	R	NR	R	NR	R	NR
	Technical Adjustments						
1.	ESF – Adjust Proportion of UNC ESF Funds	-	54,658,931	-	-	-	-
2.	Tuition Receipts Adjustment	-	-	-	-	(1,700,000)	-
	State Aid Adjustments						
3.	Management Flexibility Reduction	(98,969,117)	-	(50,000,000)	-	(77,307,007)	(5,000,000)
4.	IT Reserve	(755,917)	-	(755,917)	-	(755,917)	-
5.	Distance Education Reserve	(651,483)	-	(651,483)	-	(651,483)	-
6.	UNC-TV Analog to Digital Transition	(632,140)	-	(632,140)	-	(410,863)	-
7.	UNC Hospitals	(1,716,463)	-	(2,000,000)	-	(10,000,000)	(15,000,000)
8.	Legislative Tuition Grant Reduction	(1,172,542)	-	(1,500,000)	-	-	-
9.	Enrollment Growth	5,636,814	-	5,636,814	-	5,636,814	-
10.	Tuition Swap	34,776,301	-	34,776,301		-	
11.	Increase Non-resident Tuition	-	-	-	-	(7,519,566)	-
12.	Need-Based Financial Aid	34,856,563	-	-	8,195,517	-	12,000,000
13.	UNC High Schools	282,016	-	282,016	-	282,016	-
14.	ECU Dental	1,000,000	-	6,000,000	-	11,000,000	-
15.	EPIC	-	-	3,000,000	-	1,000,000	-
16.	ASU Allied Health	-	-	500,000	-	Via special provision	
17.	Distinguished Professors	-	-	-	4,000,000	-	-
18.	Emerging Issues Fellows	-	-	-	309,000	-	-
19.	CASTLE	-	-	-	500,000	575,000	-
20.	Wave Energy Project	-	-	2,000,000	-	-	-
21.	Vet School	-	-	-	250,000	200,000	-
22.	Building Reserves	12,220,902	1,922,058	-	-	-	-
23.	WFU Soldier Institute	1,500,000	-	-	-	-	-
24.	Faculty Recruiting and Retention	1,000,000	-	-	-	(1,500,000)	-
25.	UNC Centers and Institutes	-	-	-	-	(5,000,000)	-
26.	Non-resident Athletic Tuition Waiver	-	-	-	-	(9,432,978)	-

UNC

#	Item	Governor FY 2010-11 R	Governor FY 2010-11 NR	Senate FY 2010-11 R	Senate FY 2010-11 NR	House FY 2010-11 R	House FY 2010-11 NR
27.	NCCU Historically Minority Colleges and Universities Consortium - Transfer money to Dropout Prevention	-	-	-	-	(527,212)	-
28.	Wake Forest and Salem College Professional Development for Teachers	-	-	-	-	(63,635)	-
29.	ECU MRI Fund Balance	-	-	-	-	(2,000,000)	-
30.	Nanotechnology NCA&T, UNC-G	-	-	-	-	1,000,000	-
31.	Positions Vacant Over 2 Years	-	-	-	-	(2,500,000)	-
	UNC-GA and System-Wide Adjustments						
32.	UNC-GA Management Flexibility Reduction	(1,036,983)	-	-	-	-	-
33.	NCREN	(135,880)	-	-	-	-	-
34.	Administrative Reductions	(104,884)	-	-	-	-	-
Total Adjustments		**$ (13,902,813)**	**$ 56,580,989**	**$ (3,344,409)**	**$ 13,254,517**	**$ (99,674,831)**	**$ (8,000,000)**
Certified Budget			2,656,552,008		2,656,552,008		2,656,552,008
Total Adjustments			42,678,176		9,910,108		(107,674,831)
Proposed Budget			**$2,699,230,184**		**$2,666,462,116**		**$2,548,877,177**

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Education — 5/25/10 PM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Becki Gray	JLF
Mary Fearon	NCAE
Jim Stegall	UCPS.
Tom Lamar	OSBM
Elizabeth Hawkins	OSBM
Joyce Wallace	OSBM

VISITOR REGISTRATION SHEET

5-25-10

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID RICE	MANNING FULTON
Cortland Mercer	UNC Asheville
Kevin FitzGerald	UNCSOM
JOHN G. PIERCE	UNC ASHEVILLE
Eric Murphrey	UNC-GA
Philip Rogers	ECU
Ginger Bowles	UNC-GA
Ron Leatherwood	UNC BOG
Emelia Tinkham	UNCGreensboro
Mike Tarrant	UNCG
TIM BOWLIN	NC NATIONAL GUARD

VISITOR REGISTRATION SHEET

5-25-10

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jay Schalin	Pope Center
Chris Minard	nc State Bd of Ed
Andrew Meehan	Capstrat
[illegible]	Public School Forum
[illegible]	NCCIU
[illegible]	Ed Consultant
[illegible] Joyce	NCASA
Joel Maynard	CMF
Donald Barringer	Office of the Governor

HOUSE PAGES

NAME OF COMMITTEE Appropriations Education DATE MAY 25, 2010

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

1. Name: John Brandon
2. Name: MARVIN Lee
3. Name: _____
4. Name: _____

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Thursday, May 27, 2010**

TIME: **10:00AM**

LOCATION: **421 LOB**

The following bill/s will be considered:
Appropriations Act of 2010/S897

Respectfully,
Representative Glazier
Representative McLawhorn
Representative Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **2:10 PM** on **July 21, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Carin Savel (Committee Assistant)

MINUTES
HOUSE APPROPRIATION
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Thursday, May 27, 2010, 10:00am

The House Appropriation Subcommittee on Education met on Thursday, May 27, 2010, in Room 421 of the Legislative Building at 10:00am. Representative Rick Glazier, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn and Rapp, Co-Chairs, Representatives Bell, Johnson, Lucas, Parmon, Tarleton, Blackwell, Hilton, Holloway and Wiley. Members of the Education Fiscal Research Division were also in attendance. The following are attached and made part of these minutes: House Page Roster and Visitor Registration Sheet.

Chairman Glazier called the meeting to order and welcomed everyone. Chairman Glazier briefly introduced the subject matter to be covered during the committee meeting ***(ATTACHMENT #1)*** and recognized the Pages and the Sergeant of Arms staff in attendance.

Chairman Glazier gave an overview of the Rules for Subcommittee Procedure ***(ATTACHMENT #2)***.

Chairman Glazier gave brief remarks about the budget overview. Co-Chairs Rapp and McLawhorn also made brief remarks about the budget.

Chairman Glazier recognized **Brian Matteson, Fiscal Research Division,** to present an overview of the K-12 sections of the Proposed Subcommittee Report for S897: Appropriations Act of 2010 ***(ATTACHMENT #3)***.

Chairman Glazier recognized **Kristopher Nordstrom, Fiscal Research Division,** to present an overview of the K-12 sections of the Proposed Special Provisions for S897: Appropriations Act of 2010 ***(ATTACHMENT #4)***.

Chairman Glazier recognized **Andrea Poole, Fiscal Research Division,** to present an overview of the Community College sections of the Proposed Subcommittee Report for S897: Appropriations Act of 2010 ***(ATTACHMENT #3)*** and the Proposed Special Provisions for S897: Appropriations Act of 2010 ***(ATTACHMENT #4)***.

Chairman Glazier recognized **Richard Bostic, Fiscal Research Division,** to present an overview of the UNC sections of the Proposed Subcommittee Report for S897: Appropriations Act of 2010 ***(ATTACHMENT #3)*** and the Proposed Special Provisions for S897: Appropriations Act of 2010 ***(ATTACHMENT #4)***.

Following the presentations, there were questions and discussion.

Chairman Glazier called a recess at 11:22 am.

Chairman Glazier re-convened the committee at 2:25 pm to hear amendments. Reps. Maggie Jeffus and Doug Yongue were in attendance.

- Amendment 1: Lucas (Attachment #5). Adopted
- Amendment 2: Tarleton (Attachment #6). Adopted
- Amendment 3: Tarleton (Attachment #7). Adopted
- Amendment 4: Rapp (Attachment #8). Adopted
- Amendment 5: Rapp (Attachment #9). Adopted
- Amendment 6: Lucas (Attachment #10). Adopted, date changed to 03/01/2011
- Amendment 7: Parmon (Attachment #11). Adopted
- Amendment 8: Parmon (Attachment #12). Adopted
- Amendment 9: Johnson (Attachment #13). Failed
- Amendment 10: Holloway (Attachment #14). Out of Order
- Amendment 11: Glazier (Attachment #15). Adopted
  - (Rep. Rapp chaired this amendment)
- Amendment 12: Parmon (Attachment #16). Withdrawn
- Amendment 13: Wiley (Attachment #17). Adopted
- Amendment 14: Wiley (Attachment #18). Adopted
- Amendment 15: Parmon (Attachment #19). Adopted

Rep. Lucas made a motion, Rep. Bell seconded, for a Favorable Report with the amendments rolled into the report. Passed.

The meeting adjourned at 3:35 p.m.

Respectfully submitted,

Representative Rick Glazier
Chair

Carin Savel
Committee Assistant

Attachment #1

House Appropriations Subcommittee on Education
Agenda

Thursday, May 27, 2010, 10:00 A.M.
Room 421, Legislative Office Building
Rep. Glazier, Presiding

I. Welcome
Representative Glazier

II. Review of Proposed House Budget
Brian Matteson, Kris Nordstrom, Andrea Poole, and Richard Bostic
Fiscal Research Division

III. Committee Discussion

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Glazier (Chair)
Rep. McLawhorn (Chair)
Rep. Rapp (Chair)
Rep. Bell (Vice Chair)
Rep. Johnson (Vice Chair)
Rep. Lucas (Vice Chair)
Rep. Parmon (Vice Chair)
Rep. Tarleton (Vice Chair)
Rep. Blackwell, Rep. Hilton, Rep. Holloway, Rep. Wiley

Attachment #2

North Carolina House of Representatives
Appropriations Committee

RULES FOR SUBCOMMITTEE PROCEDURE

May 27, 2010

The following rules govern the eligibility of amendments to subcommittee reports:

1. Amendments must be offered by formal amendments.
2. Amendments cannot increase total spending within the draft subcommittee report presented by the subcommittee chairs.
3. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the subcommittee.
4. Amendments cannot spend reversions.
5. Nonrecurring reductions cannot be used to fund recurring items.
6. Amendments cannot change or establish substantive policy or law.

Attachment #3

House Appropriations Subcommittee on Education

Proposed Subcommittee Report for S897: Appropriations Act of 2010

May 27, 2010

House Subcommittee on Education

Public Education

GENERAL FUND

Total Budget Approved 2009 Session	FY 10-11
	$7,360,833,223

Budget Changes

A. Technical Adjustments

1 Average Daily Membership ($4,980,046) R

Revises projected increase in ADM for FY 2010-11 to reflect 3,127 fewer students than originally projected. Dollar amount of adjustment includes revisions to all position, dollar, and categorical allotments.

Total funded ADM for FY 2010-11 is 1,475,668, an increase of 10,754 over FY 2009-10. There was a temporary ADM reduction in FY 2009-10 precipitated by a change in the Kindergarten eligibility age.

2 Average Teacher Salary ($44,950,676)

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2009. Adjustment does not reduce any salary paid to certified personnel.

3 Education Lottery Receipts ($126,638,646) R

Adjusts the receipts budgeted for the Classroom Teachers allotment to reflect an updated distribution between the four Lottery programs, as well as the redirection of $16.8 million in the Lottery Reserve and $19.3 million in projected overrealized FY 2009-10 net revenues.

4 Exceptional Children Headcount ($6,000,000) R

Adjusts funding previously budgeted for the Children With Disabilities allotment to reflect actual student headcount and does not reduce funding per student. The continuation budget includes anticipated growth based on the projected headcount of children with disabilities. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2010 headcount.

	FY 10-11	
5 Small County Supplemental Funding Reduces funding to adjust for the expiration of Currituck County's funding eligibility in FY 2009-10 as well as a surplus of funding needed to fully fund the other eligible counties. The remaining $44.1 million is sufficient to fully fund the 28 eligible counties.	($2,400,000)	R
6 Learn and Earn Early College High Schools Adjusts funding to reflect the delayed opening of one Learn and Earn School scheduled to open in FY 2009-10. S.L. 2009-451 provided funding to open twelve Learn and Earn schools that had been given planning funding in FY 2008-09. Only ten of the twelve planning schools were ready to open in FY 2009-10, but one of them will be ready to open in FY 2010-11. Currently 66 Learn and Earn "Bricks and Mortar" schools are operating in North Carolina.	($306,200)	R
B. Other Public School Funding Adjustments		
7 ADM and BRAC Contingency Reserve Reduces the Contingency Reserve by 50%. The Reserve is maintained to provide additional support to school systems that experience greater than projected student headcount growth. $2.6 million will remain to support the Reserve.	($2,618,501)	R
8 More at Four Reduces recurring program funding by 3.7% from its $165.5 million combined appropriation of General Fund and Lottery proceeds. The Joint Task Force on Early Childhood Education and Care estimates that $5 million in program savings can be achieved by the capping of administrative costs, as proposed in section 7.x of the Budget Bill. In addition, it replaces, on a one-time basis, General Fund appropriations for More at Four Pre-kindergarten services provided to TANF-eligible children with Temporary Assistance for Needy Families (TANF) Emergency Contingency Funds.	($6,200,000) ($32,986,721)	R NR
9 Instructional Supplies Reduces the Instructional Supplies allotment by 6.4%. $88.2 million will remain for this purpose.	($6,000,000)	R

	FY 10-11	
10 Central Office Administration Reduces the dollar allotment to LEAs for the salaries and benefits of central office staff by 2.2%. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. $107.5 million will remain to support these local staff.	($2,400,000)	
11 Mentoring Eliminates all State funding for LEA mentoring programs on a nonrecurring basis in FY 2010-11 only.	($9,214,190)	NR
12 Limited English Proficiency Reduces funding for this allotment by 5.0%. $76.5 million will remain available for this allotment.	($4,000,000)	R
13 Transportation Reduces funding for the allotment, which supports the salaries of transportation personnel as well as the maintenance of yellow buses, by approximately 2.4%. $403 million will remain available for this allotment.	($10,000,000)	R
14 Child and Family Support Teams Reduces this allotment by 21.4%. This allotment provides funding for a dedicated social worker and school nurse in 100 schools. $9.2 million will remain available for this allotment. The State Board of Education shall allocate this reduction by eliminating funding to those schools it deems to be implementing the program ineffectively.	($2,500,000)	R
15 School Bus Replacement Eliminates funding for the purchase of new replacement school buses in FY 2010-11. $44 million will remain available to support the extended financing payments required for buses purchased in FYs 2007-10, and an additional $1 million will be available for emergency bus replacement purchases.	($11,900,000)	NR

	FY 10-11	
16 Career and Technical Education Program Support Reduces this allotment by 10.3%. This allotment supports funding to assist LEAs in expanding, improving, modernizing, and developing quality Career and Technical Education (CTE) education programs. $17.4 million will remain available for these purposes. This reduction does not impact the $382.2 million provided in additional State support for CTE teachers in the CTE Months of Employment allotment.	($2,000,000)	R
17 Tarheel ChalleNGe Adjusts State support for this program to reflect new Federal matching requirements. The required State funding share for this activity has been adjusted from 40% to 25%. $348,527 of the unneeded State match funding will be reinvested into the National Guard Tuition Assistance Program, which is transferred into the UNC budget in Item #68.	($460,631)	R
18 HMCUC Funds Transfer Transfers funds from the Historically Minority Colleges and Universities Consortium Closing the Achievement Gap project in the UNC system into the Department of Public Instruction to expand funding of the Dropout Prevention Grant initiative.	$527,212	R
19 Connectivity Reduces funding for the School Connectivity Initiative (SCI) as it is deployed in all LEAs and is in the operations and maintenance phase. This adjustment also includes a $3 million nonrecurring reduction of the cash balance. The recurring cut of $1 million represents a reduction to recurring appropriations of approximately 4.5%, and leaves recurring appropriations at $21.0 million per year. The nonrecurring cut of $3 million reduces initiative funding projected to be unexpended in FY 2009-10.	($1,000,000) ($3,000,000)	R NR
20 Education Value Added Assessment System (EVAAS) Provides $250,000 to expand funding for EVAAS licenses that had previously been funded out of reversions and $750,000 to purchase EVAAS Teacher Analysis.	$1,000,000	R
21 JOBS Commission Schools Provides funding to support the creation of two school sites in Wake County and Cumberland County recommended by the Joint Legislative Joining Our Businesses and Schools (JOBS) Study Commission.	$200,000	R

	FY 10-11	
22 North Carolina Science, Math and Technical Education Center Provides funding to the North Carolina Science, Mathematics and Technology Education Center, Inc. (NCSMTEC) to support interscholastic science competitions.	$100,000	
23 Kids Voting Provides funding to support continued operation of the Kids Voting program.	$50,000	R
24 Diversity in Public Schools Commission Supports the establishment of a Joint Legislative Study Commission on Diversity in Public Schools as designated in section 7.x of the Budget Bill. The Commission will explore the benefits of diversity in public school enrollment, examine best practices for maintaining diversity in other states or school systems, and consider the impact of diversity on the achievement gap.	$26,244	R
25 Student Diagnostic and Intervention Initiative Provides nonrecurring funding to extend the Student Diagnostic Pilot program an additional year in the existing 40 pilot schools. Additional funding will expand the pilot program to additional schools that have been deemed to be low performing.	$5,000,000	
C. Department of Public Instruction		
26 North Carolina Center for the Advancement of Teaching Reduces funding for the North Carolina Center for the Advancement of Teaching (NCCAT) by 4.0%, bringing annual recurring funding for the program to $5.7 million. To the extent possible, this reduction is to be taken to administrative positions before impacting direct services to teachers. NCCAT is encouraged to utilize the Department of Public Instruction's existing administrative capacities to mitigate the impact of the reduction.	($236,529)	R
27 NC WISE Reduces the annual appropriation for the North Carolina Window on Student Education (NC WISE), as this project is deployed and is in operations and maintenance phase. As such, its annual budgetary needs are $2 million less than previously budgeted. This item also includes a $10 million nonrecurring reduction of the cash balance. The remaining balance will support the hardware and reporting projects associated with NC WISE.	($2,000,000) ($10,000,000)	R NR

	FY 10-11	
28 Department of Public Instruction Technology Services Eliminates 26 positions in order to find efficiencies and reduce redundancy in the Department of Public Instruction Technology Services area. The reduction includes departmental NC WISE positions, Offices of the Chief Information Officer, Chief Technology Officer, Technology Business Services, and Project Management. NC WISE has been deployed, reducing the need for personnel.	($2,828,444) -26.00	R
29 Legacy Fund Balance Eliminates the cash balance for this project. Funds were appropriated on a nonrecurring basis in three consecutive years to enable DPI to bring information technology applications into compliance with the statewide architecture requirements. This project has now been completed. The total appropriation for this purpose was $6 million.	($1,300,000)	NR
Budget Changes	**($225,616,217)** **($63,400,911)**	R NR
Total Position Changes	-26.00	
Revised Total Budget	**$7,071,816,095**	

Community Colleges

GENERAL FUND

Total Budget Approved 2009 Session

FY 10-11
$1,012,467,778

Budget Changes

A. Technical Adjustments

30 Fully Fund Enrollment Growth $85,041,632 R

Provides funds to fully fund enrollment growth. According to the 2009-10 spring semester census, enrollment has increased by 15.8% (34,118 full-time equivalents or FTE) above the 2009-10 adjusted budgeted enrollment of 213,472. This increase brings FY 2010-11 budgeted enrollment to 247,590.

This funding is in addition to the $41,126,850 in the continuation budget for FY 2010-11 enrollment growth, for a total of $126,168,482 in enrollment growth funding.

B. State Aid Adjustments

31 Management Flexibility Reduction ($22,750,000)

Reduces funds in the State Aid budget, bringing the total management flexibility reduction for FY 2010-11 to $36 million. The State Board of Community Colleges shall distribute the flexibility reduction, accounting for the unique needs of each college. Each college reduced shall have the flexibility to adjust its budget to implement this reduction, but shall not impact those activities directly involved in retraining displaced workers.

32 Tuition Increase ($37,147,110) R

Increases curriculum tuition from $50 to $58 for residents ($8 increase) and from $241.30 to $250 for nonresidents ($8.70 increase). Tuition for full-time resident students will increase by a maximum of $256 per year, from $1,600 to $1,856.

33 Overrealized Tuition Receipts

Increases the amount budgeted for tuition receipts to more accurately reflect anticipated receipts. Given recent enrollment growth trends, it is anticipated that enrollment in FY 2010-11 will increase by more than the budgeted amount. ($10,000,000) NR

34 One-time Increase in Federal Literacy Receipts ($4,500,000) NR

Increases the amount budgeted for federal literacy receipts, due to a one-time increase, and takes a corresponding one-time reduction in State funding.

35 Supplemental Multi-Campus Center Funds ($711,006) R

Reduces supplemental multi-campus center funds by 5.2%, leaving $13,073,611 for supplemental multi-campus center funds. Community colleges will continue to receive FTE funding for enrollment at multi-campus sites.

36 Equipment and Technology $4,000,000 R

Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the $43.3 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment formula.

37 Restore Small Business Center Funding $402,861 R

Restores the reduction made to the Small Business Center allotment in 2009. This funding will be added to each colleges' base allocation. With this restoration, the total funding available for this program will be $5,756,853.

38 Minority Male Mentoring $900,000 R

Provides funds to assist Minority Male Mentoring programs at community colleges. These programs provide such activities as academic and personal counseling, drug intervention, and personal growth and development. These funds will be distributed through a competative application process.

	FY 10-11	
39 Restore Funding for Prisoner Education	$22,500,000	

Restores substantial funding to the prisoner education program. In 2009, the prison education program underwent a continuation review. Using FY 2007-08 FTE estimates, $32.9 million was eliminated from the program and $32.9 million was appropriated in non-recurring funds for FY 2009-10. When FY 2008-09 numbers were finalized, it was estimated that $35,949,015 was expended on prisoner FTE; therefore, $3.0 million remains in the continuation budget for this program.

Funding is not restored to fund prison FTE in federal prisons, local jails, or programs not related to job skills or basic skills education. In FY 2008-09, a total of 587 FTE were served in these categories, resulting in a reduction of $2,741,189.

To increase efficiency an additional $7.7 million was reduced, for a total restoration of $25.5 million. First priority for use of these funds shall be to restore the FTE for basic skills courses to the FY 2008-09 level. Funds not used for this purpose may be used for continuing education and curriculum courses related to job skills training.

C. System Office Adjustments

40 Move Position to Receipt Support	($60,747)	
	-0.75	

Reduces appropriations by shifting one Education Consultant position entirely to proprietary school receipts. This position oversees the activities that generate these receipts.

41 Reduce State Board Reserve	($160,000)	R

Reduces funding for the State Board Reserve by 24% from $660,000 to $500,000.

42 Reduce Advertising Budget	($100,000)	R
	($100,000)	NR

Reduces funds for advertising, due to unprecedented enrollment growth. The remaining $100,000 shall be used to target advertising to underserved populations.

43 Reduce System Office Operating Budget	($158,764)	R

Reduces the System Office operating budget with specific reductions to be identified by the System Office. Reductions should focus on travel, printing, postage, and registration fees.

	FY 10-11	
44 Eliminate Positions	($575,022)	R
Eliminates 7 positions in the Community College System Office. The duties of these positions shall be eliminated or absorbed by other System Office employees. The positions are:	-7.00	

-Education Program Director #60088191 (Bionetwork) - $94,250 salary and $22,045 benefits.

-Technology Support Analyst #60088065 (Information Technology) - $54,724 salary and $14,867 benefits.

-Information Technology Manager #60088013 (Information Technology) - $98,976 salary and $22,903 benefits.

-Education Program Director II #60088192 (Workforce Development and Continuing Education) - $102,750 salary and $23,588 benefits.

-Television Production Asst III #60088049 (Distance Learning) - $35,497 salary and $11,375 benefits.

-Business Officer -C #60088111 (Facilities and Administration) - $34,283 salary and $11,155 benefits.

-Office Assistant IV #60088142 (Student Services) - $36,966 salary and $11,642 benefits.

Budget Changes	**$51,181,844**	R
	($14,600,000)	NR
Total Position Changes	-7.75	
Revised Total Budget	**$1,049,049,622**	

UNC System

GENERAL FUND

Total Budget Approved 2009 Session	FY 10-11 $2,656,552,008

Budget Changes

A. Base Budget Adjustments

45 Management Flexibility Reduction ($139,264,862) R

Mandates a management flexibility reduction for the UNC operating budget with a priority on non-teaching related budget cuts. This reduction is in addition to the $100 million management flexibility reduction authorized for the FY 2010-11 base budget.

46 Vacancies Longer Than Two Years Abolished ($2,500,000) R

Abolishes 47 positions in the UNC system that have been vacant two years or longer.

47 Repeal of Nonresident Athlete Tuition Waiver ($9,432,978)

Repeals the reimbursement to UNC institutions for their loss of revenue due to their compliance with GS 116-143.6 that grants resident tuition to nonresident student athletes.

48 Faculty Recruiting and Retention Fund ($1,500,000) R

Reduces a portion of the $1.7 million unexpended fund balance in this program. $10 million has been appropriated to this fund since FY 2006-07.

49 HMCUC Funds Transfer ($527,212) R

Transfers funds from the Historically Minority Colleges and Universities Consortium Closing the Achievement Gap project to the Department of Public Instruction to expand funding of the Dropout Prevention Grant initiative.

50 UNC Advertising Reduced ($5,000,000) R

Reduces the General Fund advertising budgets of UNC campuses by 47%.The campuses spent $10.6 million from the General Fund and $13.2 million from institutional trust funds on advertising in FY 2008-09.

	FY 10-11	
51 IT Reserve Eliminated Eliminates the remaining balance of a $10 million reserve appropriated in 1999 for Information Technology (IT). UNC General Administration used the reserve to provide grants to campuses for IT software and hardware.	($755,917)	R
52 Distance Education Reserve Eliminated Eliminates the remaining balance of a $1.93 million reserve appropriated in 1996 for distance learning efforts. The expansion of distance learning is now funded by the enrollment growth model and by reserves for UNC Online and 2+2 efforts.	($651,483)	R
53 UNC-TV Utilities Reduction Reduces the $1.8 million UNC-TV utilities budget due to savings from the station's conversion from analog to digital in June 2009.	($410,863)	R
54 ECU MRI Account Reverted Reverts $2 million from magnetic resonance imaging (MRI) lease and equipment fund [Budget Code 06067, Fund Code 0142] at East Carolina University Brody School of Medicine to the General Fund. Created in 1993, this fund has been inactive in recent years.		
55 Aid to UNC Hospitals Reduced Reduces the $44 million annual appropriation to UNC Hospitals due to the entity's $501.1 million in unrestricted reserves.	($10,000,000) ($5,000,000)	R NR
56 Professional Development Grants Eliminated Eliminates grants to Salem College for summer professional development workshops for teachers and to Wake Forest University for their Master Teacher Fellows graduate program.	($63,635)	R
57 Enrollment Growth Increases the UNC system enrollment growth funding in the FY 2010-11 base budget due to projected increase of 441 FTE over previous estimates. This funding is in addition to the $53,432,226 for 4,485 FTE included in the FY 2010-11 base budget.	$5,636,814	R

	FY 10-11	
58 Tuition Repeal Repeals the FY 2010-11 legislative tuition rates enacted in the 2009 legislative session and restores the associated appropriation reduction.	$34,776,301	
59 Need-Based Financial Aid Increases UNC Need-Based Financial Aid to restore need-based aid that was nonrecurring in FY 2009-10.	$12,000,000	R
60 Building Reserves Restored Restores the building reserves cut in the 2009 Session. These reserves pay for the operating costs of 55 new or renovated buildings completed in FY 2009-11. The funds are for the housekeeping, maintenance, and security requirements for the added building square footage.	$12,220,902 184.00	R
61 UNC High School Funding Restored Restores base budget cuts made in FY 2009-10 to the two high school programs in the UNC system. The North Carolina School of Science and Math will receive $80,851 for lab and educational supplies and the University of North Carolina School of the Arts will receive $201,165 for cost of living increases in their residential high school.	$282,016	R
62 ECU Dental School Operations Continues the phase-in of funding for the additional faculty and operating needs of the new School of Dentistry at East Carolina University that will open with 50 students in the Fall of 2011. To date, $5.5 million has been appropriated for the school's operating budget.	$6,000,000 36.00	R
63 Energy Production Infrastructure Center (EPIC) Completes the staffing and operational needs of the Energy Production Infrastructure Center (EPIC) opening at UNC-Charlotte in the Fall of 2011. These funds will enable the hiring of research faculty in electrical power, power system infrastructure, and power plant engineering. These funds are in addition to the $2 million appropriated in 2009.	$3,000,000 23.00	R

	FY 10-11	
64 NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering Continues the phase-in of faculty and staff for the NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering located at the Gateway University Research Park in Greensboro. The program will conduct research in areas such as drug design and delivery, nanobioengineering, and genetic screening. There has been $3.9 million appropriated to date for the operating budget for this program.	$1,000,000	R
65 NC A&T College of Engineering Provides funds to North Carolina A&T State University's College of Engineering for 1) enhancement of the research infrastructure, 2) faculty retention, 3) recruitment of high quality students, and 4) additional support staff.	$1,000,000	R
66 CASTLE Continues State support for the Center for the Acquisition of Spoken Language through Listening Enrichment (CASTLE) at UNC-Chapel Hill. The funds will be used to 1) train teachers and therapists to work with deaf preschool- age children with cochlear implants and 2) provide oral preschool classes to these children. The program has received nonrecurring appropriations annually since 2005.	$575,000	R
67 Veterinary Medicine Clinical Teaching and Research Fund Continues state funding for the North Carolina State University College of Veterinary Medicine Clinical Teaching and Research Fund. This fund was created in 2007 to allow advanced diagnostic and treatment options for animals where a) owner financing of such options are limited, b) significant instructional value exists, or c) the diagnostic and treatment options have the potential of adding significantly to the core knowledge in the relevant clinical area.	$200,000	R
68 Aid to Private College Students Increases funding to the Legislative Tuition Grant ($2,713,176) and the State Contractual Scholarship Fund ($1,838,588) for a 2.9% growth in enrollment in FY 2010-11.	$4,551,764	R

	FY 10-11	
69 National Guard Tuition Assistance Program Transfer Transfers the National Guard Tuition Assistance Program from the Department of Crime Control and Public Safety (CCPS) to the North Carolina State Education Assistance Authority (SEAA). CCPS transfers $1,514,288 from their budget to SEAA for the program. Another $348,527 is transferred into the program from a cut in Tarheel Challenge funds. SEAA may use $50,000 of the funds for program administration.	$1,862,815	..
Budget Changes	**($87,001,338)**	**R**
	($5,000,000)	**NR**
Total Position Changes	243.00	
Revised Total Budget	**$2,564,550,670**	

Attachment #4

House Appropriations Subcommittee on Education

Proposed Special Provisions for S897: Appropriations Act of 2010

May 27, 2010

GENERAL ASSEMBLY OF NORTH CAROLINA

SPECIAL PROVISIONS
APPROPRIATIONS SUBCOMMITTEE ON EDUCATION REPORT

MAY 27, 2010

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GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H9(S7.1)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand five hundred ninety-eight dollars and fifty-five cents ($3,598.55) per child. 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 2010-2011 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

2010-DPI-H10(S7.2)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand one hundred ninety-two dollars and ninety cents ($1,192.90) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2010-2011 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. 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 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H2(S7.3)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

STATE FISCAL STABILIZATION FUND APPROPRIATION

SECTION 7.3. In order to ensure compliance with the requirements of Title XIV of the American Recovery and Reinvestment Act of 2009 and notwithstanding any other provision of law, the Office of State Budget and Management shall adjust the State Fiscal Stabilization Fund appropriation amounts, including any associated budget reductions, between the State Public School Fund and The University of North Carolina budget to align with the requirements of the North Carolina State Fiscal Stabilization Fund application as amended for 2010-2011. If associated budget reductions are required within the State Public School Fund, the Office of State Budget and Management shall first adjust the Classroom Materials/Instructional Supplies/Equipment allotment prior to adjusting any other allotments within the State Public School Fund.

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

MORE AT FOUR PROGRAM

SECTION 7.5.(a) The Department of Public Instruction shall continue the implementation of the More at Four prekindergarten program for four-year-olds who are at risk for school failure in all counties. The State prekindergarten program shall serve children who reach the age of four on or before August 31 of that school year and who meet eligibility criteria that indicate a child's risk for school failure. Prekindergarten classrooms shall be operated in public schools, Head Start programs, and licensed child care facilities that choose to participate under procedures defined by the Office of Early Learning within the Department of Public Instruction. All such classrooms shall be subject to the supervision of the Office of Early Learning and shall be operated in accordance with standards adopted by the State Board of Education.

SECTION 7.5.(b) The Office of Early Learning shall specify program standards and requirements addressing:

(1) Early learning standards and curricula;
(2) Teacher education and specialized training;
(3) Teacher in-service training and professional development;
(4) Maximum class size;
(5) Staff-child ratio;
(6) Screenings, referrals, and support services;
(7) Meals; and
(8) Monitoring of sites to demonstrate adherence to State programs standards.

SECTION 7.5.(c) The State Board of Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education, the House of Representatives Appropriations Subcommittee on Education, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

(1) The number of children participating in State prekindergarten.
(2) The number of children participating in State prekindergarten 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 State prekindergarten expenditures for the programs and the source of the local contributions.
(4) The results of an annual evaluation of the program.

SECTION 7.5.(d) The Office of Early Learning shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. 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. Furthermore, any age-eligible child of (i) an active duty member of the armed forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the armed forces, who is ordered to active duty by the proper authority within the last 18 months or expected to be ordered within the next 18 months or (ii) a member of the armed forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the armed forces, who was injured or killed while serving on active duty, shall be eligible for the program.

SECTION 7.5.(e) The More at Four program funding shall not supplant any funding for classrooms serving four-year-olds as of the 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 mandates.

SECTION 7.5.(f) The Office of Early Learning shall develop a new More at Four funding model to be implemented in the 2010-2011 fiscal year. The per-child funding rates shall be based on participating provider cost structures and shall require a contribution of local resources to support the full cost of providing high quality prekindergarten. The Office of Early Learning shall implement an administrative cap on More at Four program funding and shall establish parameters for allowable administrative costs.

SECTION 7.5.(g) The Office of Early Learning shall contract with an independent research organization not affiliated with the Department of Health and Human Services, the Department of Public Instruction, the Office of the Governor, or any entity currently funded by or affiliated with the Department of Health and Human Services, the Department of Public Instruction, or the Office of the Governor to produce an annual report to include longitudinal review of the More at Four program and academic, behavioral, and other child-specific outcomes. The review shall include a quasi-experimental research design of a representative sample of children who complete the More at Four program every year and shall report on their sustained progress until the end of grade 9. The review shall also study a representative sample of children who do not enter the More at Four program but who are of the same grade level and demographic as those who complete the program, and their sustained progress shall also be reviewed until the end of grade 9. The review shall be presented to the Joint Legislative Oversight Committee on Education by January 31 of every year.

SECTION 7.5.(h) To consolidate all of the regulatory functions regarding the monitoring of early care and education providers in certain private settings, it is the intent of the General Assembly that the Department of Health and Human Services and the Department of Public Instruction authorize Division of Child Development staff to assume the regulatory functions of the More at Four program in private classroom settings. The Department of Public Instruction shall provide Division of Child Development staff with the training necessary to monitor compliance with the More at Four program. The Division of Child Development shall continue its current licensing functions for those classrooms voluntarily licensed in public settings.

DRAFT
SPECIAL PROVISION

2010-DPI-H18(S7.6)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

LEADERSHIP ACADEMY

SECTION 7.6. Of the funds appropriated in this act to the Department of Public Instruction for the 2010-2011 fiscal year, up to two hundred thousand dollars ($200,000) may be used to support a Leadership Academy that provides professional development to principals and assistant principals to address critical areas such as student achievement and teacher recruitment and retention. The Leadership Academy is encouraged to utilize webinars and other technologies to reduce travel expenses and to reach additional participants.

DRAFT
SPECIAL PROVISION

2010-DPI-H11(S7.7)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.7.(a) The Department of Public Instruction is not required to eliminate receipt-supported positions for the 2010-2011 fiscal year.

SECTION 7.7.(b) The Department of Public Instruction shall review expenditures of federal funds for personnel and contracts at the State level. Unless the expenditure is a condition of receiving the funds, the Department shall reallocate the funds to local school administrative units whenever possible.

The Department shall report on the reallocation of these funds to local school administrative units, to the Office of the Governor, the chairs of the House of Representatives Committee on Appropriations and the House of Representatives Appropriations Subcommittee on Education, the chairs of the Senate Committee on Appropriations/Base Budget and the Senate Appropriations Committee on Education/Higher Education, and the Office of State Budget and Management no later than January 15, 2011.

DRAFT
SPECIAL PROVISION

2010-DPI-H19(S7.8)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

CAREER AND COLLEGE – READY, SET, GO!

SECTION 7.8.(a) The State Board of Education shall work with all member institutions of the Education Cabinet and the Joint Governing Boards to focus funding and program priorities to ensure that all North Carolina students graduate prepared to successfully pursue a career or further education. Each Education Cabinet institution shall prioritize the Governor's Ready, Set, Go! initiative and ensure to the extent practicable that all students PK-20:

(1) Are prepared to be successful in school and can successfully progress through PK-20 education. This includes, but is not limited to:
   a. Establishment of the Governor's Child Advocacy Council to increase ways for all children to come to school healthy and ready to learn;
   b. Investment in early child development programs like Smart Start and More at Four;
   c. Investment in smaller class sizes in K-3;
   d. Implementation of student diagnostics in grades K-3 and 5 to ensure that all students at a minimum possess grade-level reading, writing, and math skills;
   e. Implementation of student diagnostics for career and college readiness in grades 8 and 11 so students graduate prepared for work, college, or technical training; and
   f. Implementation of the Student Learning Conditions Survey for grades 7, 9, and 11 that is aligned with the Teacher Working Conditions Survey.

(2) Receive clear standards and high expectations, and benefit from the best teachers and principals that can most effectively help students reach those standards. This includes, but is not limited to:
   a. Adoption of the State-led National Common Standards, including Career and College Ready Skills and assessments that prepare students for the global economy;
   b. Evaluation of Teacher Preparation programs to identify best practices and programs that produce effective teachers;
   c. Increased access to virtual learning opportunities for students and teachers like those provided through the NC Virtual Public School;
   d. Increased access to Science, Technology, Engineering and Mathematics (STEM) opportunities;
   e. Development of leadership academies that recruit and prepare effective principals;

f. Development of a PK-20 data system to provide comprehensive information on students;

g. Reduction and eventual elimination of low-performing status in North Carolina schools; and

h. Job-imbedded professional development for teachers and principals.

(3) Fully understand and complete the prerequisites for the career, certification, or degree of choice that promotes workforce success. This includes, but is not limited to:

a. Development of academic boot camps for high school students who need additional support in reading, composition, and math;

b. Consolidation of high school transition courses to provide high school students with more college-level or career and technical courses;

c. Increased access to virtual college-level and specific career and technical courses for high school students;

d. Alignment between high school and college curricula so that all students are prepared for higher education work; and

e. Implementation of NCSuccess, a program designed to increase the number of certificates and associate or bachelor's degrees in higher education.

SECTION 7.8.(b) The Education Cabinet shall report by January 15, 2011, to the Office of the Governor, the Joint Governing Boards, and the Joint Education Oversight Committee on its progress toward reaching the Governor's goal that every North Carolina student will graduate ready to be successful in a career, a 2- or 4-year college, or technical training.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H12(S7.9)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.9. Section 7.12.(a) of S.L. 2009-451, as rewritten by Section 3E of S.L. 2009-575, is repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H21(S7.11)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS (NBPTS) FUNDS

SECTION 7.11.(a) G.S. 115C-296.2(d1) reads as rewritten:

"(d1) Repayment of the Application Fee. – A teacher shall repay the application fee to the State Education Assistance Authority within three years. The commencement of cash repayment shall begin 12 months following the disbursement of the loan funds. The State Education Assistance Authority may forgive the loan upon the death or permanent disability of the teacher.

All funds appropriated to, or otherwise received by, the Authority to provide loans to teachers pursuant to this section, all funds received as repayment of loans, and all interest earned on these funds shall be placed in a trust fund. This fund shall be used only for loans made pursuant to this section and administrative costs of the Authority."

SECTION 7.11.(b) The State Board of Education shall transfer funds in the amount of three million two hundred seventy-four thousand five hundred dollars ($3,274,500) from the State Public School Fund to the State Education Assistance Authority for the 2010-2011 fiscal year for NBPTS loans. It is the intent of the General Assembly that these funds are included in the certified budget for the State Education Assistance Authority for the 2011-2012 fiscal year and subsequent fiscal years.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H13(S7.12)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DRIVER EDUCATION

SECTION 7.12. The Highway Safety Research Center Institute of the University of North Carolina at Chapel Hill shall work in collaboration with the Department of Public Instruction and the Governor's Highway Safety Commission to create a standard curriculum to be used for the Driver Education Program in the Department of Public Instruction. The curriculum shall be ready for use in the school year beginning in the fall of 2011 and shall be used for all driver education programs funded with State funds.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H3(S7.13)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY

SECTION 7.13.(a) Section 7.8 of S.L. 2009-451 is amended by adding a new subsection to read:

"**SECTION 7.8.(e)** For the 2010-2011 fiscal year, local school administrative units shall make every effort to reduce spending from Career Technical Education – State: Program Support Funds before making any reductions to Career Technical Education – State: Months of Employment funds."

JOINT LEGISLATIVE STUDY COMMITTEE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION AND CARE

SECTION #.(a) Committee Established. – There is created the Joint Legislative Study Committee on the Consolidation of Early Childhood Education and Care. The Committee shall consist of 10 members to be appointed as follows:

(1) Five members of the House of Representatives appointed by the Speaker of the House of Representatives.

(2) Five members of the Senate appointed by the President Pro Tempore of the Senate.

The Speaker of the House of Representatives shall designate one representative as cochair, and the President Pro Tempore of the Senate shall designate one senator as cochair. Vacancies on the Committee shall be filled by the same appointing authority making the initial appointment.

The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may meet at any time upon the joint call of the cochairs. The Committee may meet in the Legislative Building or the Legislative Office Building. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The House of Representatives and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee.

SECTION #.(b) Duties. – The Committee shall continue the work of the Task Force on the Consolidation of Early Childhood Education and Care created under S.L. 2009-451 by continuing to work toward the development of an integrated system of early childhood education and care. To that end, the Committee may consult with and receive reports from the appropriate State departments, agencies, and board representatives on issues related to early childhood education and care and consider any other issues the Committee deems relevant.

The Committee shall closely coordinate its activities with the Governor's State Advisory Council on Early Childhood Education and Care.

SECTION #.(c) Report. – The Committee shall make a final report of its findings and recommendations to the 2011 Regular Session of the General Assembly. The Committee shall terminate on December 31, 2010.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H23-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

UNIFORM BUDGET FORMAT

SECTION #. G.S. 115C-426(c) reads as rewritten:

"(c) The uniform budget format shall require the following funds:

(1) The State Public School Fund.

(2) The local current expense fund.

(3) The capital outlay fund.

In addition, other funds may be ~~required~~ used to account for reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, ~~federal grants restricted as to use,~~ federal appropriations made directly to local school administrative units, funds received for prekindergarten programs, and special programs. Each local school administrative unit shall maintain those funds shown in the uniform budget format that are applicable to its operations."

LEGISLATIVE COMMISSION ON DIVERSITY IN THE PUBLIC SCHOOLS

SECTION #.(a) There is created the Legislative Commission on Diversity in the Public Schools.

SECTION #.(b) The Commission shall consist of 15 members as follows:

(1) Five members of the House of Representatives appointed by the Speaker of the House of Representatives.

(2) Five members of the Senate appointed by the President Pro Tempore of the Senate.

(3) Five public members appointed by the Governor.

SECTION #.(c) The Speaker of the House of Representatives shall designate one representative as cochair, and the President Pro Tempore of the Senate shall designate one senator as cochair. Vacancies on the Commission shall be filled by the same appointing authority that made the initial appointment. A quorum of the Commission shall be a majority of its members.

SECTION #.(d) The Commission shall study the effects of student diversity in public school enrollment. As part of this study, the Commission shall:

(1) Consider whether schools in which students of various racial, ethnic, and socioeconomic characteristics are balanced improve the quality of the learning experience and the academic achievement of all students as compared to schools with more homogeneous student enrollments.

(2) Examine whether diverse public schools are successful in closing the achievement gap.

(3) Explore the level of parental involvement in schools with a diverse student population.

(4) Examine best practices for creating and maintaining student diversity in schools and school systems in other states.

(5) Consider whether diverse public schools improve student discipline.

(6) Consider the fiscal impact and efficiency of State funding streams given the data accumulated in items (1) through (5).

(7) Study any other issue the Commission considers relevant.

SECTION #.(e) The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at anytime upon the joint call of the cochairs. The Commission may meet in the Legislative Building or the Legislative Office Building.

With approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the

Commission. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. If the Commission hires a consultant, the consultant shall not be a State employee or a person currently under contract with the State to provide services.

All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

SECTION #.(f) The Commission shall submit a final report of the results of its study and its recommendations to the 2011 General Assembly. The Commission shall terminate on March 1, 2011, or upon the filing of its final report, whichever occurs first.

DRAFT
SPECIAL PROVISION

2010-DPI-H4-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

DROPOUT PREVENTION GRANTS

SECTION #.(a) Notwithstanding Section 7.13 of S.L. 2009-451, the Committee on Dropout Prevention shall provide grants of one million dollars ($1,000,000) each to the following three evidence-based operators of dropout prevention initiatives:

(1) Communities in Schools, Inc., to expand service to existing local programs, enable establishment of new local CIS programs, and, as matching or sustaining funds become available, support the placement of graduation coaches or creation of new Performance Learning Centers (PLCs).

(2) North Carolina Congress of Parents and Teachers, Incorporated, to implement the PTA Parental Involvement Initiative in additional school sites.

(3) One other recipient selected by the Committee.

SECTION #.(b) The Committee on Dropout Prevention shall identify a minimum of three recipients of Dropout Prevention Grants that the Committee feels show promise as statewide models for dropout prevention interventions. The Committee on Dropout Prevention shall report its selected grantees and the reasons why they were chosen to the Joint Legislative Education Oversight Committee by March 15, 2011.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H5-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION #.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2009-2010 fiscal year.

SECTION #.(b) This act becomes effective June 30, 2010.

DRAFT
SPECIAL PROVISION

2010-DPI-H6A

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

COOPERATIVE AND INNOVATIVE HIGH SCHOOLS

SECTION #.(a) G.S. 115C-238.50(e) reads as rewritten:

"(e) Cooperative innovative high school programs may include the creation of a school within a school, a technical high school, ~~or~~ a high school or technical center located on the campus of a college or ~~university.~~ university, or a five-year career academy operating as part of an existing high school."

SECTION #.(b) G.S. 115C-238.54 reads as rewritten:

"**§ 115C-238.54. Funds for programs.**

(a) The Department of Public Instruction shall assign a school code for each program that is approved under this ~~Part.~~ Part, with the exception of a five-year career academy operating as part of an existing high school, which shall continue to use the existing school code. All positions and other State and federal allotments that are generated for this program shall be assigned to that school code. Notwithstanding G.S. 115C-105.25, once funds are assigned to that school code, the local board of education may use these funds for the program and may transfer these funds between funding allotment categories.

(a1) A five-year career academy operating as part of an existing high school shall maintain records to identify and evaluate students enrolled in the five-year career academy program distinct from the general school population.

...."

SECTION #.(c) The Department of Public Instruction shall study the fiscal impacts of the Cooperative and Innovative High School Act (Part 9 of Article 16 of Chapter 115C of the General Statutes). The Department shall report the results of its study to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by March 15, 2011. The report shall include historical data on the number of new schools created each fiscal year attributable to the Cooperative and Innovative High School Act (Part 9 of Article 16 of Chapter 115C of the General Statutes).

SECTION #.(d) The State Board of Education shall not approve any additional schools under the Cooperative and Innovative High School Act (Part 9 of Article 16 of Chapter 115C of the General Statutes). that are to begin operation after July 1, 2010, unless the school has received an explicit appropriation for the General Assembly.

SECTION #.(e) Subsections (a) and (b) of this section are effective when this act becomes law and apply beginning with the 2010-2011 school year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H7-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

ELIMINATION OF CERTAIN REPORTS

SECTION #.(a) G.S. 115C-301(g) reads as rewritten:

"(g) Waivers and Allotment Adjustments. – Local boards of education shall report exceptions to the State Board of Education as provided in G.S. 115C-47(10), and shall request allotment adjustments or waivers from the standards set out above. Within 45 days of receipt of reports, the State Board of Education, within funds available, may allot additional positions or grant waivers for the excess class size or daily load.

(1) If the exception resulted from (i) exceptional circumstances, emergencies, or acts of God, (ii) large changes in student population, (iii) organizational problems caused by remote geographic location, or (iv) classes organized for a solitary curricular area, and

(2) If the local board cannot organizationally correct the exception.

~~All allotment adjustments and waivers submitted under this provision shall be reported to the Director of the Budget and to the General Assembly by May 15 of each year.~~"

SECTION #.(b) Sections 4 through 6 of S.L. 2007-453 are repealed.

SECTION #.(c) Section 7.60 of S.L. 2005-276 is repealed.

SECTION #.(d) Section 7.61(b) of S.L. 2005-276 reads as rewritten:

"**SECTION 7.61.(b)** To remain eligible for funds appropriated for the At-Risk/Alternative Schools allotment and the Improving Student Accountability allotment, local school administrative units must submit a report to the State Board of Education by October 31 of each year detailing the expenditure of the funds and the impact of these funds on student achievement. ~~The State Board of Education shall report this information annually by October 31 to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division.~~"

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DPI-H8-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

DISADVANTAGED STUDENTS SUPPLEMENTAL FUNDING

SECTION #. In determining whether to approve a local school administrative unit's plan for the expenditure of funds allocated to it for disadvantaged student supplemental funding, the State Board of Education shall take into consideration the extent to which the local school administrative unit's policies or expenditures contribute to increased segregation of schools on the basis of race or socioeconomic status.

DRAFT
SPECIAL PROVISION

2010-DPI-H24

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

COMMUNITY COLLEGE COURSES FOR HIGH SCHOOL STUDENTS

SECTION #.(a) It is the intent of the General Assembly to implement a funding formula in the 2011-2012 school year that will provide money to local school administrative units for the purpose of paying the tuition of high school students taking community college courses for which tuition is required.

SECTION #.(b) It is the intent of the General Assembly to eliminate the tuition waiver for courses taken by high school students at community colleges set forth in G.S. 115D-5(b) effective July 1, 2011, except for the waiver that applies to students in early college and middle college high school programs. Tuition shall continue to be waived for students in early college and middle college high school programs.

SECTION #.(c) For the 2011-2012 school year, the North Carolina Community College System budget shall be reduced by an amount calculated by multiplying the number of FTE high school students for whom tuition is required by the per capita budgeted receipts for community college curriculum instruction. This amount of funds shall be transferred to the State Board of Education for distribution to the local school administrative units.

SECTION #.(d) For the 2011-2012 school year, the State Public School Fund shall be reduced by an amount calculated by (i) subtracting the per capita budgeted receipts for community college curriculum instruction from the in-State tuition amount per FTE and (ii) multiplying the result by the number of FTE high school students for whom tuition is required. This amount of funds shall be available to the State Board of Education for distribution to the local school administrative units.

The State Board of Education shall ensure that appropriate and reliable data is corrected in order to implement this section.

SECTION #.(e) The amounts transferred to the State Board of Education under subsections (c) and (d) of this section shalll be distributed to local school administrative units based on the pro rata share of each local school administrative unit's number of FTE high school students for whom tuition is required.

SECTION #.(f) The amounts allocated to local school administrative units under section shall not be transferred to other uses and shall only be available for paying the tuition of high school students taking community college courses for which tuition is required.

DRAFT
SPECIAL PROVISION

2010-DPI-H25-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

ENVIRONMENTAL ENGINEER/SUPPORT SERVICES DIVISION

SECTION #. The State Board of Education may use up to two hundred thousand dollars ($200,000) of funds available to provide an environmental engineer in the Department of Public Instruction, Support Services Division, to address increasing environmental concerns in the public schools of North Carolina.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DOCC-H1(S8.1)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: **Representative**

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.1.(a) Of the funds appropriated to the Community Colleges System Office for the 2009-2011 fiscal biennium for the College Information System, up to one million two hundred fifty thousand dollars ($1,250,000) shall not revert at the end of each fiscal year but shall remain available until expended. These funds may only be used to purchase periodic system upgrades.

SECTION 8.1.(b) This section becomes effective June 30, 2010.

DRAFT
SPECIAL PROVISION

2010-DOCC-H2(S8.2)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: **Representative**

STATE AID BUDGET FLEXIBILITY

SECTION 8.2. G.S. 115D-31 is amended by adding a new subsection to read:

"(b1) A local community college may use all State funds allocated to it, except for Literacy funds and Customized Training funds, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DOCC-H3(S8.3)-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

EDUCATION FOR PRISON INMATES

SECTION 8.3.(a) Funds appropriated for community college courses for prison inmates shall be used only for inmates in State prisons. The first priority for the use of these funds shall be to restore the FTE for basic skills courses to the FY 2008-2009 level. Funds not needed for this purpose may be used for continuing education and curriculum courses related to job skills training. These funds shall not be used for Associate of Arts, Associate of Science, or Associate of General Education degrees.

SECTION 8.3.(b) Courses in federal prisons or local jails shall not earn regular budget full-time equivalents, but may be offered on a self-supporting basis.

SECTION 8.3.(c) The Department of Correction and the Community Colleges System Office shall report to the 2011 General Assembly on:

(1) The implementation of the new funding structure and requirements.

(2) Strategies for implementing their recommendations to:

a. Enhance measurable goals, objectives, and outcomes.

b. Enhance and standardize data collection.

c. Strengthen the continuum of programming from entry to exit, based on assessment of skills and needs.

d. Give individuals the opportunity to use specific skills through work assignments that meet system needs.

e. Tailor programs to specific inmate needs.

f. Increase Cognitive Behavioral Interventions (CBI) courses.

g. Develop an offender-specific human resources development course.

h. Explore additional funding sources.

i. Explore federal grant for wiring courses.

(3) Strategies for reasonably limiting the number of courses an individual takes while in prison.

SECTION 8.4.(c) G.S. 115D-5(c) reads as rewritten:

"(c) No course of instruction shall be offered by any community college at State expense or partial State expense to any captive or co-opted group of students, as defined by the State Board of Community Colleges, without prior approval of the State Board of Community Colleges. All course offerings approved for State prison inmates must be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of Community Colleges shall be presumed to constitute approval of both the course and the group served by that institution. The State Board of Community Colleges may delegate to the President the power to make an initial approval, with final approval to be made by the State Board of Community Colleges. A course taught without such approval will not yield any full-time equivalent students, as defined by the State Board of Community Colleges."

DRAFT
SPECIAL PROVISION

2010-DOCC-H4A(S8.4)-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: **Representative**

TUITION WAIVERS

SECTION 8.4.(a) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State ~~funds; provided, however, that the~~ funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees ~~for persons~~for:

(1) Persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent ~~certificate, for training~~ certificate;

(2) Training courses for (i) volunteer firemen, (ii) local fire department personnel, (iii) volunteer rescue and lifesaving department personnel, (iv) local rescue and lifesaving department personnel, (v) Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, ~~local~~ (vi) municipal, county, or State law-enforcement officers, (vii) inpatients in State alcoholic rehabilitation centers, (viii) all full-time custodial employees of the Department of Correction, and (ix) employees of the Department's Division of Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards ~~Commission,~~Commission;

(3) Patients in State alcoholic rehabilitation centers;~~trainees~~

(4) Trainees enrolled in courses conducted under the ~~New and Expanding Industry Program, clients~~ Customized Training Program;

(5) Clients of sheltered ~~workshops, clients~~workshops;

(6) Clients of adult developmental activity ~~programs, students~~programs;

(7) Students in Health and Human Services Development ~~Programs, juveniles~~Programs;

(8) Juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent ~~jurisdiction, members~~jurisdiction;

(9) Members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General ~~Statutes, and elementary~~ Statutes;

(10) Elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation ~~(CPR). Provided further, tuition shall be waived for up~~ (CPR);

(11) Up to six hours of credit instruction and ~~96 contact hours~~ one course of noncredit instruction per academic semester for senior citizens age 65 or older who are qualified as legal residents of North ~~Carolina. Provided further, tuition shall also be waived for all~~ Carolina;

(12) All curriculum courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this ~~section."~~section;

(13) Human resources development courses for any individual who (i) is unemployed; (ii) has received notification of a pending layoff; (iii) is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or (iv) is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines; and

(14) Prison inmates."

SECTION 8.4.(b) G.S. 115D-39 is amended by adding a new subsection to read:

"(a1) In addition, any federal law enforcement officer whose permanent duty station is within North Carolina shall also be eligible for the State resident community college tuition rate for law enforcement training courses."

SECTION 8.4.(c) The Community Colleges System Office shall report to the 2011 General Assembly on the number and cost of courses taken by State law enforcement officers and of courses taken by local law enforcement officers.

SECTION 8.4.(d) The Fiscal Research Division, in consultation with the Community Colleges System Office, shall make a comprehensive study of the currently authorized tuition waivers and shall report to the 2011 General Assembly on waivers that should be modified or abolished because they are not being used or for other reasons.

DRAFT
SPECIAL PROVISION

2010-DOCC-H5(S8.5)

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: **Representative**

COMMUNITY COLLEGE FINANCIAL AID LOANS

SECTION 8.5.(a) The State Board of Community Colleges shall permanently realign its funding formula by increasing the amount allocated in the funding formula for students' services by fifty million dollars ($50,000,000) and by reducing the amount in the funding formula for curriculum and continuing education instruction by a commensurate amount. The revised formula shall ensure that community colleges have the adequate funds and resources necessary to administer and provide financial aid services to students.

SECTION 8.5.(b) G.S. 115D-40.1 reads as rewritten:

"**§ 115D-40.1. Financial Assistance for Community College Students.**

(a) Need-Based Assistance Program. – It is the intent of the General Assembly that the Community College System make these financial aid funds available to the neediest students who are not eligible for other financial aid programs that fully cover the required educational expenses of these students. The State Board may use some of these funds as short-term loans to students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.

(b) Targeted Assistance. – Notwithstanding subsection (a) of this section, the State Board may allocate no more than ten percent (10%) of the funds appropriated for Financial Assistance for Community College Students to:

(1) Students who do not qualify for need-based assistance but who enroll in low-enrollment programs that prepare students for high-demand occupations, and

(2) Students with disabilities who have been referred by the Division of Vocational Rehabilitation and are enrolled in a community college.

(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in subsections (a) and (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The

~~The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds. The~~ interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College Grant Program.

(d) Participation in Federal Loan Programs. – All community colleges shall participate in the William D. Ford Federal Direct Loan Program. The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds

available to assist community college students, including, but not limited to, Pell Grants, HOPE and Lifetime Learning Tax Credits, and the William D. Ford Federal Direct Loan Program, and to actively encourage students to utilize these federal programs and funds."

SECTION 8.5.(c) Subsection (b) of this section becomes effective July 1, 2011, and expires July 1, 2012. The remainder of this section becomes effective July 1, 2010.

DRAFT
SPECIAL PROVISION

2010-DOCC-H6(S8.6)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

TUITION REFUNDS

SECTION 8.6.(a) A refund of community college tuition shall not be made except under the following circumstances:

(1) A one hundred percent (100%) refund shall be made if the student officially withdraws prior to the first day of class of the academic semester or term as noted in the college calendar. Also, a student is eligible for a 100 percent refund if the class in which the student is officially registered is cancelled due to insufficient enrollment.

(2) A seventy-five percent (75%) refund shall be made if the student officially withdraws from the class prior to or on the official ten percent (10%) point of the semester.

(3) For classes beginning at times other than the first week (seven calendar days) of a semester a one hundred percent (100%) refund shall be made if the student officially withdraws from the class prior to the first class meeting. A seventy-five percent (75%) refund shall be made if the student officially withdraws from the class prior to or on the ten percent (10%) point of the class.

(4) A one hundred percent (100%) refund shall be made if the student officially withdraws from a contact hour class prior to the first day of class of the academic semester or term or if the college cancels the class. A seventy-five percent (75%) shall be made if the student officially withdraws from a contact hour class on or before the tenth calendar day of the class.

SECTION 8.6.(b) To comply with applicable federal regulations regarding refunds, federal regulations supersede the provisions of this section.

SECTION 8.6.(c) Where a student, having paid the required tuition for a semester, dies during that semester (prior to or on the last day of examinations of the college the student was attending), all tuition and fees for that semester may be refunded to the estate of the deceased.

SECTION 8.6.(d) Community colleges shall adopt local refund policies for classes for which they collect receipts which are not required to be deposited into the State Treasury account.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DOCC-H8(S8.7)i

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES

SECTION 8.7. Section 8.24 of S.L. 2009-451 reads as rewritten:

"**SECTION 8.24.** The management flexibility reduction for the North Carolina Community College System shall be allocated by the State Board of Community Colleges in a manner that accounts for the unique needs of each college and provides for the equitable distribution of funds to the institutions consistent with G.S. 115D-5(a). Before taking reductions to instructional budgets, the community colleges shall consider reducing budgets for senior and middle management personnel and for programs that have both low-enrollment and low-postgraduate success. Colleges shall minimize the impact on student support services and on the retraining of dislocated workers. Colleges shall not reduce funding for the Small Business Centers. The community colleges shall also review their institutional funds to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DOCC-H9A-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: **Representative**

CATAWBA VALLEY COMMUNITY COLLEGE MANUFACTURING SOLUTIONS CENTER

SECTION #.(a) G.S. 115D-67.2(b)(7) reads as rewritten:

"(7) The Director of the ~~Hosiery Technology Center~~Manufacturing Solutions Center at Catawba Valley Community College who shall serve ex officio as a nonvoting member."

SECTION #.(b) Notwithstanding any other provision of law, all fees collected by the Manufacturing Solutions Center of Catawba Valley Community College for the testing of products shall be retained by the Center and used for the operations of the Center. Purchases made by the Center using these funds are not subject to the provisions of Article 3 of Chapter 143 of the General Statutes.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DOCC-H10-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

COMMUNITY COLLEGE EQUIPMENT FUNDS

SECTION #. Of the expansion funds appropriated for the 2010-2011 fiscal year for community college equipment, up to two hundred fifty thousand dollars ($250,000) may be used for virtual 3-D equipment.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-DOCC-H11-P

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: **Representative**

BASIC SKILLS PLUS

SECTION #. Section 8.2 of S.L. 2009-451 reads as rewritten:

"~~**SECTION 8.2.**~~**SECTION 8.2.(a)** Notwithstanding any other provision of law, a local community college may use up to five percent (5%) of the Literacy Funds allocated to it by the State Board of Community Colleges to procure instructional technology for literacy labs. This technology may include computers, instructional software and software licenses, scanners for testing, and classroom projection equipment. The State Board may also authorize a local community college to use up to twenty percent (20%) of the State Literacy Funds allocated to it to provide employability skills, job-specific occupational and technical skills, and developmental education instruction to students concurrently enrolled in a community college course leading to a high school diploma or equivalent certificate.

"**SECTION 8.2.(b)** Notwithstanding any other provision of law, if a community college provides employability skills, job-specific occupational or technical skills, or developmental education instruction, to students concurrently enrolled in a community college course leading to a high school diploma or equivalent certificate, the college may waive the tuition and registration fees associated with this instruction."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H2

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ECU/REVERT BALANCE OF MAGNETIC RESONANCE IMAGING (MRI) LEASE & EQUIPMENT FUNDS

SECTION #. Funds received by the East Carolina University School of Medicine (now Brody School of Medicine) from Pitt County Memorial Hospital for the lease of the Magnetic Resonance Imaging (MRI) building and equipment shall revert to the General Fund.

DRAFT
SPECIAL PROVISION

2010-UNC-H3

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

PROJECTION OF UNC ENROLLMENT GROWTH/SECOND YEAR OF BIENNIUM/LIMIT FUTURE APPROPRIATIONS FOR ENROLLMENT GROWTH

SECTION #.(a) G.S. 116-30.7 reads as rewritten:

"**§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.**

By October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b). The amount of the funds budgeted for enrollment growth for the biennium shall not be increased in the second year of the biennium."

SECTION #.(b) The General Assembly intends to appropriate funds for a maximum of one percent growth in student credit hours in the 2011-2012 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H4

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

UNC BANNER SYSTEM/ASU HEALTH SCIENCES

SECTION #.(a) Of the funds appropriated to the Board of Governors of The University of North Carolina for a "Strategic Initiatives Reserve", for the 2010-2011 fiscal year, the sum of six hundred seventy-five thousand dollars ($675,000) of the reserve shall be used to complete the Central Banner Payroll project and the Banner Hosting project. The Central Banner Payroll project serves nine constituent institutions. The Banner Hosting Project serves three constituent institutions.

SECTION #.(b) Of the funds appropriated to the Board of Governors of The University of North Carolina for a "Strategic Initiatives Reserve", for the 2010-2011 fiscal year, the sum of two hundred fifty thousand dollars ($250,000) of the reserve shall be used to fund the operating and staffing needs of the newly established College of Health Sciences and Allied Professions at Appalachian State University.

SECTION #.(c) By February 1, 2011, the President of The University of North Carolina shall report to the the House of Representatives Appropriations Subcommittee on Education and the Senate Appropriations Committee on Education/Higher Education regarding: (i) the progress in completing the installation and implementation of the Central Banner Payroll project and the Banner Hosting Project, and (ii) the use of the funds for the operating and staffing needs of the College of Health Sciences and Allied Professions at Appalachian State University.

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND LIMITED TO FOCUSED GROWTH AND SPECIAL NEEDS INSTITUTIONS

SECTION #.(a) G.S. 116-41.13 reads as rewritten:

"§ 116-41.13. Distinguished Professors Endowment Trust Fund; purpose.

The General Assembly of North Carolina recognizes that the public university system would be greatly strengthened by the addition of distinguished scholars. It further recognizes that private as well as State support is preferred in helping to obtain distinguished scholars for the State universities and that private support will help strengthen the commitment of citizens and organizations in promoting excellence throughout all State universities. It is the intent of the General Assembly to establish a trust fund to provide the opportunity to each State university that is a focused growth institution or a special needs institution to receive and match challenge grants to create endowments for selected distinguished professors to occupy chairs within the university. The associated foundations that serve the universities shall solicit and receive gifts from private sources to provide for matching funds to the trust fund challenge grants for the establishment of endowments for chairs within universities."

SECTION #.(b) G.S. 116-41.14 reads as rewritten:

"§ 116-41.14. Distinguished Professors Endowment Trust Fund; establishment; maintenance.

(a) There is established a Distinguished Professors Endowment Trust Fund to be maintained by the Board to provide challenge grants to the constituent ~~institutions.~~ institutions that are focused growth or special needs institutions.

(b) All appropriated funds deposited into the trust fund shall be invested pursuant to G.S. 116-36. Interest income accruing to that portion of the trust fund not matched shall increase the total funds available for challenge grants."

SECTION #.(c) G.S. 116-41.15 reads as rewritten:

"§ 116-41.15. Distinguished Professors Endowment Trust Fund; allocation; administration.

~~(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:~~

~~(1) On the basis of one three hundred thirty four thousand dollar ($334,000) challenge grant for each six hundred sixty six thousand dollars ($666,000) raised from private sources; or~~

~~(2) On the basis of one one hundred sixty seven thousand dollar ($167,000) challenge grant for each three hundred thirty three thousand dollars ($333,000) raised from private sources; or~~

~~(3) On the basis of one challenge grant of up to six hundred sixty seven thousand dollars ($667,000) for funds raised from private sources in twice the amount of the challenge grant.~~

~~If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision (1), subdivision (2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on the basis of two dollars of private funds for every one dollar of State funds.~~

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one five hundred thousand dollar ($500,000) challenge grant for each five hundred thousand dollars ($500,000) raised from private sources; or

(2) On the basis of one two hundred fifty thousand dollar ($250,000) challenge grant for each two hundred fifty thousand dollars ($250,000) raised from private sources; or

(3) On the basis of one challenge grant of up to one million dollars ($1,000,000) for funds raised from private sources in the same amount as the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision (1), subdivision (2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on the basis of one dollar of private funds for every dollar of State funds.

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust Fund, and shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created."

SECTION #.(d) G.S. 116-41.16 reads as rewritten:

"**§ 116-41.16. Distinguished Professors Endowment Trust Fund; contribution commitments.**

~~(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:~~

~~(1) A commitment to make a donation of at least six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143C-4-5, and an initial payment of one hundred eleven thousand dollars ($111,000) to receive a grant described in G.S. 116-41.15(a)(1); or~~

~~(2) A commitment to make a donation of at least three hundred thirty-three thousand dollars ($333,000), as prescribed by G.S. 143C-4-5, and an initial payment of fifty-five thousand five hundred dollars ($55,500) to receive a grant described in G.S. 116-41.15(a)(2); or~~

~~(3) A commitment to make a donation in excess of six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4 [G.S. 143C-4-5], and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(a)(3); and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment. Pledged contributions may not be~~

~~matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair.~~

(b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least five hundred thousand dollars ($500,000), as prescribed by G.S. 143C-4-5, and an initial payment of eighty-three thousand three hundred dollars ($83,300) to receive a grant described in G.S. 116-41.5(b)(1); or

(2) A commitment to make a donation of at least two hundred fifty thousand dollars ($250,000), as prescribed by G.S. 143C-4-5, and an initial payment of forty-one thousand six hundred dollars ($41,600) to receive a grant described in G.S. 116-41.15(b)(2); or

(3) A commitment to make a donation in excess of five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4 [G.S. 143C-4-5], and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(b)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair."

SECTION #.(e) G.S. 116-41.17 reads as rewritten:

"**§ 116-41.17. Distinguished Professors Endowment Trust Fund; establishment of chairs.**

When the sum of the challenge grant and matching funds in the Distinguished Professors Endowment Trust Fund reaches:

(1) One million dollars ($1,000,000), if the sum of funds described in ~~G.S. 116-41.15(a)(1) or~~ G.S. 116-41.15(b)(1); or

(2) Five hundred thousand dollars ($500,000), if the sum of funds described in ~~G.S. 116-41.15(a)(2) or~~ G.S. 116-41.15(b)(2); or

(3) An amount up to two million dollars ($2,000,000), if the sum of funds described in ~~G.S. 116-41.15(a)(3) or~~ G.S. 116-41.15(b)(3);

the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs. The Board, in considering whether to approve the recommendation, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees."

SECTION #.(f) This section does not affect any professorship endowment fund that was eligible for State matching funds under Part 4A of Article 1 of Chapter 116 of the General Statutes before July 1, 2010, but that had not received those funds due to a backlog; and those professorship endowment funds shall still be funded as if the statutes that would be applicable under Part 4A of Article 1 of Chapter 116 of the General Statutes had not been amended or repealed. However, on or after July 1, 2010, the only new endowment funds eligible for State matching funds from the Distinguished Professors Endowment Trust Fund established under G.S. 41.14 are those at focused growth institutions or special needs institutions as defined in G.S. 116-41.13A.

DRAFT
SPECIAL PROVISION

2010-UNC-H6

University of North Carolina and Private Institution
Appropriations Subcommittee on Education

Requested by: Representative

NCSU/RESTORE MASTER GARDENER FUNDS

SECTION #. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to North Carolina State University for the 2010-2011 fiscal year the sum of forty-eight thousand eight hundred seventy-eight dollars ($48,878) shall be restored to the master gardener account.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H7

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ELIMINATE IN-STATE TUITION FOR ATHLETIC SCHOLARSHIPS

SECTION #. G.S. 116-143.6(a) reads as rewritten:

"(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full ~~scholarships~~ scholarships, unless the scholarship is for athletics, to the institution from entities recognized by the institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The University of North Carolina."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H9A

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: **Representative**

AMEND TUITION WAIVER

SECTION #. G.S. 115B-2 reads as rewritten:

"§ 115B-2. Tuition waiver authorized.

(a) The constituent institutions of The University of North Carolina and the community colleges as defined in G.S. 115D-2(2) shall permit the following persons to attend classes for credit or noncredit purposes without the required payment of tuition:

(1) Repealed by Session Laws 2009-451, s. 8.11(a), effective July 1, 2009.

(2) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.

(3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.

(4) Any child, if the child is at least 17 years old but not yet ~~23 years old,~~24 years old, whose parent is a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed: (i) ~~48 months,~~ eight academic semesters if the child is seeking a baccalaureate degree, or (ii) if the child is not seeking a baccalaureate degree, the number of months required to complete the educational program to which the child is applying.

(5) Any child, if the child (i) is at least 17 years old but not yet ~~23 years old,~~24 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student.

(b) Persons eligible for the tuition waiver under subsection (a) of this section must meet admission and other standards considered appropriate by the educational institution. In addition, the constituent institutions of The University of North Carolina shall accept these persons only on a space available basis."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H10(S9.1)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

REPEAL ESCHEAT FUND APPROPRIATION FOR MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM

SECTION 9.1. Section 9.1.(c) of S.L. 2009-451 is repealed.

DRAFT
SPECIAL PROVISION

2010-UNC-H12(S9.2)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

STUDY FINANCIAL AID CONSOLIDATION

SECTION 9.2.(a) The State Education Assistance Authority, The University of North Carolina, the North Carolina Community College System, and the Fiscal Research Division of the General Assembly shall establish a work group to study jointly the simplification and consolidation of State-funded financial aid for students. North Carolina Independent Colleges and Universities, Inc., shall also be included as a joint member of the work group if it chooses to participate in the study. The State Education Assistance Authority shall be the lead agency for the work group and study.

SECTION 9.2.(b) The purpose of the study is to develop recommendations and options for simplifying and consolidating the delivery of, administration of, and access to State-funded financial aid for students. In conducting the study, the work group shall consider the State's current student financial aid programs and how to consolidate those programs into two categories of State-funded student aid programs: one program that consolidates the State's major need-based programs and one program that consolidates many of the State's scholarship and forgivable loan programs currently available to students who plan to earn degrees and pursue careers in certain professional areas. More specifically the work group shall do the following:

(1) Design a unified need-based financial aid program that combines at a minimum the following three programs into a single need-based financial aid program: The University of North Carolina Need-Based Grant program, the North Carolina Community College Grant program, and the North Carolina Education Lottery Scholarship program established under Article 35A of Chapter 115C of the General Statutes. Currently each of these programs has its own award criteria, formulas, target populations, and funding sources (Escheat Fund, General Fund, and Lottery Funds). As part of its study, the work group shall determine what the appropriate parameters may be for such a unified program by using models that take into account income, expected family contribution, college expenses, type of college attended, and any other factors the work group deems relevant. In designing the program, the work group shall address the issue of proportionality of funding and shall take into account all of the following in its consideration of that issue: the proportionality of funding that currently exists among The University of North Carolina, the North Carolina Community College System, and the North Carolina private colleges and universities; funding sources; accounting for student enrollment change; monetary differences between certain categories of students and whether based on those monetary differences student financial aid should be based on cost of attendance or tuition and fees. The work group may also consider whether it is appropriate

to redefine "need" for purposes of student financial aid and to develop a common formula for the distribution of financial aid and the consequences of any proposed modifications if the decision is made to redefine "need" and develop a common formula. The program shall be designed to: (i) distribute funds in a manner that is consistent with legislative intent, but more easily understood by potential students, and (ii) retain the ability to track lottery funds.

(2) Design a "forgivable loans for service" program that combines at a minimum the following existing programs into one consolidated program that focuses on loans for services: the Nurse Educators of Tomorrow; Nurse Scholars Program; Nurse Education Scholarship Loan Program; Board of Governors Medical Scholarship Loans; Board of Governors Dental Scholarship Loans; Health, Science and Mathematics Student Loan Program; Prospective Teacher Scholarship Loan Program; and the Teacher Assistant Scholarship Program. This single consolidated program shall initially focus on two high area needs: teaching and health professions (including nursing, allied health and medical, dental, and pharmacy careers). In designing this program, the work group may consider the current allocation of funds among the various scholarship and forgivable loan programs, whether it would be appropriate to allow the reallocation and award of funds not distributed as forgivable loans in a specific service area to be awarded as forgivable loans in a different service area, and, if so, what procedure and methodology would be appropriate to trigger the reallocation of funds and provide for the distribution of those funds as awards in a different service area.

SECTION 9.2.(c) In addition to the considerations set out in subsection (b) of this section, the work group shall also consider all of the following:

(1) The time period required to phase out student loans from any of the programs affected by the program consolidation.

(2) How federal funding may affect student financial aid services.

(3) How to deal with current recipients of funds from programs affected by the consolidation.

(4) How to deal with recipients who are paying back loans made through programs affected by the consolidation.

(5) Whether the State Education Assistance Authority should be authorized to extend the repayment period for forgivable loans in hardship circumstances when a good faith effort has been made to repay the loan in a timely manner, and if so, what the appropriate procedure may be for making that determination and extending the repayment period.

(6) Whether there are, and if so how to address, any significant abuses of the financial aid system, particularly by persons who intentionally apply for and receive financial aid but who intend to drop out of school after securing financial aid funds.

(7) Any other issues the work group deems relevant to this study.

SECTION 9.2.(d) The work group shall present its proposed program designs and report its findings and recommendations to the Joint Select Committee on State Funded Student Financial Aid by October 1, 2010. In its report the work group shall also identify options that may vary from the proposed program designs but that are alternatives that the work group determines may also be workable and consistent with the legislative intent of this study. The

work group shall also include in the report any legislative changes that may be needed to implement the program designs and work group recommendations.

DRAFT
SPECIAL PROVISION

2010-UNC-H13(S9.3)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

COORDINATE THE REPORT DUE DATES FOR VARIOUS TEACHER EDUCATION REPORTS

SECTION 9.3.(a) G.S. 116-11 is amended by adding a new subdivision to read:

"(12d) The Board of Governors shall provide a comprehensive annual report on teacher education efforts at The University of North Carolina. The report shall include information about teacher education and recruitment, 2+2 initiatives, distance education programs focused on teacher education, and professional development programs for teachers and school administrators. The teacher education report shall be due on April 15 of each year to the Joint Legislative Education Oversight Committee and the State Board of Education."

SECTION 9.3.(b) G.S. 116-74.21(c) reads as rewritten:

"(c) The Board of Governors shall study the issue of supply and demand of school administrators to determine the number of school administrators to be trained in the programs in each year of the biennium and report the results of this study to the Joint Legislative Education Oversight Committee no later than ~~March 1~~ April 15 annually."

SECTION 9.3.(c) Section 9.7(c) of S.L. 2008-107 reads as rewritten:

"**SECTION 9.7.(c)** The University of North Carolina and Community Colleges System Office shall report by ~~September 1, 2008~~, April 15, 2011, and annually thereafter, to the Joint Legislative Education Oversight ~~Commission~~ Committee, the State Board of Education, 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 classrooms, 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."

SECTION 9.3.(d) Section 9.3(c) of S.L. 2005-276 reads as rewritten:

"**SECTION** 9.3.(c) These results shall be reported by ~~September 1, 2006,~~ April 15, 2011, and annually thereafter to the State Board of Education, the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Education Cabinet, the Joint Legislative Education Oversight ~~Commission,~~ Committee, and the Office of State Budget and Management."

SECTION 9.3.(c) Section 9.9 of S.L. 2002-126 reads as rewritten:

"**SECTION** 9.9. The Board of Governors of The University of North Carolina may allow Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University each to allocate up to one hundred seventy-eight thousand three hundred eighty dollars ($178,380) of the funds allocated to them for focused enrollment growth for a maximum of 20 Prospective Teacher Scholars. These funds may be used to recruit new nonresident students to enter into agreements to: (i) pursue a full-time course of study that will lead to teacher certification in North Carolina and (ii) teach in a North Carolina public school or a school operated by the United States government in North Carolina for one year for each year that they receive this benefit. The Board of Governors shall establish guidelines and regulations for this pilot program, including methodology for determining its success in increasing the supply of qualified teachers for North Carolina public schools. The Board shall report its guidelines and regulations to guide these pilot programs to the Joint Legislative Education Oversight Committee by ~~November 15, 2002,~~ April 15, 2011. The Board shall report annually to the Committee on the progress of the pilot programs and their costs."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H14(S9.4)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ELIMINATE BIENNIAL DISTANCE EDUCATION REPORTS

SECTION 9.4. Section 11.7 of S.L. 1998-212 reads as rewritten:

"Section 11.7. This act provides funding to The University of North Carolina Board of Governors for degree-related courses provided away from the campus sites of the constituent institutions of The University of North Carolina. The intent of this commitment is to provide expanded opportunities for higher education to more North Carolina residents, including nontraditional students, and to increase the number of North Carolina residents who earn post-secondary degrees.

These funds shall be used for the provision of off-campus higher education programs, including the costs for the development or adaptation of programs for this purpose, and the funds may be used for the costs of providing space and services at the off-campus sites.

Prior to approving funding for off-campus programs in nursing, the Board shall consult with the central office of the Area Health Education Centers (AHEC) to obtain information about regional needs and priorities and to coordinate funding with AHEC efforts in nursing education.

The Board of Governors shall track these funds separately in order to provide data on the costs of providing these programs, including the different costs for various methods of delivery of educational programs. The Board of Governors shall provide for evaluation of these off-campus programs, including comparisons to the costs and quality of on-campus delivery of similar programs, as well as the impact on access to higher education and the educational attainment levels of North Carolina residents. ~~The Board shall report a preliminary report to the General Assembly by May 1, 2000, and subsequent evaluations, including recommendations for changes, shall be made at least biennially to the Joint Legislative Education Oversight Committee.~~"

DRAFT
SPECIAL PROVISION

2010-UNC-H15(S9.5)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

REPEAL DUPLICATE STUDY/STATE-FUNDED STUDENT FINANCIAL AID

SECTION 9.5. Section 9.24 of S.L. 2009-451 is repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H16(S9.6)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.6. Section 9.4 of S.L. 2009-451 reads as rewritten:

"**SECTION 9.4.** The General Assembly finds that in order to expand opportunities for students involved in the performing arts, existing funding for the Summer Institute on Roanoke Island should not be allocated to one specific University of North Carolina institution but instead be allocated directly to the Roanoke Island Commission, so that any interested University of North Carolina institution may have the opportunity to participate in summer arts enrichment and education programs. Therefore, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Summer Institute of the University of North Carolina School of the Arts on Roanoke Island program for the 2009-2011 fiscal biennium, the sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646) shall be transferred for the 2009-2010 fiscal year to the Roanoke Island Commission, and the ~~sum of four hundred sixty-one thousand six hundred forty-six dollars ($461,646) shall be transferred for the 2010-2011 fiscal year to the Roanoke Island Commission.~~ recurring funds appropriated for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the University of North Carolina School of the Arts for the Summer Institute on Roanoke Island program shall be permanently transferred to the Department of Cultural Resources and allocated to the Roanoke Island Commission. The amount to be transferred shall be equal to the amount of the appropriation remaining after all reductions, prior to and included in the act, are incorporated. The Roanoke Island Commission may use these funds to purchase equipment and to contract with any of the constituent institutions of The University of North Carolina System to provide music and drama students an education in a professional performing environment while providing a public service to the State. Any available funds may be used to contract with community-based or nonprofit performing arts groups or other performing arts groups supported with State or local funds to provide music and drama on Roanoke Island."

DRAFT
SPECIAL PROVISION

2010-UNC-H17(S9.7)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) PROGRAMS

SECTION 9.7.(a) In order to assess the effectiveness of the science, technology, engineering, and mathematics (STEM) programs administered by The University of North Carolina, General Administration shall compile a comprehensive list of the programs within The University System whose primary objective is to provide community outreach in the form of either (i) teacher professional development programs to strengthen the quality of science or mathematics instruction in the public schools or (ii) K-12 student enrichment programs in the areas of science, technology, engineering, or mathematics. The University of North Carolina General Administration shall submit the list of STEM programs compiled pursuant to this subsection to the Office of State Budget and Management and the Fiscal Research Division by February 15, 2011.

At a minimum, all of the following programs shall be included in the list:

(1) Pre-College and Teacher Professional Development programs administered through the North Carolina Mathematics and Science Education Network (NC-MSEN).

(2) Summer Ventures Program.

(3) North Carolina Central University Center for Science, Math and Technology Education.

(4) Fayetteville State University CHEER Summer Bridges.

(5) NCSTEM Community Collaborative.

SECTION 9.7.(b) The University of North Carolina General Administration shall conduct a review of each of the programs identified pursuant to subsection (a) of this section and shall report the results to the Office of State Budget and Management and the Fiscal Research Division no later than September 30, 2011, to assist with future funding decisions. The report shall contain the following information for each program:

(1) A description of the program mission, goals, and objectives.

(2) The statutory objectives for the program if applicable.

(3) Annual State appropriation and receipt funding for the program.

(4) Program effectiveness measures for Teacher Professional Development programs to include at a minimum:

a. A measure of teachers' classroom effectiveness in STEM areas before and after attending a university professional development program.

b. A measure of math and science educators retained as a result of attending a UNC professional development program.

(5) Program effectiveness measures for student enrichment programs to include at a minimum:

a. A measure of students' expected college and career aspirations before and after attending a STEM program.

b. A measure of students' math and science performance on standardized tests before and after attending a STEM program.

c. A measure of declared STEM majors within the UNC system who attended a UNC-sponsored STEM program.

SECTION 9.7.(c) In addition, the Department of Public Instruction shall survey math and science educators in North Carolina to identify the number of current math and science educators who attended a Pre-College or Summer Ventures program sponsored by The University of North Carolina before entering college. The survey may be conducted in cooperation with ongoing data collection efforts within The University of North Carolina System. The data shall be reported to the Office of State Budget and Management and the Fiscal Research Division by February 15, 2011.

DRAFT
SPECIAL PROVISION

2010-UNC-H18(S9.8)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 9.8. The A+ Schools program is transferred from the University of North Carolina at Greensboro to the North Carolina Arts Council in the Department of Cultural Resources, as if by a Type I transfer as defined in G.S. 143A-6, with all the elements of such a transfer. The program transfer shall include the sum of fifty-eight thousand six hundred thirty-eight dollars ($58,638).

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H19(S9.9)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.9. Section 9.14(a) of S.L. 2009-451 reads as rewritten:

"**SECTION 9.14.(a)** Of the funds received by the State and appropriated by United States Public Law 111-005, the American Recovery and Reinvestment Act of 2009, and appropriated in this act to the State Energy Office for the 2009-2010 fiscal year, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds shall be allocated to The University of North Carolina to continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107. The University shall contract with a third party by October 1, 2009, to design, permit, procure, construct, establish, ~~operate, and reclaim as appropriate at the end of their economic life~~and operate up to three demonstration turbines and necessary support facilities in the sounds or off the coast of ~~North Carolina by September 1, 2010.~~North Carolina. The contract shall provide for the reclamation and decommissioning of the project at the end of its economic life. The demonstration project shall commence operations as soon as practicable, and, in any event, no later than December 31, 2011.

Any contract entered into between The University and a third party pursuant to this section shall ensure that The University is provided appropriate access to the demonstration turbines and necessary support facilities for research purposes. The actual number and placement of the wind turbines and necessary support facilities shall be determined by the coastal sounds wind energy study in coordination with participating entities. The Director of the Budget shall ensure that any available federal funds are secured by the State to construct the demonstration turbines and necessary support facilities. The University may negotiate and execute any rights-of-way, easements, leases, and any other agreements necessary to construct, establish, and operate the demonstration turbines and supporting facilities, notwithstanding any other provisions of law governing such negotiation and execution of any rights-of-way, easements, leases, or other required agreements required for the facilities authorized under this section."

DRAFT
SPECIAL PROVISION

2010-UNC-H22(S9.12)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

UNIVERSITY CANCER RESEARCH FUND

SECTION 9.12. G.S. 116-29.1 reads as rewritten:

"**§ 116-29.1. University Cancer Research Fund.**

...

(c) Cancer Research Fund Committee. – The Cancer Research Fund Committee shall consist of five ex officio members and two appointed members. The five ex officio members shall consist of the following: (i) one member shall be the ~~President of The University of North Carolina,~~ Chancellor of the University of North Carolina at Chapel Hill, (ii) one member shall be the Director of the Lineberger Comprehensive Cancer Center, (iii) one member shall be the Dean of the School of Medicine at The University of North Carolina, (iv) one member shall be the Dean of the School of Pharmacy at The University of North Carolina, and (v) one member shall be the Dean of the School of Public Health at The University of North Carolina. The remaining two members shall be appointed by a majority vote of the standing members of the Committee and shall be selected from persons holding a leadership position in a nationally prominent cancer program.

If any of the specified positions cease to exist, then the successor position shall be deemed to be substituted in the place of the former one, and the person holding the successor position shall become an ex officio member of the Committee."

(d) Chair. – The chair shall be the ~~President of The University of North Carolina.~~Chancellor of the University of North Carolina at Chapel Hill.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H25(S9.15)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative .

RECRUITMENT OF PHARMACY STUDENTS

SECTION 9.15. The University of North Carolina at Chapel Hill shall collaborate with the University of North Carolina at Asheville and Elizabeth City State University regarding the recruitment of students of pharmacy. The universities shall develop and institute a plan in which potential pharmacy students are informed of the pharmacy programs at each of the public universities in an effort to recruit those students to State schools.

DRAFT
SPECIAL PROVISION

2010-UNC-H26

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

SUCCESS NC REPORT

SECTION #. The Executive Director of UNC Tomorrow and the Executive Vice President of the North Carolina Community College System shall report to the Joint Legislative Education Oversight Committee by December 1, 2010, regarding the progress in implementing Success NC. Success NC is a program that represents a collaborative effort between The University of North Carolina and the North Carolina Community College System with the goal of increasing the number of North Carolinians with college degrees and workplace relevant credentials to prepare them for success in today's 21st century knowledge-based workforce.

DRAFT
SPECIAL PROVISION

2010-UNC-H27

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

APPALACHIAN STATE UNIVERSITY CENTER AT HICKORY

SECTION #.(a) Section 8.25 of S.L. 2009-451 is repealed.

SECTION #.(b) Of the funds appropriated by this act to the Community Colleges System Office and allocated to the Hickory Metropolitan Higher Education Center for the 2010-2011 fiscal year the sum of two hundred sixty-four thousand eight hundred thirty-three dollars ($264,833) is transferred from the Community Colleges System Office to the Board of Governors of The University of North Carolina to be allocated to Appalachian State University to assist with the administrative costs of operating the Appalachian State University Center at Hickory.

DRAFT
SPECIAL PROVISION

2010-UNC-H28

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ECU DENTAL SCHOOL FUNDS/CONTINUING STATE FINANCIAL SUPPORT TO ENSURE ACCREDITATION

SECTION #. It is the intent of the General Assembly to appropriate funds in the amount of three million five hundred thousand dollars ($3,500,000) for the 2011-2012 fiscal year and the sum of one million five hundred thousand dollars ($1,500,000) for the 2012-2013 fiscal year to the Board of Governors of The University of North Carolina for East Carolina University to provide continuing State financial support of the School of Dentistry at East Carolina University in future fiscal years and to help secure accreditation of the School of Dentistry by the American Dental Association's Commission on Accreditation.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION

2010-UNC-H29

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

TRANSFER SURPLUS IN LEGISLATIVE TUITION GRANTS AND RELIGIOUS COLLEGE GRANTS TO CONTRACTUAL SCHOLARSHIP FUND

SECTION #. (a) Notwithstanding any other provision of law, if the amount appropriated by this act to the State Education Assistance Authority for the 2010-2011 fiscal year for legislative tuition grants exceeds the amount required to pay the legislative tuition grants in the amount of one thousand eight hundred fifty dollars ($1,850) to each North Carolina resident student attending the State's private colleges, then the State Education Assistance Authority shall deposit the surplus balance of the funds into the State Contractual Scholarship Fund and may use those funds to provide additional scholarships for or to increase the scholarship amounts awarded to students who have financial need.

SECTION #.(b) Notwithstanding any other provision of law, if the amount appropriated by this act to the State Education Assistance Authority for the 2010-2011 fiscal year for religious college grants exceeds the amount required to pay the religious college grants in the amount of one thousand eight hundred fifty dollars ($1,850) to each North Carolina resident student attending the State's eligible institutions as defined by G.S. 116-43.5, then the State Education Assistance Authority shall deposit the surplus balance of the funds into the State Contractual Scholarship Fund and may use those funds to provide additional scholarships for or to increase the scholarship amounts awarded to students who have financial need.

DRAFT
SPECIAL PROVISION

2010-UNC-H30

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

CAMPUS INITIATED TUITION INCREASES/FIFTY PERCENT FOR STUDENT FINANCIAL AID

SECTION #.(a) Section 9.23 of S.L. 2009-451 is repealed.

SECTION #.(b) All campus initiated tuition increases approved by the Board of Governors of The University of North Carolina may be implemented; however, each campus that implements the tuition increase shall expend fifty percent (50%) of the increase on student financial aid and may use as much of the remaining tuition income as needed to fully meet student financial aid needs on that campus.

Attachment #5

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

S897-AMH-15 [v.3]

Comm. Sub. [NO]
Amends Title [NO]
Education Comm. Report

Date _____,2010

Representative Lucas

moves to amend the special provisions on page 12, by adding a new special provision after the page to read:

"**LEA CONSTRUCTION CONTRACTING CLARIFICATION**

SECTION 7.14 G.S. 115C-530 reads as rewritten:

'**§ 115C-530. Operational leases of school buildings and school facilities.**

(a) Local boards of education may enter into operational leases of real or personal property for use as school buildings or school facilities. Operational leases for terms of less than three years shall not be subject to the approval of the board of county commissioners. Operational leases for terms of three years or longer, including periods that may be added to the original term through the exercise of options to renew or extend, are permitted if all of the following conditions are met:

(1) The budget resolution includes an appropriation authorizing the current fiscal year's portion of the obligation.

(2) An unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the lease for the current fiscal year.

(3) The leases are approved by a resolution adopted by the board of county commissioners. If an operational lease is approved by the board of county commissioners, in each year the county commissioners shall appropriate sufficient funds to meet the amounts to be paid during the fiscal year under the lease.

(4) Any construction, repair, or renovation of the property is in compliance with the requirements of G.S. 115C-521(c) relating to energy guidelines.

For purposes of this section, an operational lease is defined according to generally accepted accounting ~~principles.~~principles and may be for new or renovated buildings.

(b) Local boards of education may enter into contracts for the construction, repair or renovation of leased property if (i) the budget resolution includes an appropriation authorizing the obligation, (ii) an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year, and (iii) the repair or renovation is in compliance with the requirements of G.S. 115C-521(c) relating to energy guidelines. Construction, repair or renovation work undertaken or contracted by a private developer is not subject to the requirements of Article 8 of Chapter 143 of the General Statutes. Contracts for renovation that ~~are subject to the bidding requirements of G.S.~~

~~143-129(a)~~involve the expenditure of public funds in excess of $500,000 and which do not constitute continuing contracts for capital outlay must be approved by the board of county commissioners.

(c) Operational leases and contracts entered into under this section are subject to approval by the Local Government Commission under Article 8 of Chapter 159 of the General Statutes if they meet the standards set out in G.S. 159-148(a)(1), 159-148(a)(2), and 159-148(a)(3). For purposes of determining whether the standards set out in G.S. 159-148(a)(3) have been met, only the five hundred thousand dollar ($500,000) threshold shall apply.'"

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 6

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 2
(to be filled in by Principal Clerk)

S897-ALH-52 [v.2]

Comm. Sub. [YES]
Amends Title [NO]
EDUC Provision Report

Date _____,2010

Representative Tarleton

moves to amend the Education Special Provision Report dated May 27, 2010, on page 40, line 1 through page 42, line 49, by deleting those lines.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 7

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 3
(to be filled in by Principal Clerk)

S897-ALE-85 [v.2]

Comm. Sub. [YES]
Amends Title [NO]
Subcommittee Report

Date _____,2010

Representative Tarleton

moves to amend the subcommittee report on page F-4, item 18, by reducing the amount appropriated by $236,529 in recurring funds and by rewriting the text to read:
"**18 HMCUC Funds Transfer**
Transfers some funds from the Historically Minority Colleges and Universities Consortium Closing the Achievement Gap project in the UNC system into the Department of Public Instruction to expand funding of the Dropout Prevention Grant Iniative."; and

on page F-5, item 26, by deleting the item.

SIGNED Tarleton
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 8

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 4
(to be filled in by Principal Clerk)

S897-ALE-87 [v.1]

Comm. Sub. [YES]
Amends Title [NO]
Subcommittee Report

Date _____,2010

Representative Rapp

moves to amend the special provisions on page 18, line 14, by deleting the words "three recipients" and substituting "three additional recipients".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 9

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 5
(to be filled in by Principal Clerk)

S897-ALE-88 [v.1]

Comm. Sub. [YES]
Amends Title [NO]
Subcommittee Report

Date _____, 2010

Representative Rapp

moves to amend the subcommittee report on page F-4, item 17, by deleting the language "item #68" and substituting "item #69".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 10

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 6
(to be filled in by
Principal Clerk)

S897-ALE-89 [v.2]

Comm. Sub. [NO]
Amends Title [NO]
Education Committee Repor

Date _____,2010

Representative Lucas

moves to amend the special provisions on page 11, line 18, by adding a new subsection after the line to read:

"**SECTION 7.11.(c)** The Joint Legislative Education Oversight Committee is directed to recommend a plan for implementing a National Board Certification Program for Principals in conjunction with the pilot program being developed by the National Board for Professional Teaching Standards. The Committee shall report its recommendation to the 2011 General Assembly."

by March 1, 2011

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 11

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 7
(to be filled in by
Principal Clerk)

S897-ALE-83 [v.1]

SECTION 7.14.(b) This act is effective when it becomes law and applies to probationary teacher employed by a local school administrative unit in a full-time permanent position for the 2010-2011 school year."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

S897-ALE-83 [v.1]

Comm. Sub. [NO]
Amends Title [NO]
Education Committee Report

Date _____,2010

Representative Parmon

moves to amend the special provisions on page 12, by adding a new special provision after the page to read:

"PROBATIONARY TEACHERS

SECTION 7.14.(a) G.S. 115C-325(c)(5) reads as rewritten:

"(5) Consecutive Years of Service. – If a probationary teacher in a full-time permanent position does not work for at least 120 workdays in a school year because the teacher is on sick leave, disability leave, or both, that school year shall not be deemed to constitute (i) a consecutive year of service for the teacher or (ii) a break in the continuity in consecutive years of service for the teacher.

If a probationary teacher in a full-time permanent position resigns or is not renewed because of a reduction in force and is subsequently rehired by the same school system within three years, there shall be deemed to be no break in the continuity in consecutive years of service for such teacher up to a maximum of three consecutive years towards career status. If, at the time the teacher resigns or is not renewed because of a reduction in force, the teacher had been employed by a school system for four consecutive years pursuant to G.S. 115C-325(c)(1), or one year pursuant to G.S. 115C-325(c)(2), and the board subsequently rehires such teacher within three years, the board may grant career status immediately upon reemploying the teacher, or vote on the teacher's career status pursuant to G.S. 115C-325(c)(1) or (c)(2) after one additional year of employment."

Attachment 12

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 8
(to be filled in by Principal Clerk)

S897-ALE-86 [v.2]

Comm. Sub. [YES]
Amends Title [NO]
Subcommittee Report

Date _____,2010

Representative Parmon

moves to amend the special provisions on page 18, line 17, by deleting words "Committee by" substituting "Committee and the Joint Legislative Commission on Dropout Prevention and High School Graduation by".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 13

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 9
(to be filled in by Principal Clerk)

S897-ALE-84 [v.5]

Comm. Sub. [YES]
Amends Title [NO]
Subcommittee Report

Date _____, 2010

Representative Johnson

moves to amend the subcommittee report on page F-9, by adding a new item to read:

"**39A Multicampus funds for Rowan-Cabarrus Community College** **$1,100,000 R**

Provides funds for two new multicampus locations of Rowan-Cabarrus Community College..."; and

on page F-9, item 39, by reducing the amount appropriated by $1,100,000 in recurring funds and by rewriting the first sentence of the third paragraph to read:

"To increase efficiency an additional $8.1 million was reduced for a total restoration of $26.7 million."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 14

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 10
(to be filled in by Principal Clerk)

S897-ALE-79 [v.6]

Comm. Sub. [YES]
Amends Title [NO]
Subcommittee Report

Date _____,2010

Representative Holloway

moves to amend the subcommittee report on page F-5, by adding a new item to read:
"25A. **Testing** **($2,125,094) R**
Eliminates funding for most State-administered tests not currently required by Federal law or as a condition of Federal grants. The tests eliminated are: United States History Civics and Economics, and Physical Science."; and

on page F-2, item 9, by reducing the cut by $2,125,094 in recurring funds and by rewriting the text of the item to read:
"**9 Instructional Supplies**
Reduces the Instructional Supplies allotment."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 15

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 11
(to be filled in by Principal Clerk)

S897-ALE-92 [v.5]

Comm. Sub. [NO]
Amends Title [NO]
Subcommittee Report

Date _____, 2010

Representative Glazier

moves to amend the special provisions on page 23, lines 8-9, by deleting the words "early college and middle college high school programs" and substituting "cooperative innovative high school programs established pursuant to Part 9 of Article 16 of Chapter 115C of the General Statutes; and

on page 23, line 12, by deleting the word "budget" and substituting "General Fund appropriation."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 16

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 12
(to be filled in by Principal Clerk)

S897-ALE-90 [v.2]

Comm. Sub. [NO]
Amends Title [NO]
Education Committee Report

Date ,2010

Representative Parmon

moves to amend the special provisions on page 13, lines 2-7, by rewriting the lines to read:

SECTION 7.13. Section 7.8 of S.L. 2009-451 reads as rewritten:

"**SECTION 7.8.(a)** The State Board of Education is authorized to adopt emergency rules in accordance with G.S. 150B-21.1A to grant maximum flexibility to local school administrative units regarding the expenditure of State funds. These rules shall not be subject to the limitations on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These rules:

(1) Shall authorize the transfer of textbook funds to other allotments to manage funding cuts; and

(2) Shall not permit the transfer of funds from school-based positions to the central office.

"**SECTION 7.8.(b)** ~~For fiscal years 2009-2010 and 2010-2011,~~ For the 2010-2011 fiscal year, local school administrative units shall ~~make every effort to~~ reduce spending whenever and wherever such budget reductions are appropriate ~~with the goal of~~ to ~~protecting~~ protect direct classroom ~~services~~ services. ~~and services for students at risk and children with special needs.~~ Local school administrative units shall implement administrative and other operating efficiencies prior to ~~and minimize~~ the dismissal of classroom-based ~~personnel~~ personnel. Local school administrative units shall maximize federal ~~by maximizing~~ funds received ~~from the~~ including American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5; Keep Our Educators Working Act or any other federal act that provides funding that can be expended on positions; Individuals with Disabilities Act (IDEA); Title I; and Title II funds. Consistent with the goals of the American Recovery and Reinvestment Act ("ARRA"), to save and create jobs and improve student achievement, to the full extent permitted under federal law and regulations, school units shall designate schools as Title I eligible under the Elementary and Secondary Education Act and distribute ARRA funds to those schools so as to maximize the retention of teachers in the classroom and thereby improve student achievement, providing that the school unit is not required to serve every Title I school that meets the eligibility criteria. Notwithstanding G.S. 115C-301 or any other law, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement in grades 4-12. Allocation of teachers and class size requirements in grades K-3 shall remain unchanged.

"**SECTION 7.8.(c)** Within 14 days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit and charter school of the amount

the unit must reduce from the State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit on the basis of average daily membership.

"**SECTION 7.8.(d)** Each unit shall report to the State Board of Education, the Office of State Budget and Management, and the Department of Public Instruction on the flexibility budget reductions it has identified for the unit, including an explanation of how administrative efficiencies, federal funds, and attrition have been maximized prior to the dismissal of classroom-based personnel, within 30 days of the date this act becomes law."

SECTION 7.8.(e) For the 2010-2011 fiscal year, local school administrative units shall make every effort to reduce spending from Career Technical Education – State: Program Support Funds before making any reductions to Career Technical Education – State: Months of Employment funds."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Attachment 17

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 13
(to be filled in by Principal Clerk)

S897-ALE-93 [v.2]

Comm. Sub. [NO]
Amends Title [NO]
Subcommittee Report

Date _____, 2010

Representative Wiley

moves to amend the committee report on page F-5, item 25, by reducing the amount by $5,000,000; and

on page F-5, by adding a new item to read:

" **Textbooks** **$5,000,000 NR**

Provides $5 million on a nonrecurring basis for the purchase of replacement textbooks for emergency situations. The State Board of Education shall develop rules and guidelines for the allocation of these funds."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

72467 SHIELDS BUSINESS FORMS, RALEIGH, NC 27605

PLEASE PRESS HARD - 5 COPIES

Attachment 13

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 1

S. B. No. 897 Amendment No. 14
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Wiley
Sen.)

Education Special Provision Report

moves to amend the ~~bill~~ on page 11, line s 7-8

( ) WHICH CHANGES THE TITLE

by rewriting those lines to read:

"Education Assistance Authority may forgive the loan upon the death of the teacher or upon an injury deemed to leave the teacher totally and permanently disabled."

SIGNED Laura Y. Wiley

ADOPTED _____ FAILED _____ TABLED _____

Attachment 19

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 897

AMENDMENT NO. 15
(to be filled in by Principal Clerk)

S897-ALE-90 [v.3]

Comm. Sub. [NO]
Amends Title [NO]
Education Committee Repor

Date _____,2010

Representative Parmon

moves to amend the special provisions on page 13, lines 2-7, by rewriting the lines to read:

SECTION 7.13. Section 7.8 of S.L. 2009-451 reads as rewritten:

"**SECTION 7.8.(a)** The State Board of Education is authorized to adopt emergency rules in accordance with G.S. 150B-21.1A to grant maximum flexibility to local school administrative units regarding the expenditure of State funds. These rules shall not be subject to the limitations on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These rules:

(1) Shall authorize the transfer of textbook funds to other allotments to manage funding cuts; and

(2) Shall not permit the transfer of funds from school-based positions to the central office.

"**SECTION 7.8.(b)** ~~For fiscal years 2009-2010 and 2010-2011,~~ For the 2010-2011 fiscal year, local school administrative units shall ~~make every effort to~~ reduce spending whenever and wherever such budget reductions are appropriate ~~with the goal of~~ to ~~protecting~~ protect direct classroom ~~services~~ services. ~~and services for students at risk and children with special needs.~~ Local school administrative units shall implement administrative and other operating efficiencies prior to ~~and minimize~~ the dismissal of classroom-based ~~personnel~~ personnel. Local school administrative units shall maximize federal ~~by maximizing~~ funds received ~~from the~~ including American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5; Keep Our Educators Working Act or any other federal act that provides funding that can be expended on positions; Individuals with Disabilities Act (IDEA); Title I; and Title II funds. Local school administrative units are encouraged to designate all Title I-eligible schools and must maximize attrition prior to the dismissal of classroom-based personnel. Notwithstanding G.S. 115C-301 or any other law, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement in grades 4-12. Allocation of teachers and class size requirements in grades K-3 shall remain unchanged.

"**SECTION 7.8.(c)** Within 14 days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit and charter school of the amount the unit must reduce from the State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit on the basis of average daily membership.

"**SECTION 7.8.(d)** Each unit shall report to the State Board of Education, the Office of State Budget and Management, and the Department of Public Instruction on the flexibility budget reductions it has identified for the unit, including an explanation of how administrative

efficiencies, federal funds, and attrition have been maximized prior to the dismissal of classroom-based personnel, within 30 days of the date this act becomes law.

"**SECTION 7.8.(e)** For the 2010-2011 fiscal year, local school administrative units shall make every effort to reduce spending from Career Technical Education – State: Program Support Funds before making any reductions to Career Technical Education – State: Months of Employment funds."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

VISITOR REGISTRATION SHEET

Approp. Edu. — 5/27/10

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Benita Jones	UNC School of Law, Chapel Hill, NC
Mike Foremen	NCAE
Toshiba Rice	Track My Steps Knightdale, NC
Emily Doyle	NCPAPA
Dan Harris	WCPSS
Chris Minard	nc State Bd of Ed
Jim Stegall	U.C.P.S.
Rebecca Troutman	NCACC
Ashley Parkinson	NCPTA
Dede Hatch	NCPTA
Allison Calder	Paulatics

VISITOR REGISTRATION SHEET

5-27-10

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Leslie Bwacqua Cona	Capstrat
Alice Garland	NCEL
Karen Gray	NBPJA
Jennifer Lavarra	Wake NCAE
Tama Bouncer	Wake NCAE 3900 Merton Drive, Suite 100 Raleigh, NC 27609
Doug Mistler	PSG/capstrat
Andrew Meeker	Capstrat
Dave Simpson	CAUC
Gerry Hancock	EGHS
Andrew Dugan	S. Gallop's Office
Gene Causby	NCSCA

VISITOR REGISTRATION SHEET

5-27-10

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCICU
[signature]	NCCIU
[signature]	Public Sch. Forum
[signature]	Ed Consultant, NCCAT
[signature]	NCASA
[signature]	NCPAPA
[signature]	NCSBA
[signature]	NC General Assembly
[signature]	TPG

VISITOR REGISTRATION SHEET

5-27-10

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bradford Sneeden	Governor Office
Sylvia Harland	DPI
JTJr Price	DPI
Eric Moore	DPI
Gary Robertson	AP
Bruce Mildwurf	WCN
Jennifer Wills	NCCS
Jennifer Haywood	NCCCS
Kevin FitzGerald	UNC SOM
Bryan Conrad	OSBM
Barry Hull	NCNG

VISITOR REGISTRATION SHEET

5-27-10

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

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Dwayne Pinkney	UNC
TOMMY LARRY	FARMON
Gloria M. Jefferson	N.C. Dept. of Correction
Suzanne Beasley	SEANC
Nicole Sullivan	NC Dept of Correction
DAVID RICE	MANNING FULTON
BILL INGRAM	DURHAM TECH.
Ren Bryan	NCTA
Julia Kroon	NC Teacher Academy
Bryan Lewis	NCAE
Susan McCracken	Appalachian State

VISITOR REGISTRATION SHEET

5-27-10

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Eric Murphrey	UNC-GA
Ginger Burke	UNC-GA
Mike Tarrant	UNC Greensboro
Joyce Wallace	OSBM
Elizabeth Grovenstein	OSBM
[signature]	OSBM
TOM BOWLIN	NC NATIONAL GUARD
Annaliese Dolph	DPNC
Joni Albers	BEGINNINGS
[signature]	SEANC
[signature]	NAE / EOG

VISITOR REGISTRATION SHEET

EDUCATION — 5-27-2010

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ruby Ing	NC General Assembly
Emily Johnson	Bill Drafting
Matt Ford	TPG
Andrew Dyer	NCGA
Gene Causby	NCSCA
Jed Maynard	CMS
Brian Lewis	NCAE
Kevin Joannou	NCACC

VISITOR REGISTRATION SHEET

EDUCATION — Name of Committee

5.27.2010 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Philip Rogers	ECU
Mike Tarrant	UNCG
Erin Schwedhelm	UNCGA
Ginger Burke	UNCGA
Ernie Murphrey	UNC-GA
TOM BOWLIN	NC NATIONAL GUARD
Margie Freeman	NCAE
Rebecca Taylor	NCACC
Jay Schalin	Pope-Center
Leanne E Winner	NCSBA
[illegible]	NCICU

VISITOR REGISTRATION SHEET

EDUCATION — Name of Committee

5.27.2010 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Minard	NC State Bd of Ed
Jim Stegall	U.C.P.S.
Ashley Parker	NCPTA
Debra Horton	NCPTA
Shirley Prince	NCPAPA
Emerald	NCPAPA
Katherine Joyce	NCASA
Jim Ayers	Ed consultant
Arthur	NCCU
Gary Hamm	EGHS
Andrew Meehan	Capstrat

VISITOR REGISTRATION SHEET

Education — 3.27.2010

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mike McLaughlin	Office of Lt. Governor
Bradford Sneeden	Office of the Governor
Elizabeth Brownstein	OSBM
Joyce Wallace	OSBM
Susan McCracken	Appalachian
Kevin FitzGerald	UNC SOM
Bryan Conrad	OSBM
Gloria M. Upperman	DOC
Kevin D Briggs	NCCCS
Jennifer Wagoner	"
DAVID RICE	MANNING FULTON

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2009-2010 SESSION

You are hereby notified that the Appropriations Subcommittee on Education will meet as follows:

DAY & DATE: **Wednesday, July 8, 2009**

TIME: **Directly following session**

LOCATION: **On the House floor, around Rep. Rapp's desk**

The following bills will be considered: **S1069**

Respectfully,
Representative Glazier
Representative McLawhorn
Representative Rapp
Co-Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **3:30 PM** on **July 8, 2009.**

___Principal Clerk
___Reading Clerk - House Chamber

Carin Savel (Committee Assistant)

MINUTES
HOUSE APPROPRIATION
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Thursday, July 09, 2009

The House Appropriation Subcommittee on Education met on Wednesday, July 8, 2009, on the House floor at 4:50 pm. Representative Rick Glazier, Co-Chair, presided over the meeting. The following House members were present: Representatives McLawhorn, and Rapp, Co-Chairs, Representatives Bell, Johnson, ~~Lucas~~, Parmon, Tarleton, Blackwell, and Lucas.

Chairman Glazier called the meeting to order. Chairman Glazier gave a brief overview of Senate Bill 1069: **AN ACT TO ESTABLISH THE JOINT LEGISLATION JOINING OUR BUSINESSES AND SCHOOLS (JOBS) STUDY COMMISSION (ATTACHMENT #1).**

Following the overview, Rep. McLawhorn made a motion to pass the bill and send it to the floor of the House upon approval of the House Appropriations Committee. Rep. Rapp seconded. The vote was unanimous **(ATTACHMENT #2).**

Respectfully submitted,

Representative Rick Glazier
Chair

Carin Savel
Committee Assistant

Attachment #1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

S 3

SENATE BILL 1069

Education/Higher Education Committee Substitute Adopted 5/6/09
House Committee Substitute Favorable 7/7/09

Short Title: Joining Our Businesses and Schools Commission. (Public)

Sponsors:

Referred to:

March 31, 2009

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE JOINT LEGISLATIVE JOINING OUR BUSINESSES AND SCHOOLS (JOBS) STUDY COMMISSION.

Whereas, the Innovative Education Initiatives Act became law in 2003; and

Whereas, as a result of this act, 52 Early and Middle College programs have been developed as a collaboration between the public schools, the community colleges, and private business; and

Whereas, these schools have generally evidenced a decrease in their dropout rates and, as a result, have won national awards; and

Whereas, North Carolina has seven identified economic development regions, each with its own challenges in today's changing and demanding job market; and

Whereas, North Carolina has numerous innovative public and private programs based in Science, Technology, Engineering, and Mathematics (STEM); and

Whereas, to be efficient with the taxpayers' dollars, to continue to increase the graduation rate, and to prepare our students for twenty-first century jobs, it would be beneficial to map these innovative education programs, including the development of additional Early and Middle College programs and STEM programs, and other public and private education programs that have instructional programs that prepare students to meet the particular employment and workforce preparation needs of the respective economic development regions. In addition, it would be beneficial to develop curriculum frameworks that reflect innovative design principles in some of these schools that would address both regional and statewide employment needs; and

Whereas, the United States Department of Education has identified 16 career clusters as a tool to connect career technical education (CTE) to education, workforce preparation, and economic development; and

Whereas, the North Carolina STEM Community Collaborative/MCNC is supporting the creation of a replicable community visioning process, engaging business, policy, education, and community stakeholders in mapping their local needs and producing a plan for sustainable, local education innovation based in science, technology, engineering, and mathematics; and

Whereas, it would be beneficial to position each region and the State to compete in the regional, national, and global economy by creating a joint legislative study commission to review the vision plans and overall needs of each economic development region as well as the overall needs of the State; and

Whereas, the Commission should advise the North Carolina Education Cabinet and specifically the Department of Public Instruction as they develop standard instructional programs for twenty-first century career paths in accordance with the Early and Middle College

and STEM models and study the implementation of pilot programs in these respective regions that will best suit the potential of the region and better prepare students for the increased academic demands of a global economy; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is established the Joint Legislative JOBS (Joining Our Businesses and Schools) Study Commission (Commission).

SECTION 2.(a) The Commission shall consist of the following members:

(1) The Lieutenant Governor serving as the Chair.

(2) Two members appointed by the Governor.

(3) Eight members appointed by the President Pro Tempore of the Senate, to include:

a. Three members of the Senate, with one designated to serve as a vice-chair.

b. A representative of The University of North Carolina.

c. A representative of the Department of Public Instruction.

d. A representative of North Carolina's business and industry.

e. A public school teacher.

f. An individual with expertise in STEM education.

(4) Eight members appointed by the Speaker of the House of Representatives, to include:

a. Three members of the House of Representatives, with one designated to serve as a vice-chair.

b. A representative of the Community College System.

c. A representative of the Independent Colleges and Universities.

d. A representative of the Department of Commerce.

e. A representative of North Carolina's business and industry.

f. A representative of North Carolina's school superintendents.

(5) The Executive Director of the Education Cabinet or the Executive Director's designee, serving ex officio.

SECTION 2.(b) Members of the Commission shall serve a three-year term, beginning on July 1, 2009. The terms for members of the House of Representatives or the Senate shall end upon the expiration of the members' legislative term.

SECTION 2.(c) Members shall serve at the pleasure of the appointing authority. Vacancies on the Commission shall be filled by the same appointing authority who made the initial appointment.

SECTION 2.(d) A vice-chair shall serve as Chair in the absence of the Chair.

SECTION 3.(a) The Commission shall study issues related to economic development through innovative schools where instructional program frameworks reflect the high academic standards required of students to be successful as they transition to postsecondary education and future careers, including:

(1) Technical and vocational needs of each economic development region;

(2) Employment and workforce preparation needs of the State as a whole;

(3) The economic vision plans for each economic development region;

(4) The shortage of highly skilled employees such as technicians, teachers, allied health practitioners, including, but not limited to, nurses and doctors, scientists, and engineers;

(5) The 16 career clusters identified by the United States Department of Education as well as additional career paths;

(6) The development of a framework for assessment of readiness of a community or region to support twenty-first century economic demands of business and industry development and the scaling of innovative local

programs to impact broader numbers of individuals in communities around the State; and

(7) Any other matter pertinent to connecting career technical education to education, workforce preparation, and economic development through innovative schools.

SECTION 3.(b) The Chair shall appoint from the Commission's membership a North Carolina STEM Community Collaborative Advisory Committee (Community Collaborative) to ensure that the efforts of the Commission and the Community Collaborative are aligned and that the Commission is informed of the Community Collaborative's activities and that the Community Collaborative is informed of the Commission's activities.

SECTION 4. The Commission shall prioritize and customize the career clusters and identify additional career paths and report its recommendations to the State Board of Education. The Commission shall (i) advise the North Carolina Education Cabinet and specifically the Department of Public Instruction as they develop, incrementally, standard instructional programs for career clusters and their corresponding career paths in accordance with the Early and Middle College model, and (ii) study the implementation of pilot programs in the seven economic development regions of the State that will best suit the needs of the regions and prepare students for the increased academic demands of a global economy.

SECTION 5. The Commission shall also study issues related to economic growth by the creation of measures and metrics which define the readiness of a community to deliver to all stakeholders the services that equip the workforce to be competitive in a STEM-intensive economy, including ensuring that students throughout the education pipeline gain the skills learned from science, technology, engineering, math, and other rigorous subjects. As a part of its study, the Commission may examine issues related to:

(1) A replicable and perpetual model for aligning efforts of local business, industry, policy, and education stakeholders in community engagement for visioning student-centered learning;

(2) The documentation and study of the innovative education programs critical for communities to be competitive in the STEM environment in the twenty-first century;

(3) A framework to network these economic development regions, aligning State, regional, and external investment in replicable innovation;

(4) Opportunities to leverage existing research, programs such as the College Foundation of North Carolina Bridges program, and other resources to maximize the impact of these existing resources and assets to avoid duplication, to achieve greater economies of scale, and to broaden the impact of these efforts by the most cost-effective means possible; and

(5) Any other topics deemed relevant by the Commission.

SECTION 6.(a) The Commission shall, within the first eight months of its creation, meet at least once in each economic development region. The Commission may use any and all appropriate technology to enhance participation in its meetings and to reduce the costs incurred by the Commission. The Chair may appoint a volunteer advisory committee in each economic development region to assist the Commission in its work.

SECTION 6.(b) The Commission shall work closely with the business community across the State and shall encourage businesses and business leaders to partner with the Commission on the work of the Commission and to establish public-private partnerships with the pilot schools.

SECTION 6.(c) The University of North Carolina shall inform the Commission on the work of its constituent institutions on the elementary and middle school fundamental building blocks for secondary STEM success. This work should be a consideration for all communities which engage in visioning student-centered learning. The Commission shall also

be informed by The University of North Carolina on its North Carolina STEM program inventory and how to make this inventory available to communities which engage in visioning student-centered learning.

SECTION 7. The Commission shall meet upon the call of the Chair. A quorum of the Commission shall be a majority of its members. The Legislative Services Commission shall grant adequate meeting space to the Commission in the State Legislative Building or the Legislative Office Building. G.S. 120-19 applies to requests made on behalf of the Commission.

SECTION 8.(a) The expenses of the Commission shall be paid by the Legislative Services Commission from available funds appropriated to the General Assembly. The Legislative Services Commission may accept grants on behalf of the State to be used to help defray the expenses of the Commission. Any application and receipt of grants under this section shall be subject to the requirements of Chapters 120C and 138A of the General Statutes, and Article 14 of Chapter 120 of the General Statutes. Reasonable expenses of the Commission may include the cost of travel on a learning tour of innovative schools both inside and out of the State. Any grants funds received under this section shall be held by the General Assembly in a non-reverting special fund known as the JOBS Commission Fund to be administered by the Legislative Services Commission for expenses of the Commission. Any funds remaining in the JOBS Commission Fund shall transfer to the reserves of the General Assembly upon termination of the Commission.

SECTION 8.(b) Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate. Individual expenses of five thousand dollars ($5,000) or less, including per diem, travel, and subsistence expenses of members of the Commission, shall be paid upon authorization of the Chair of the Commission. Individual expenses in excess of five thousand dollars ($5,000) shall be paid upon written approval of the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

SECTION 8.(c) With approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist the Commission in its work during the interims between legislative sessions. The Directors of Legislative Assistants of the House of Representatives and the Senate shall assign clerical staff to the Commission. The Commission may contract for additional professional or consultant services in accordance with G.S. 120-32.02.

SECTION 9.(a) The Commission shall make an initial report of the results of its study to the State Board of Education by March 1, 2010. In its report, the Commission shall recommend at least four of the 16 career clusters identified by the United States Department of Education that will best and most broadly serve the immediate employment and workforce preparation needs of the State and the respective regions. Upon consideration of the recommendations of the Commission, the State Board of Education, in consultation with the Department of Public Instruction, shall develop the instructional programs for at least four career clusters and shall implement at least one JOBS Early or Middle College in each of the economic development regions beginning with the 2010-2011 school year where feasible, and in all other regions by the 2011-2012 school year.

SECTION 9.(b) The Commission may make recommendations resulting from its study to the State Board of Education and the Department of Public Instruction from time to time in its discretion.

SECTION 9.(c) The Commission shall monitor the implementation of its recommendations to the State Board of Education and the Department of Public Instruction and shall report and recommend to the General Assembly any legislation necessary to implement its recommendations.

SECTION 9.(d) The Commission shall make an interim report of the results of its study and its recommendations, including any proposed legislation, to the Joint Legislative Education Oversight Committee and the 2010 Regular Session of the 2009 General Assembly no later than May 15, 2010, and to the Joint Legislative Education Oversight Committee and the 2011 Regular Session of the 2011 General Assembly no later than February 1, 2011, and a final report to the Joint Legislative Education Oversight Committee and the 2012 Regular Session of the 2011 General Assembly no later than May 15, 2012. The Commission shall file a copy of each Commission report with the President Pro Tempore of the Senate's office, the Speaker of the House of Representatives' office, and the Legislative Library.

SECTION 10. The Commission shall terminate on June 30, 2012, or upon the filing of its final report in accordance with Section 9.(d) of this act.

SECTION 11. This act is effective when it becomes law.

Johnson ✓
Parmer ✓
Black ✓
Repp ✓
McLaurin ✓
Tarleton ✓
Lucas ✓
Bell ✓

Attachment #2

2009 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:

By Representative(s) Glazier, McLawhorn, Rapp (Chairs) for the Appropriations Subcommittee on Education.

☒ House Committee Substitute for
SB 1069 A BILL TO BE ENTITLED AN ACT TO ESTABLISH THE JOINT LEGISLATIVE JOINING OUR BUSINESSES AND SCHOOLS (JOBS) STUDY COMMISSION.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Representative Michaux, Adams, Alexander, Crawford, Haire, Jeffus, Tolson, Yongue (Chairs) for the Standing Committee on Appropriations.

☒ With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.