

SCHOOL CAPITAL CONSTRUCTION

STUDY COMMISSION



**REPORT TO THE
1995 GENERAL ASSEMBLY
OF NORTH CAROLINA
1996 REGULAR SESSION**

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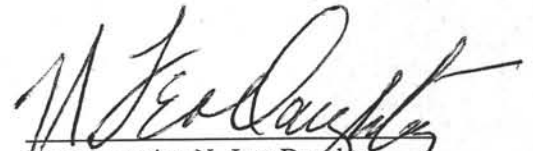
TO THE MEMBERS OF THE 1995 GENERAL ASSEMBLY:

Pursuant to Chapter 542, Part XIV, Section 14.1 of the 1995 Session Laws, the School Capital Construction Study Commission hereby submits its report of findings and recommendations to the 1995 General Assembly (1996 Regular Session).

Respectfully submitted,



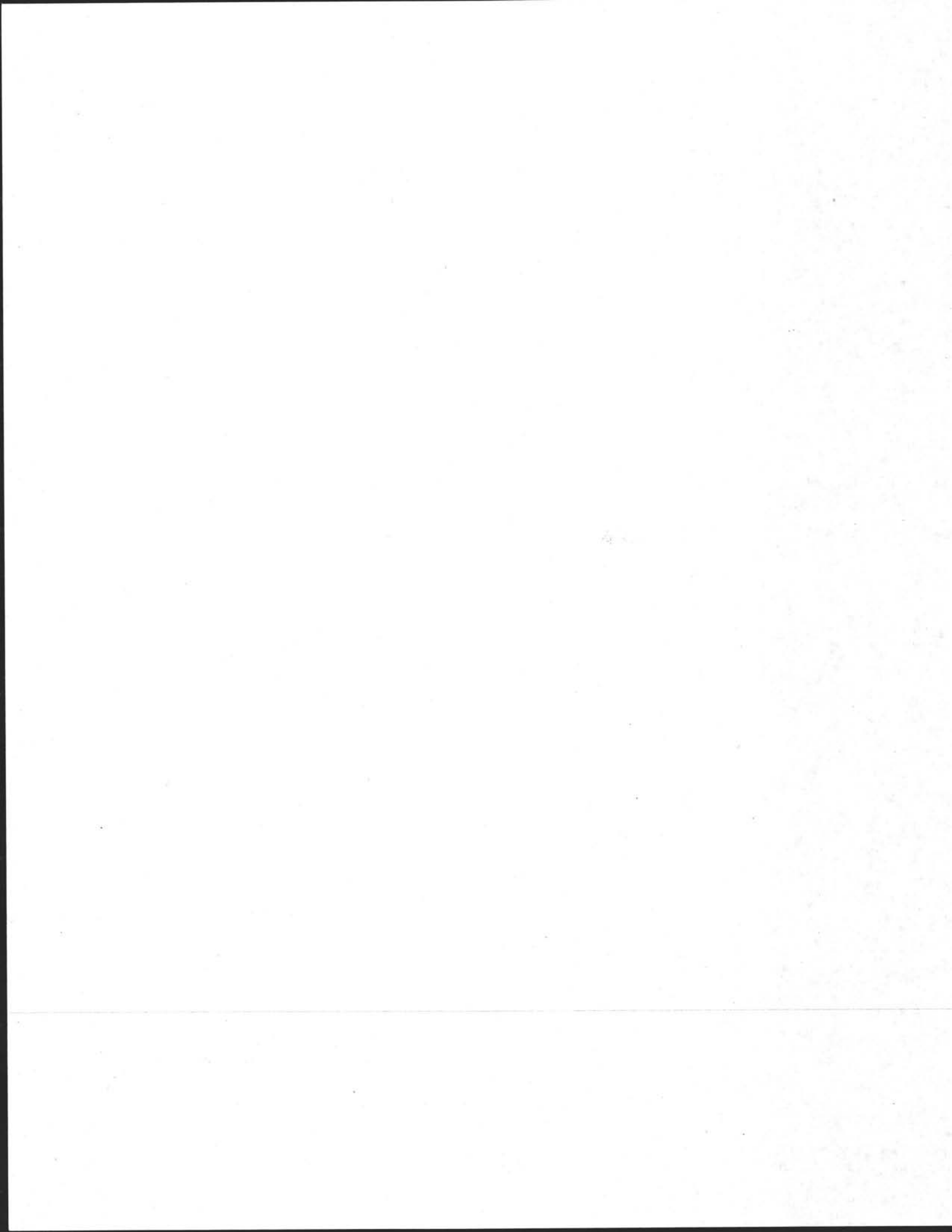
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SCHOOL CAPITAL CONSTRUCTION STUDY COMMISSION



SCHOOL CAPITAL CONSTRUCTION STUDY COMMISSION

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1995 - 1996

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STUDY COMMISSION 1995 - 1996
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PREFACE

The School Capital Construction Study Commission, authorized by Chapter 542, Part XIV, Section 14.1, of the 1995 Session Laws, pursued a rigorous schedule between September 26, 1995, and April 11, 1996, in order to pursue the charges to the Commission by the General Assembly. This undertaking included visits to local schools and public hearings across the State. The Commission visited school units from as far east as Edenton to as far west as Cullowhee. The Commission viewed various school facilities in low-wealth rural, urban, and rapidly growing suburban North Carolina communities. The Commission also heard from a variety of experts on both local and State finance and school facilities. Representatives of a variety of interest groups and associations spoke before, and participated actively in the work of the Commission.

The Commission conducted, with the assistance of the State Board of Education and the Division of School Planning, Department of Public Instruction, a comprehensive School Facilities Needs Assessment that identified total public school facility needs at over \$6.2 billion over a five year period. This survey included jointly-approved (boards of county commissioners and school boards) reports for 113 of 119 local school units. This comprehensive survey, accomplished under demanding time constraints, reflects exceptional collaboration among the State Board of Education, local school boards and boards of county commissioners.

The Commission deliberated fully the extensive charges made by the General Assembly in its ten business meetings prior to reaching a unanimous vote on the Commission report on April 11, 1996.

The activities of the Commission included: ten Commission business meetings; nine public hearings; nine dinners with regional legislative delegations, county commissioners and members of local school boards; and visits to twenty-one public schools, including fifteen comprehensive school-site visits. The Commission heard from over 225 members of the public at public hearings and discussed public school facilities issues over dinner with hundreds of county commissioners, and members of school boards. The total participation of local community members, educators and governmental representatives in Commission activities across the State numbers well over one thousand.

The Commission is particularly grateful for the cooperation shown by the North Carolina County Commissioners Association and the North Carolina School Boards Association for their assistance in coordinating the nine dinners held throughout the State.

The Commission is also deeply grateful to the local school units that served as gracious hosts to the Commission, coordinating public hearings, dinners and site visits.

A comprehensive record of Commission proceedings, including minutes and records of public hearings, full survey results and other Commission materials, are available upon request from the Legislative Library.

PROCEEDINGS

September 26, 1995

Business Meeting.

October 10, 1995

Johnston County Visit. Site visits to Cleveland Middle and Clayton Elementary School. Dinner followed by public hearing at Selma Middle School.

October 25, 1995

Business Meeting.

Burke County Visit. Site visits to Drexel and Glen Alpine Elementary Schools. Dinner and public hearing at Easy Burke High School.

October 26, 1995

Jackson County Visit. Site visits to Scotts Creek Elementary School and Smoky Mountain High School. Dinner and public hearing at Cullowhee Valley School.

November 9, 1995

Forsyth County Visit. Site visit, dinner and public hearing at Old Town Elementary School.

November 14, 1995

Charlotte-Mecklenburg Visit. Site visit to Shamrock Gardens School. Dinner and public hearing at West Charlotte High School.

November 20, 1995

Business Meeting.

Hoke County Visit. Site visit to South Hoke Elementary School. Dinner and public hearing at East Hoke Middle School.

November 29, 1995

Edenton-Chowan Visit. Site visit at White Oak Elementary. Dinner followed by public hearing at Holmes High School.

November 30, 1995

New Hanover Visit. Site visits at Snipes Elementary, Gregory and Williston Magnet Schools and New Hanover High School. Dinner followed by public hearing at Snipes Elementary School.

December 12, 1995

Business Meeting.

Chapel Hill-Carrboro Visit. Site visit at Estes Elementary. Dinner and public hearing at the Friday Center, UNC.

January 16, 1996

Business Meeting.

February 9, 1996

Business Meeting.

February 27, 1996

Business Meeting.

March 12, 1996

Business Meeting.

March 26, 1996

Business Meeting.

April 11, 1996

Business Meeting.

PRESENTERS AT MEETINGS

Charles D. Liner, Institute of Government

Robert M. High, Office of the State Treasurer

K. Lee Carter, Institute of Government

Phillip Price, Department of Public Instruction

John Dornan, Public School Forum

Phil Van Kirk, Public School Forum

Ed Regan, North Carolina Association of County Commissioners

Bob Berlam, North Carolina School Boards Association

Ben Matthews, Department of Public Instruction

Jerry Knott, Department of Public Instruction

Jim Lora, Department of Public Instruction

Steve Tayton, Department of Public Instruction

Ray Massey, Wake County Schools

Dale Parker, Contractor

Larry Massengill, Contractor

Ray DeBrule, Construction Consultant

John Knox, President - NCAIA

Representative Bill Owens

Johnston County PTA

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A BILL TO BE ENTITLED:

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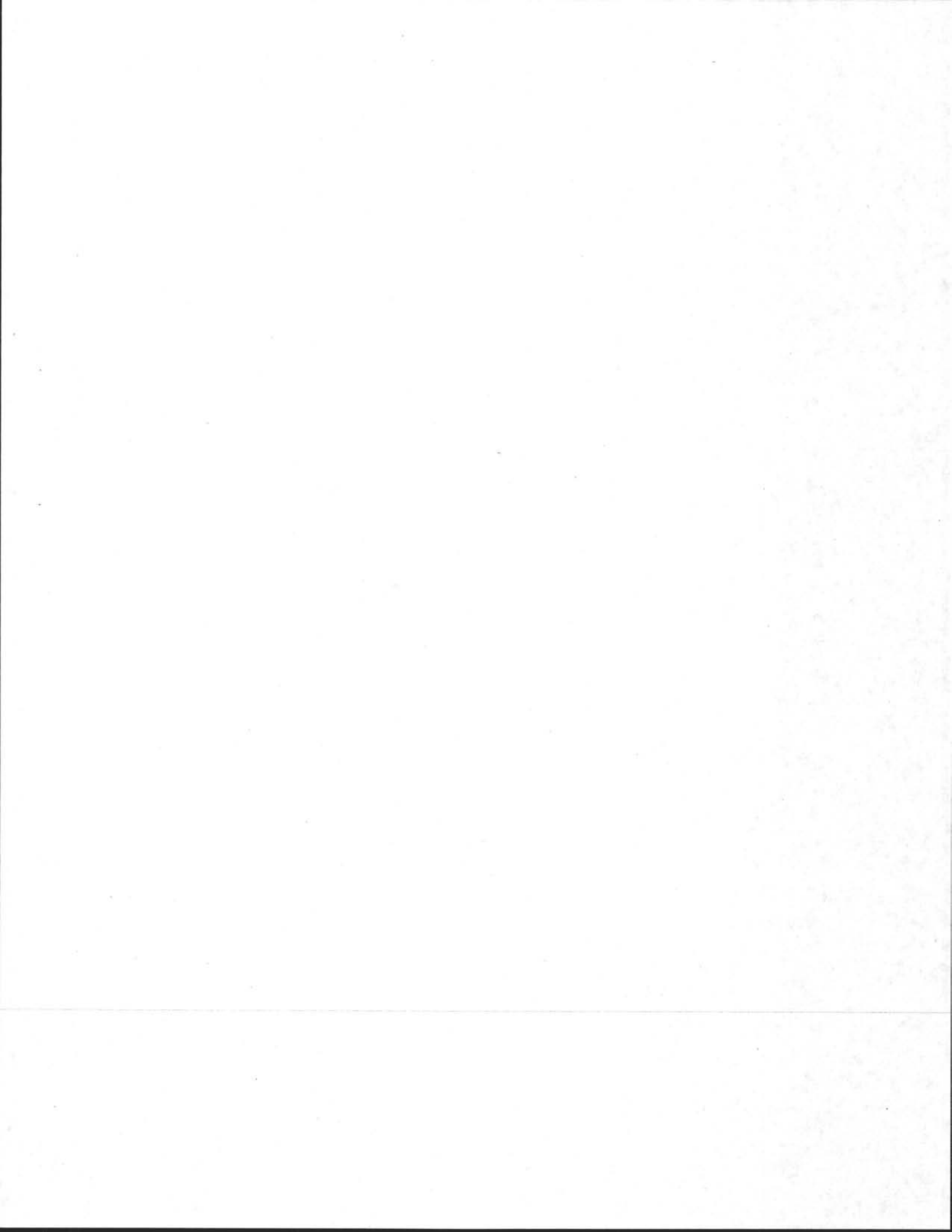
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FINANCE RECOMMENDATIONS

FINDING: IN PLACE SINCE 1933, THE DIVISION OF FISCAL RESPONSIBILITY BETWEEN THE STATE AND COUNTIES HAS WORKED WELL AND SHOULD NOT BE CHANGED.

During 1921 through 1933, the State completely overhauled the system of State and local finance. This fiscal revolution was in response to economic crises (declining farm prices in the 1920's and the Great Depression), the need for more resources to meet the requirements of a developing state, major problems with the division of responsibility for funding between the State and local units, and an archaic revenue system based on a high degree of dependence on poorly-administered State and local property taxes. Fortunately, governors and legislative leaders were bold enough to reform State and local government during such a difficult period. In fact, North Carolina was recognized for its early development of a modern-day system of public finance.

A major feature of the reform effort was the shift in responsibility for funding public schools. Until that time both current expense and capital improvements were funded from a mixture of State and county sources, including State and local property tax revenue collected by local officials. To complicate the picture, local units were responsible for funding public schools, but the State had first call on property tax revenues to fund State programs. This provided an incentive for local units to keep tax assessments low to minimize the flow of funds to the State.

To fix this problem, legislation was enacted to allow local units to keep the revenues from the property tax to fund local needs and to permit the State to use newly-created personal and corporate income taxes to finance statewide needs. In 1931, the General Assembly put the State in charge of funding current expenses for public schools, with capital costs left to counties. Two years later, counties were given the authority to levy supplemental property taxes to fund the operation of schools at a higher level than the minimum state standard.

The fiscal revolution, including the division of responsibility for funding public schools, has served the State well over the last six decades. The General Assembly was correct to classify the operation of public schools as a statewide matter to be funded primarily by State resources. This principle was confirmed in 1984, when the General Assembly adopted the Basic Education Program. At the same time, citizens of a county should have the right to increase their taxes to improve the quality of local schools.

It is also proper for counties to bear the primary responsibility for funding the physical plant of public schools, including the construction of new facilities, as well as the maintenance, repairs, renovation, and energy costs of existing facilities. The Commission finds that local units can operate and maintain physical plants in a more efficient manner than a State agency.

A primary example is energy costs. If the State paid 100% of these expenses, there would be no incentive for school officials to conserve energy and to spend the dollars wisely.

In addition, local school buildings and related facilities are an integral part of the community and are used for a variety of public purposes in some areas of the State. One cause for optimism in local funding for school facilities is the fact that all five school bond issues on the ballot in November, 1995 were successful, many by a wide margin. The common element in these successes seems to be the good job of local officials in selling the need to taxpayers.

FINDING: WITHIN THE BASIC DIVISION OF RESPONSIBILITY, THE STATE HAS COME FORWARD ON NUMEROUS OCCASIONS TO PROVIDE HELP TO COUNTIES IN MEETING THEIR RESPONSIBILITY.

Since 1949, the State has provided special assistance to counties in meeting their school facility needs on a number of occasions and in a number of different ways. In fact, the assistance has accelerated during the last 13 years, enhancing North Carolina's reputation as evidenced in a recent report of the Government Accounting Office (see Table 1). A complete report of the \$4 billion of State aid since 1949 (adjusted to 1996 dollars), is provided in Table 2.

In addition to direct facilities aid, during the last two decades the General Assembly has helped equalize resources between counties through formulas built into local option sales tax, the distribution of State tax aid, and State appropriations. Examples are shown on Table 3.

FINDING: THE COMMISSION FINDS THAT THE LARGE BACKLOG OF FACILITY NEEDS, COMBINED WITH THE LOW ABILITY TO PAY OF MANY RURAL COUNTIES AND THE LACK OF DISCRETIONARY FUNDING ABILITY FOR ALL COUNTIES, MAKES IT IMPERATIVE THAT THE STATE ONCE AGAIN STEP FORWARD WITH FISCAL ASSISTANCE FOR COUNTIES IN MEETING THEIR SCHOOL FACILITY NEEDS.

One of the major findings of legislative study commissions studying State and local fiscal relationships in recent years is the lack of discretionary funding availability in county budgets. After federal mandates (Medicaid, AFDC, Special Assistance for Adults, landfills, jails) and basic funding needs common to all counties are covered, there is little money left over to deal with school facility needs. On the revenue side of the equation, counties have little latitude due to the unpopularity of the property tax and the fact that local units must have State approval to adopt new revenue sources.

The problem is especially acute in rural areas. These counties simply cannot deal with aging school facilities without an extraordinary tax effort. This becomes clear upon review of the data, Table 4 which shows various ability-to-pay measures, federal and State-mandated welfare expenditures, and the property tax for each county.

Commission members have been amazed at the level of effort in some of the poorest counties. These counties cannot raise their taxes any higher. In fact, taxpayers in these jurisdictions deserve relief.

FINDING: THE FUNDING PACKAGE SHOULD INCLUDE BOND FINANCING TO PROVIDE A QUICK INFUSION OF FUNDS FOR SCHOOL FACILITIES.

Between 1949 and 1973, the General Assembly authorized four State bond issues for school facilities. It has been over two decades since the last bond authorization. One reason for this was the unusually high interest rates in the late-70's and early-80's. Another factor was the legislative strategy, adopted during the 1980's, of differentiating State fiscal policy from the "deficit-financing" mentality in Washington. Wisely, local government units across the State took advantage of the low interest rate environment. Much of the new debt went to public schools.

In the late-80's, legislators began to notice the sharp drop in the State's debt burden as bonds from the 1960's and 1970's were paid off. In addition, it became clear that the high interest rate days were not coming back in the near future. In this climate Legislators began to think a modest use of debt-financing for vital purposes was prudent.

The first sign of this change was the authorization of \$200 million of prison bonds in 1990. Next came \$740 million of bonds for the university system, community colleges, state parks, and water/sewer projects in 1993. Public school advocates were disappointed that school facilities were not included in the package.

Recognizing the backlog of school facility needs and the favorable bond-financing climate, each House of the General Assembly approved a bond package during the 1995 Regular Session. Unfortunately, the Session ended as Legislators were beginning to look at resolving differences between the \$500 million House bond bill and the \$1.8 billion Senate package.

The success of the five local bond issues last Fall offers hope that voters will approve a State bond issue. The difficult part is deciding how much debt service the General Fund can support and how large a bond issue taxpayers will accept, relative to financing from current State revenues ("pay-as-you-go").

The primary argument for bond financing is that it provides a quick infusion of dollars. With an estimated backlog of \$6.2 billion of facility needs for the next five years, there is a need to move quickly. The downside is that for each \$1 of bonds sold, interest on the bonds adds about 75 cents to the total cost. This is a classic trade-off faced by many businesses and governmental units trying to decide how to fund capital projects.

The Commission finds that the State can afford, and the voters will approve, a bond issue larger than the \$500 million approved by the House last Session. At the same time, the \$1.8

billion in the Senate bill may be too much for voters to accept. Many Commission members believe the \$1 billion number represents a threshold in the minds of the citizens of the State.

In addition, debt service on bonds must be paid from limited dollars on the recurring revenue availability side of the General Fund. Pay-as-you-go financing offers the option of earmarking more plentiful nonrecurring dollars.

The Commission notes that counties are spending about \$400 million of State and local monies for school capital each year. If all of the authorized proceeds of a State bond authorization were issued in one year, this could flood the market and drive up building costs. Thus, the Commission finds it prudent to limit the amount of bonds that can be issued in any year. An added benefit is the delay in the debt service impact on the General Fund budget.

RECOMMENDATION: THE GENERAL ASSEMBLY SHOULD AUTHORIZE A \$950 MILLION STATE BOND ISSUE FOR PUBLIC SCHOOL FACILITIES. THE DECISION OF THE TIMING OF THE VOTE ON THE BOND BY THE PEOPLE OF THE STATE SHOULD BE ADDRESSED BY THE GENERAL ASSEMBLY. THE BONDS SHOULD BE ISSUED BY THE STATE TREASURER OVER A PERIOD OF NOT LESS THAN THREE YEARS.

FINDING: IT IS DESIRABLE TO COUPLE THE SHORT-TERM INFUSION OF FACILITY AID FROM THE RECOMMENDED BOND ISSUE WITH A STREAM OF DEDICATED STATE REVENUES ON WHICH COUNTIES CAN DEPEND.

The proceeds from the recommended bond issue will be gone within a few years. At that point we will be back to the same problem of counties not having the resources to address the backlog of facility needs. To provide a long-term solution to the funding needs, the Commission finds it desirable to establish a school facility trust fund that provides a permanent stream of new revenue by tapping existing State revenues. Once the trust fund is established, it may be possible to dedicate new sources of revenue that become available.

Pairing a modest bond issue with a dedication of future State revenues would follow the lead of many urban counties. They have found that a workable approach to paying for school improvements is to float a moderately-sized bond proposal every three to five years and to commit much of the growth in property tax receipts for the remainder of their needs.

There is precedent for State school facility earmarking. Since 1987, the State has earmarked a portion of the corporate income tax (about \$60 million per year in 1996-97 dollars) for school facilities. This earmarking is permanent. Under the formula, the first \$10 million goes to the Critical School Facility Needs Fund to be allocated to those counties whose facility needs are greatest, relative to their ability to pay. The funds are allocated by a special Commission, whose membership changes every two years. Since the Fund was created in 1987, the Commission has continued to work its way up a priority list established in 1988. To date, over \$200 million of assistance has been provided to 48 counties. Because 60

counties originally applied for the funds, 12 counties remain to be funded, at a total cost of \$54.6 million. The remainder of the earmarking is allocated on the basis of school population, called "averaged daily membership" ("ADM").

The Commission finds that steps should be taken to try to ensure that local officials can depend on the new funding stream. This would enable them to dedicate the dollars to paying the debt service on a local school bond issue, thereby leveraging State dollars. Short of a constitutional amendment, there is no way to guarantee that a future General Assembly will not divert funds committed to school facilities assistance. However, the track record on similar earmarkings has been good. Since 1987, a portion of the State corporate income tax has been allocated to school facilities. Since 1991, there have been no major diversions of Highway Trust Fund revenues for the General Fund and since 1992, the State's rainy-day fund has grown unabated to \$423.6 million.

There are certain features of these dedication mechanisms that could be helpful in ensuring the permanence of the earmarking. For one thing, it is important that the new fund be given a name that makes it clear the proceeds will be used for school facilities. The designation as a "trust fund" seems to make the legislative commitment long-lasting. Unallocated dollars in the Trust Fund should not revert at the end of the year or be reallocated to other uses. Interest earned on cash balances in the Trust Fund should remain in the Fund. Finally, strong language outlining the Fund's intent should be included.

In reviewing the long-term budget outlook, the Commission noted that on June 30, 1996, the State's rainy day fund will be approximately \$500 million, or five percent of the State's \$10 billion General Fund budget. At that point the State is no longer required to put 25% of the year-end credit balance into the fund. The only earmarking that would be required at that point is an amount sufficient to keep up with the growth in the State's budget. This will create an estimated \$86 million per year (1997-98 dollars) that has not been available for one-time spending items since 1992. These revenues have not been committed to future capital projects or other one-time needs.

Finally, the Commission finds it desirable not to depend on Trust Fund financing until all of the bonds are issued and that the Trust Fund should contain a minimum balance at all times to act as a reserve to deal with emergency situations.

RECOMMENDATION: THE GENERAL ASSEMBLY SHOULD EARMARK THE NONRECURRING GENERAL FUND REVENUE AVAILABILITY THAT WILL BE FREED-UP BY THE CAPPING OUT OF THE STATE'S RAINY-DAY FUND ON JUNE 30, 1996 TO START A SCHOOL FACILITIES TRUST FUND. IN ADDITION, THE EXISTING EARMARKING OF THE STATE CORPORATE INCOME TAX FOR SCHOOL FACILITIES SHOULD BE ADDED TO THE NEW TRUST FUND, WITH THE DETAILS OF THE ADMINISTRATION AND ALLOCATION OF THESE MONIES REMAINING INTACT.

FINDING: IN THE PAST SOME OF THE EARMARKED PROCEEDS OF THE TWO ONE-HALF CENT LOCAL SALES TAXES AND THE STATE CORPORATE INCOME TAX EARMARKING HAVE BEEN USED FOR SCHOOL CAPITAL ITEMS AND OTHER CAPITAL NOT DIRECTLY RELATED TO THE CLASSROOM.

In its review, the Commission found that inconsistencies in the definition of allowable uses of the corporate tax proceeds, the 1983 half cent local sales tax, and the 1986 half cent sales tax has allowed local units to use the monies legitimately for facilities that do not directly relate to classrooms and other basic instructional needs. The Commission feels strongly that the magnitude of statewide facility needs is such that future State aid should be concentrated on classroom needs.

RECOMMENDATION: THE NEW STATE DOLLARS SHOULD BE USED ONLY TO FUND CLASSROOM AND RELATED INSTRUCTIONAL PURPOSES.

FINDING: THE EARMARKING OF THE COUNTY PORTION OF THE TWO ONE-HALF SALES TAXES WILL EXPIRE IN THE NEXT FEW YEARS. THIS EARMARKING IS A KEY COMPONENT OF ADDRESSING THE BACKLOG OF SCHOOL FACILITY NEEDS.

The 1983 and 1986 General Assembly authorized counties to levy an additional half cent local sales tax, with a portion of the county proceeds to be earmarked for school facilities. The earmarking is 30% of the 1983 tax and 60% of the 1986 authorization. The 1993 General Assembly extended the earmarking of both taxes by five years (through 1997-98 for the first tax and through 2005-06 for the second half cent). There was very little opposition to the extension, and the taxes have proved to be a popular and effective way for local units to address their facility needs.

The Commission finds that the sales tax earmarking should continue to play a major role in meeting local school facility needs.

RECOMMENDATION: THE GENERAL ASSEMBLY SHOULD EXTEND INDEFINITELY THE EARMARKING OF THE COUNTY PORTION OF THE TWO HALF CENT LOCAL SALES TAXES FOR SCHOOL FACILITIES .

FINDING: COUNTIES FALL INTO THREE DISTINCT CATEGORIES IN RESPECT TO THEIR SCHOOL FACILITY FUNDING SITUATIONS:

**LOW-WEALTH COUNTIES
HIGH-GROWTH COUNTIES
ALL COUNTIES**

The 100 counties of North Carolina have a wide variety of school facility needs that are related to differing demographic and economic situations. Thus, a straight allocation of new dollars on the basis of school population, called "average daily membership" ("ADM") will not properly address the needs of some counties.

Earlier this report discussed the plight of poor counties ("low-wealth" counties) and the fact that during the last 13 years, the General Assembly adopted a wide variety of mechanisms to provide some extra assistance to these units. This Commission finds that a substantial portion of the recommended new dollars should be targeted to continue addressing this issue.

Another special need category is high-growth counties. Table 5 indicates that 91% of the annual growth in school population is concentrated in just five urban clusters.

The new category of growth centers that has appeared in recent years is reflected in certain counties surrounding major urban centers. These counties have a unique school finance problem having to do with geography and demographics. The problem is that most of the growth is concentrated in bedroom communities that have sprung up within commuting distance of major employment centers in neighboring counties. This has caused substantial overcrowding of school facilities. In fact, it is not unusual for the enrollment in newly-completed school buildings to exceed the designed capacity on the day the school opens its doors. Many of the residents of this area have school-age children and have moved from other parts of the State or nation where support for public schools has been strong. Other areas of these same counties have a more rural character where more attention is focused on the decline of the farm economy and the affordability of the property tax.

RECOMMENDATION: THE PROCEEDS OF BOTH THE \$950 MILLION OF SCHOOL BONDS AND THE NEW STATE DOLLARS GOING INTO THE SCHOOL BUILDING TRUST FUND SHALL BE ALLOCATED UNDER THE FOLLOWING FORMULA:

AVERAGE DAILY MEMBERSHIP-40%
LOW-WEALTH-35%
HIGH-GROWTH-25%

FINDING: IT IS IMPORTANT TO MEET THE SPECIAL NEEDS OF SMALL COUNTY SCHOOL SYSTEMS THAT DO NOT HAVE SUFFICIENT POPULATION AND ABILITY-TO-PAY TO MEET THEIR FACILITY NEEDS FROM THEIR OWN RESOURCES.

The Commission found that, even with a \$1 million per county floor on the allocation of bond proceeds, some small county school systems would not receive enough funding, when combined with local resources, to meet their basic facility needs.

RECOMMENDATION: \$30 MILLION OF THE \$950 MILLION OF BOND PROCEEDS SHALL BE SET ASIDE TO MEET THE SPECIAL NEEDS OF SMALL COUNTY SCHOOL SYSTEMS.

FINDING : IT IS VITAL THAT PAST AND FUTURE LOCAL EFFORT BE INCLUDED IN THE ALLOCATION MECHANISM.

Mention was made earlier of the valiant efforts of many low-wealth counties in levying property tax rates sufficient to fund their federal and State mandates, to meet their basic needs, and to address their aging school facilities. In addition, a number of urban counties have gone to the bond market on a frequent basis to keep up with the need for new facilities. The Commission strongly recommends that the formulas adopted to distribute the new State aid reward these counties.

At the same time, the Commission discovered in its travels around the State a number of both low-wealth and urban counties that, faced with the same circumstances as other counties, have not made sufficient effort to meet their needs.

RECOMMENDATION: COUNTIES SHOULD BE REQUIRED TO MATCH THE PROCEEDS THEY RECEIVE FROM THE "ADM" DISTRIBUTION AND THE HIGH-GROWTH DISTRIBUTION. NO MATCH WOULD BE REQUIRED ON THE DISTRIBUTION BASED ON LOW-WEALTH. THE MATCH RATIO FOR LOCAL UNITS WOULD BE BASED ON ABILITY-TO-PAY, WITH THE POOREST COUNTY MATCHING ON THE BASIS OF THREE CENTS PER DOLLAR OF STATE FUNDS AND THE WEALTHIEST COUNTY PUTTING UP \$3.00 FOR EACH DOLLAR OF STATE AID.

FINDING: THE FUNDING PACKAGE REPRESENTS A SUBSTANTIAL COMMITMENT OF THE STATE'S FUTURE SPENDING AVAILABILITY.

The financing package recommended by this Commission, coupled with the actions of the General Assembly during the last 13 years, will go a long way toward meeting the identified school facility needs for the next five years (see Table 6). In addition, the establishment of the permanent trust fund provides a vehicle to channel a portion of any new revenue source to school facilities.

The problem facing the General Assembly is that a review of the long-term budget forecasts presented to the Commission indicate that school facility needs represent just one category of pressing statewide needs. Other needs that have caused chronically tight budgets include federal mandates, prior State initiatives, burgeoning correction and judicial system needs, and pressures to catch-up teachers and State employees for small pay raises during lean times. In addition, taxpayers are demanding tax cuts. These first-priority needs interfere with the ability of states to adopt new initiatives, including taking on new debt service requirements

from state bonds. In fact, it is not clear how future sessions of the General Assembly will be able to pay the principal and interest on the proposed bonds (see Table 7).

In recent years there has been a substantial amount of nonrecurring spending availability. The problem facing the Legislature during the next couple of sessions is that a large number of lawsuits with potentially large damage awards have not been resolved (see Table 8).

Finally, none of the long-term budget projections account for the potential for substantial federal budget cuts.

FINDING: A MAJOR BENEFIT OF THE PROPOSED FINANCE PACKAGE IS PROPERTY TAX RELIEF FOR THE CITIZENS OF NORTH CAROLINA.

In 1971, the General Assembly authorized a one cent local-option sales tax to reduce local reliance on the property tax. In 1983, a half cent tax was authorized to deal with the loss of federal revenue-sharing funds and to provide school facilities aid. Finally, the 1986 General Assembly authorized a half cent local sales tax with most of the county proceeds earmarked for school facilities. Both the 1983 and 1986 half cent taxes were also designed to reduce pressure on the property tax.

These measures have been hugely successful as shown on Table 9. However, this graph also indicates that the property tax burden is beginning to rise once again. Primary reasons include new federal and state mandates. One of the major objectives of the recommended finance package is to limit the pressure for property tax increases to fund school facilities, especially in those counties that have made an honest effort through the property tax rate to meet their needs. This language should in no way be interpreted to condone the actions of some counties to keep low tax rates awaiting a State bail-out on school facilities.

ALTERNATIVE FINDING: THE GENERAL ASSEMBLY SHOULD AUTHORIZE A \$1.8 BILLION SCHOOL BOND ISSUE.

Many Commission members felt that the school bond issue should be larger than the \$950 million amount in the primary recommendation in order to provide a larger quick infusion of aid to reduce the backlog of facility needs.

ALTERNATIVE RECOMMENDATION: THE STATE SHOULD AUTHORIZE A \$1.8 BILLION SCHOOL BOND ISSUE IN LIEU OF THE PRIMARY RECOMMENDATION OF A \$950 MILLION BOND ISSUE PLUS ADDITIONAL STATE PAY-AS-YOU-GO FINANCING.

GENERAL FINDINGS AND RECOMMENDATIONS

FLEXIBILITY

FINDING: THE CURRENT FACILITIES STANDARDS AND SCHOOL PLAN REVIEW PROCESS SHOULD BE REVISED IN ORDER TO PROVIDE MORE FLEXIBILITY AND LOCAL CONTROL TO SCHOOL UNITS IN THEIR DESIGN AND CONSTRUCTION OF SCHOOL FACILITIES.

The Commission heard repeated testimony from local school officials and County Commissioners that the current School Facilities Standards are too restrictive, and that there is a need for greater flexibility in regards to certain aspects of the State's oversight of public school construction.

Of specific concern to the Commission are the current School Facilities Standards. Recent legislative initiatives have granted more authority and flexibility in a variety of areas to local school units. The Commission agrees that actions consistent with the philosophy granting greater authority and flexibility to local school units in the area of school facilities standards and construction are in order.

RECOMMENDATIONS:

ENACT LEGISLATION THAT WILL:

CHANGE THE CURRENT STATUTORY LANGUAGE FROM "STANDARDS" TO "GUIDELINES" AND MAKE THE GUIDELINES ADVISORY.

CHANGE THE CURRENT STATE REVIEW OF SCHOOL PLANS PROCESS TO AN ADVISORY REVIEW OF SCHOOL PLANS FOR "COMMENT".

CHARGE THE STATE BOARD OF EDUCATION TO REVIEW AND REVISE THE SCHOOL FACILITIES GUIDELINES TO REFLECT BOTH EDUCATIONAL PROGRAM APPROPRIATENESS AND LONG TERM COST-EFFICIENCY.

CHARGE THE STATE BOARD OF EDUCATION TO APPOINT A SCHOOL FACILITIES TASK FORCE TO REVIEW THE SCHOOL FACILITIES GUIDELINES AND MAKE RECOMMENDATIONS TO THE STATE BOARD OF EDUCATION FOR REVISION.

THE COMPOSITION OF THE TASK FORCE SHALL INCLUDE MEMBER(S) OF THE STATE BOARD OF EDUCATION, ARCHITECTS, REPRESENTATIVES FROM SCHOOLS OF ARCHITECTURE, LOCAL SCHOOL UNIT FACILITIES EXPERTS AND REPRESENTATIVES FROM THE SCHOOL BOARDS AND COUNTY COMMISSIONERS ASSOCIATIONS.

CHARGE THE STATE BOARD TO ADOPT NEW SCHOOL FACILITIES GUIDELINES BY MARCH 1, 1997 AND REPORT PROCEEDINGS AND NEW GUIDELINES TO THE GENERAL ASSEMBLY BY APRIL 15, 1997.

PROTOTYPE PLANS

FINDING: THERE IS POTENTIAL COST-SAVINGS IN THE DESIGN OF PUBLIC SCHOOLS THROUGH THE USE OF PROTOTYPE PLANS.

In order to assist local school units realize cost-savings in the design phase of school construction the Commission finds that there is a need for a central "clearinghouse" for school facility prototype plans accessible to all school units in the State.

RECOMMENDATIONS:

ENACT LEGISLATION THAT WILL:

CHARGE THE STATE BOARD OF EDUCATION TO ESTABLISH A CENTRAL DATABASE CLEARINGHOUSE FOR PROTOTYPE PLANS ACCESSIBLE BY SCHOOL BOARDS THAT ARE INTERESTED IN PROTOTYPE DESIGN. THE DATABASE SHALL BE OPEN TO ALL INTERESTED PARTIES.

RECOMMEND THAT:

THE NORTH CAROLINA CHAPTER OF THE AMERICAN INSTITUTE OF ARCHITECTS WORK IN COLLABORATION WITH THE NORTH CAROLINA SCHOOL BOARDS AND THE NORTH CAROLINA COUNTY COMMISSIONERS ASSOCIATION TO PROVIDE SEMINARS AND WORKSHOPS ON THE USE OF PROTOTYPES AND OTHER SCHOOL FACILITY DESIGN COST-EFFICIENCIES.

ACCOUNTABILITY

FINDING: THERE IS A NEED FOR AN ACCURATE ACCOUNTING AND REPORTING OF STATE AND LOCAL EXPENDITURES FOR SCHOOL CONSTRUCTION.

The Commission has heard evidence that the expenditure of State funds for public school construction can not be tracked accurately, raising questions as to whether the funds have been spent as intended.

RECOMMENDATIONS:

ENACT LEGISLATION THAT WILL:

CHARGE THE LOCAL GOVERNMENT COMMISSION AND THE STATE BOARD OF EDUCATION TO DEVELOP AND ESTABLISH NEW PROCEDURES TO ACCOUNT FOR THE EXPENDITURE OF EARMARKED SALES TAX FUNDS.

REQUIRE ANNUAL REPORTING TO THE GENERAL ASSEMBLY.

CHARGE THE STATE BOARD OF EDUCATION AND THE LOCAL GOVERNMENT COMMISSION TO TRACK AND REPORT LOCAL EXPENDITURES OF FUNDS FOR SCHOOL CONSTRUCTION.

PLANNING

FINDING: THERE IS A NEED FOR APPROPRIATE SCHOOL FACILITIES PLANNING BETWEEN SCHOOL BOARDS AND BOARDS OF COUNTY COMMISSIONERS. THERE IS ALSO A NEED FOR AN APPROPRIATE RESOLUTION PROCESS FOR BUDGET DISPUTES BETWEEN LOCAL SCHOOL BOARDS AND BOARDS OF COUNTY COMMISSIONERS.

The Commission finds that joint-planning between local school boards and County Commissioners is crucial to the appropriate planning and financing of local school facilities.

The Commission has heard concerns regarding the lack of an appropriate process for settling budget disputes between School Boards and Boards of County Commissioners. At the request of the Commission, the North Carolina School Boards Association and the North Carolina Association of County Commissioners have met in order to develop a joint recommendation for the improvement of the current budget dispute resolution process to the Commission. The Commission finds that the recommendations of the Associations are an appropriate step in improving the current budget dispute process.

RECOMMENDATIONS:

ENACT LEGISLATION THAT:

STRONGLY ENCOURAGES JOINT MEETINGS BETWEEN LOCAL SCHOOL BOARDS AND COUNTY COMMISSIONERS, PERIODICALLY EACH YEAR, IN ORDER TO DISCUSS IMMEDIATE AND LONG-RANGE ISSUES RELATED TO SCHOOL FACILITIES.

CHARGES THE OFFICE OF THE STATE TREASURER AND THE STATE BOARD OF EDUCATION COLLABORATE TO REVISE THE CURRENT UNIFORM BUDGET FORMAT. THIS REVISION SHOULD INCORPORATE SCHOOL FACILITIES REPORTING PRACTICES THAT PROVIDE CLEAR AND ACCURATE MULTI-YEAR INFORMATION VALUABLE TO TIMELY AND REGULAR SCHOOL FACILITIES PLANNING BETWEEN SCHOOL BOARDS AND BOARDS OF COUNTY COMMISSIONERS.

SURVEY TIMETABLE

FINDING: SCHOOL FACILITIES NEEDS ASSESSMENTS SHOULD BE CONDUCTED IN A TIMELY FASHION.

The Commission finds that the current timetable used for surveying school facilities needs is not timely given rapidly changing aspects of school facilities needs.

RECOMMENDATION:

ENACT LEGISLATION THAT:

PLACES SCHOOL FACILITIES NEEDS ASSESSMENTS ON A FIVE-YEAR CYCLE.

ROAD AND PARKING LOT CONSTRUCTION

FINDING: POTENTIAL COST SAVINGS COULD BE REALIZED THROUGH THE DEPARTMENT OF TRANSPORTATION PREPARATION AND PAVING OF ROADS, PARKING LOTS, AND ACCESS IN NEW SCHOOL CONSTRUCTION.

RECOMMENDATION: THAT THE JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE INVESTIGATE POTENTIAL DEPARTMENT OF TRANSPORTATION INVOLVEMENT IN THE CONSTRUCTION OF ROADS, PARKING LOTS, AND RELATED FACILITIES FOR NEW SCHOOL CONSTRUCTION.

Public Schools Facility Needs Survey
School Capital Construction Study Commission
North Carolina

ABCs

Responding to House Bill 898
with a Report on the 5-year needs
of North Carolina School Systems

PUBLIC SCHOOLS OF NORTH CAROLINA
STATE BOARD OF EDUCATION
JAY ROBINSON, CHAIRMAN
DEPARTMENT OF PUBLIC INSTRUCTION
BOB ETHERIDGE, STATE SUPERINTENDENT
APRIL 1996



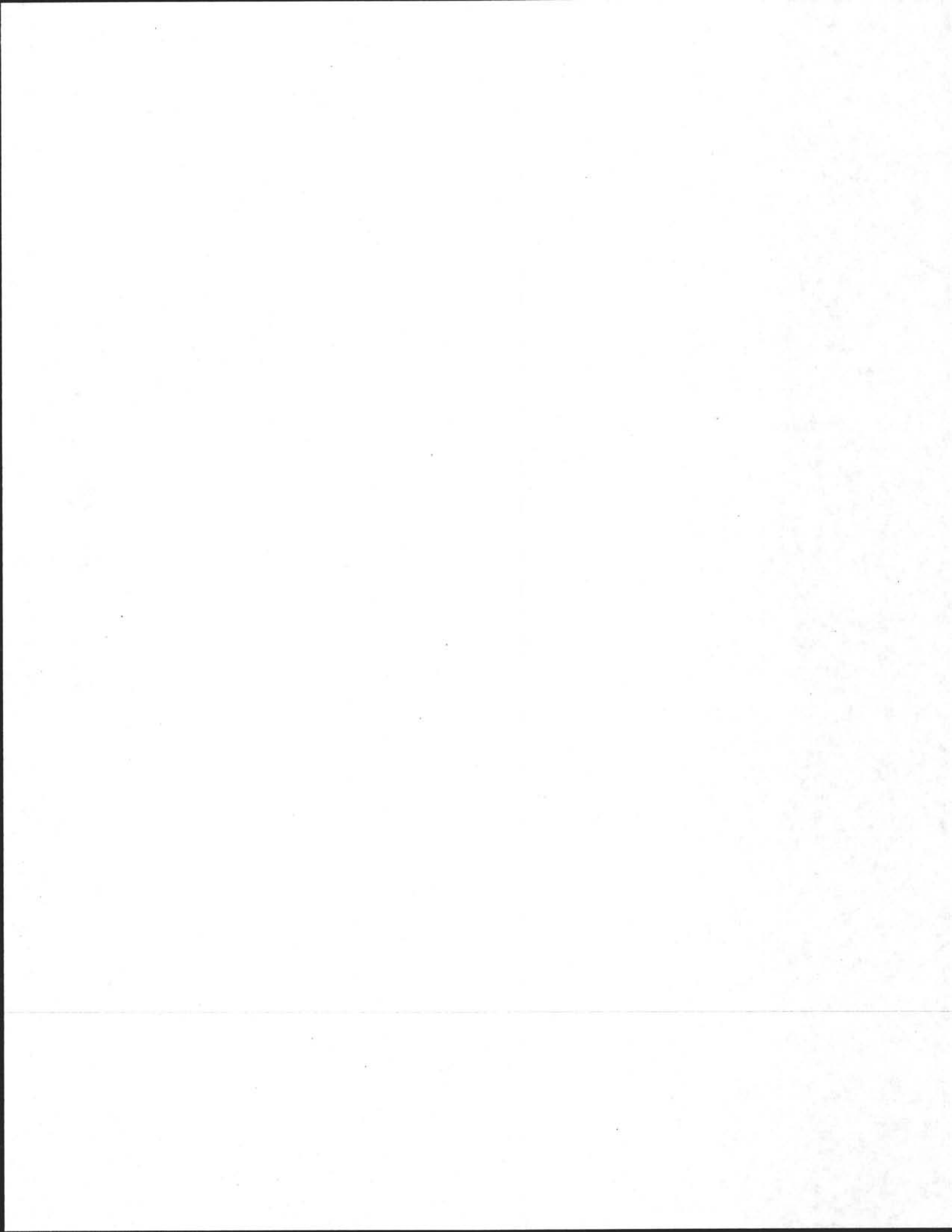
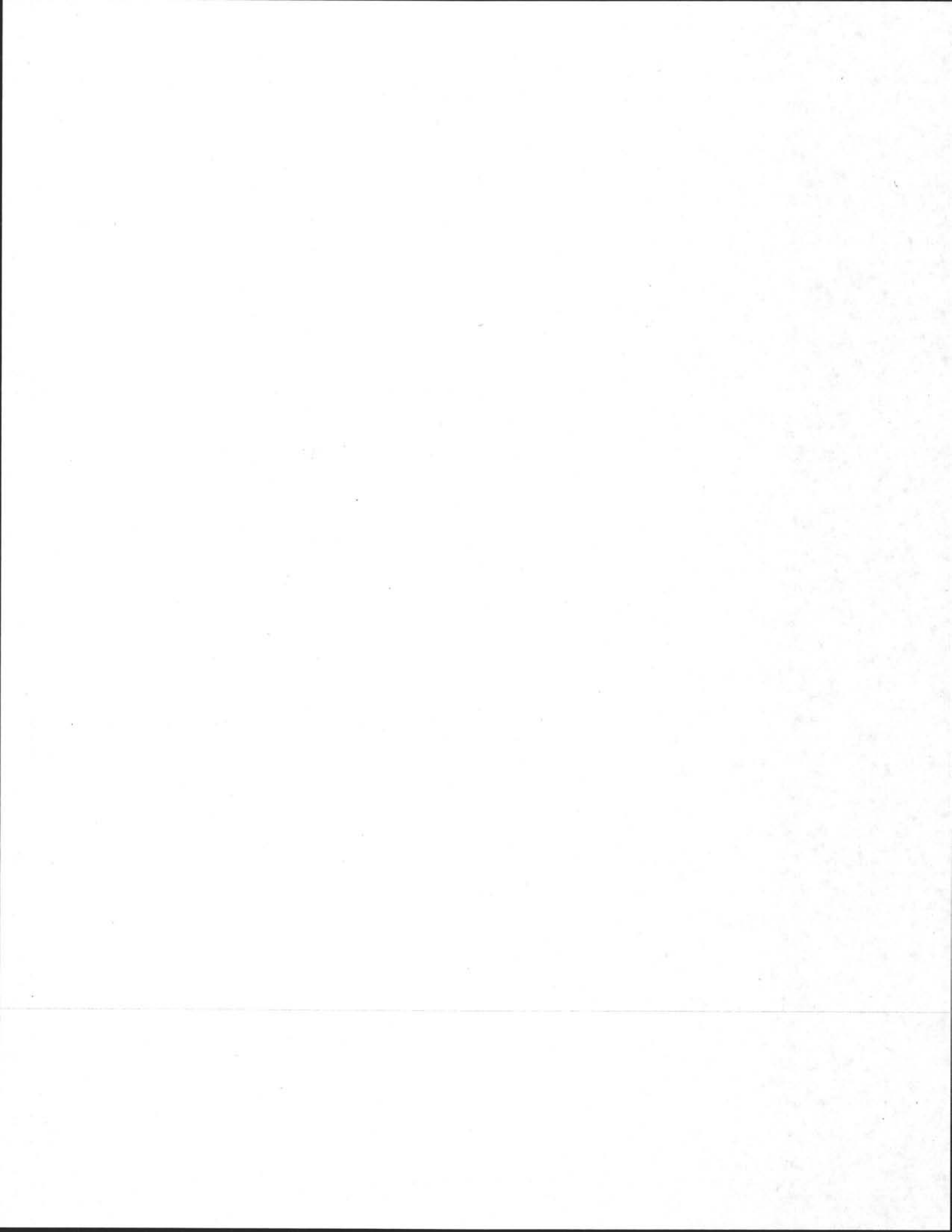


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Public Schools Facility Needs Survey School Capital Construction Study Commission

EXECUTIVE SUMMARY

April 1996

The 1995 General Assembly of North Carolina authorized the School Capital Construction Study Commission. The charge of the Commission, co-chaired by Senator Fred M. Hobbs and Representative N. Leo Daughtry, was to conduct a comprehensive study of public school facility needs in North Carolina. Toward that end, the Commission was to identify needs, develop criteria for ranking identified needs, examine roles of the State and counties in providing funds to meet identified needs, and develop an adequate and equitable long-term plan for funding identified needs.

The Department of Public Instruction's School Support Division, through its School Planning Section, facilitated the statewide study. Training workshops and consultative services were provided in assisting the 119 school systems to identify current and projected facility needs. Computer programs utilizing typical space profiles for schools in North Carolina were employed to translate raw data supplied by local systems into dollar values. Project reports for individual schools and system summaries were returned to local boards of education for study and, where necessary, modification. Sign-off forms for the joint certification of facility needs by boards of education and county commissioners were provided.

Local boards of education are to be highly commended for their conscientious and timely efforts with an extremely demanding process, and boards of county commissioners for their collaboration and support of the results. Jointly-approved facility needs assessments have been received for 113 local school systems. Despite earnest effort on the parts of the Commission co-chairs, the North Carolina School Boards Association, and the North Carolina Association of County Commissioners, both boards have been unable to agree on needs in six systems. Those systems are Caswell County Schools, Iredell-Statesville Schools, Mooresville Graded School District, New Hanover County Schools, Rutherford County Schools, and Wayne County Public Schools.

Results of the study identified total facility needs over a five-year period of just over \$6.2 billion. This total includes estimated needs for the six systems for which jointly-approved assessments have not been received and which are based upon initial data supplied by the respective boards of education. Approximately 32 percent of the total comprises new schools, 26 percent additions to existing facilities, 35 percent renovation of existing facilities, five percent furnishings and equipment, and one percent land acquisition.

This report reflects in detail the results of the study. The exceptional collaboration which resulted in the success of the most comprehensive school facility needs study ever undertaken in North Carolina clearly underscores broad-based concern for the welfare of students and the critical nature of the Commission's charge.

INTRODUCTION

House Bill 898 (1995 Session) created the School Capital Construction Study Commission. One of the charges to the Commission was to conduct a statewide survey of school facility needs. The act required each local school administrative unit to submit to the Commission a list of the public school facility needs for the unit. The list of needs had to include justification for each project and be prioritized. In addition, the act required that the list of needs include a statement that the county commissioners of the county in which the unit was located had approved or disapproved the list.

School Planning, Division of School Support, Department of Public Instruction provided staff to the Commission to implement the facility needs survey. DPI staff developed a uniform reporting system, assisted the local school units in preparing lists of needs, and tabulated the results of the survey for the Commission. Data for 2,335 individual projects is included in the reports.

The following totals indicate the magnitude of school facility needs reported:

- Total (current \$'s) five-year needs:
\$6,210,938,727.00
- Mobile Units & Temporary Classrooms:
4,835
- Student capacity of school buildings that would be replaced:
59,156
- Number of schools in the state:
1,981
- Number of K-12 students:
1,173,796
- Projected increase in K-12 students in five years:
100,590

Each school system has submitted a plan (119). One hundred eighteen have been approved by the local school boards. One hundred thirteen have been approved by boards of county commissioners. It is anticipated that boards of commissioners in two counties (Caswell & Rutherford) will approve plans after the deadline for this report. Four counties (five school systems) have disapproved the lists of needs submitted by their school systems.

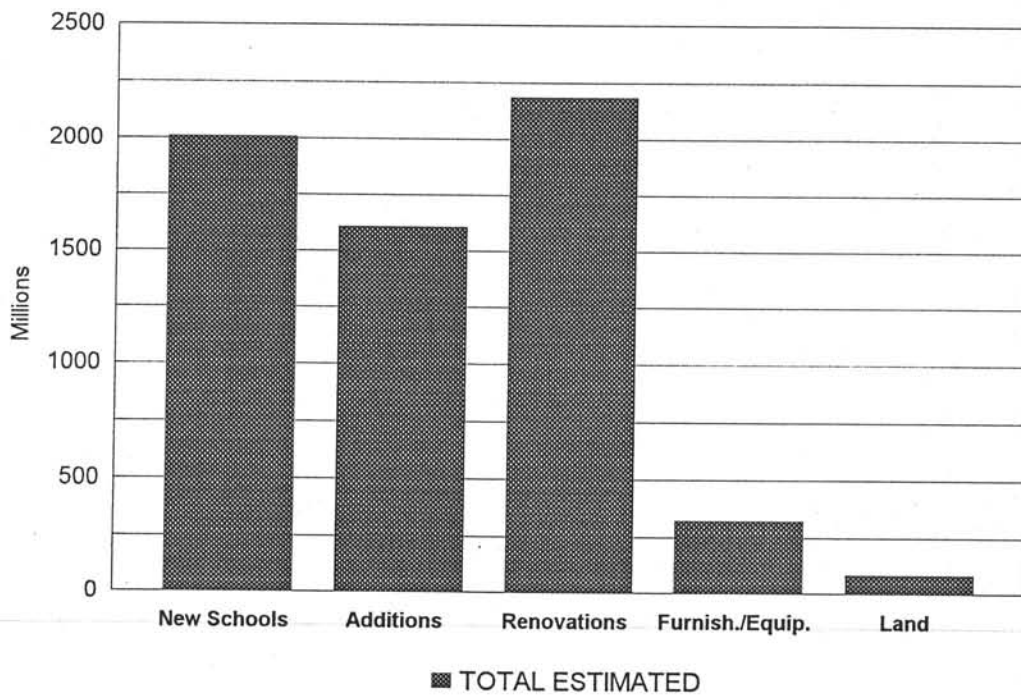
Facility Needs

09-Apr-96

FIVE-YEAR PUBLIC SCHOOLS FACILITY NEEDS	TOTAL ESTIMATED	% OF TOTAL
New Schools	\$2,008,562,593	32.3%
Additions	1,609,635,573	25.9%
Renovations	2,184,882,036	35.2%
Furnish./Equip.	323,902,274	5.2%
Land	83,956,251	1.4%
total	\$6,210,938,727	100%

*Facility Needs Plans for 113 school systems have been finalized, plans for 6 school systems (total \$418,374,850) have not been approved by the local county commissioners.
 (all school systems have submitted plans, all but one has been approved by the local school board)

FIVE-YEAR PUBLIC SCHOOLS FACILITY NEEDS



New Schools

	FIVE-YEAR NEEDS (total- estimated)
Elementary Schools	121
Middle Schools	69
High Schools	28
total	218

* Facility Needs Plans for 113 school systems have been finalized, plans for 6 school systems have not been approved by the local county commissioners.

(all school systems have submitted plans, all but one has been approved by the local school board)

New Classrooms *

NEEDS	CORE CLASSROOMS	OTHER CLASSROOMS	PRE-K CLASSROOMS	EXCEPTIONAL CHILDREN	TOTAL
FIVE-YEAR NEEDS	10,062	3,144	455	1,069	14,730

Note: "Core Classrooms" are those used for math, science, social studies, and language.

"Other Classrooms" include classrooms used for vocational, art, music, and physical education.

"Exceptional Children" includes self-contained classrooms only (TMH, BEH, etc., not resource rooms)

Totals include facility plans that have been submitted, but have not been approved by the county commissioners. Most plans have been approved by the local school boards.

Environmental & Accessibility

5-YEAR NEEDS	TOTAL ESTIMATED *	% OF TOTAL RENOVATIONS
Air Conditioning	\$143,776,512	6.6%
Water	5,700,500	0.3%
Sewer	20,733,650	0.9%
Asbestos	66,201,501	3.0%
Handicapped Access (ADA)	83,645,765	3.8%
total	\$320,057,928	14.6%

*Facility Needs Plans for 113 school systems have been finalized, plans for 6 school systems have not been approved by the local county commissioners.

(environmental & accessibility needs are included in "Renovations" under Facility Needs chart)

Needs Submitted by County Commissioners

(separate list submitted by counties that did not approve the needs submitted by the school systems)

	TOTAL NEEDS *
Iredell County	
Iredell-Statesville	25,810,758
Mooreville	5,600,000
total Iredell	\$31,410,758
New Hanover County	\$242,000,000

* Note: These needs lists did not include dates when projects would be needed - within ten years assumed.

FIVE-YEAR PUBLIC SCHOOL FACILITY NEEDS

04/09/96

UNIT	SCHOOL SYSTEM	NEW SCHOOLS ELEMENTARY	NEW SCHOOLS MIDDLE	NEW SCHOOLS HIGH	ADDITIONS	RENOVATION	FURN. / EQUIP.	LAND	TOTAL
010	Alamance County	29,151,939	9,387,101	0	27,737,166	31,308,521	6,676,595	1,092,000	\$105,353,322
011	Burlington City	0	0	0	0	3,820,614	0	0	\$3,820,614
020	Alexander County	12,487,370	0	13,769,285	3,705,026	1,468,802	2,427,754	540,000	\$34,398,237
030	Alleghany County	0	0	0	5,117,499	1,822,711	505,147	180,000	\$7,625,357
040	Anson County	0	0	0	1,729,656	7,335,795	151,790	0	\$9,217,241
050	Ashe County	7,252,661	0	0	689,201	3,677,660	607,359	0	\$12,226,881
060	Avery County	10,286,216	0	0	0	4,238,940	855,687	360,000	\$15,740,843
070	Beaufort County	0	19,093,696	14,675,894	3,271,160	14,350,443	3,047,134	138,000	\$54,576,327
080	Bertie County	0	7,501,574	19,838,420	4,687,281	15,807,546	2,557,699	337,500	\$50,730,020
090	Bladen County	0	0	0	14,729,594	4,097,955	1,274,776	0	\$20,102,325
100	Brunswick County	6,943,339	4,648,821	0	13,185,127	18,531,469	2,098,153	175,000	\$45,581,909
110	Buncombe County	21,050,724	21,867,045	0	36,658,548	24,458,309	7,175,763	2,662,000	\$113,872,389
111	Asheville City	0	0	0	0	23,283,781	0	0	\$23,283,781
120	Burke County	19,931,679	10,183,762	21,495,355	22,999,439	11,839,558	6,126,383	585,000	\$93,161,176
130	Cabarrus County	32,806,266	28,925,724	24,871,828	29,422,795	11,928,006	9,947,615	2,079,700	\$139,981,934
132	Kannapolis City	6,564,590	0	0	5,169,111	7,558,414	1,006,576	600,000	\$20,898,691
140	Caldwell County	15,565,180	6,561,346	0	11,754,751	9,899,700	2,855,189	300,000	\$46,936,166
150	Camden County	0	0	13,938,291	3,557,468	1,494,109	1,528,593	330,000	\$20,848,461
160	Carteret County	0	8,907,210	0	5,598,987	10,296,087	1,309,307	1,920,000	\$28,031,591
170	Caswell County *	0	11,142,135	0	2,143,956	2,220,498	1,078,424	200,000	\$16,785,013
180	Catawba County	13,718,922	14,990,714	0	15,673,550	3,471,088	3,748,861	448,000	\$52,051,135
181	Hickory City	0	18,266,208	0	3,718,467	10,578,544	1,783,066	920,000	\$35,266,285
182	Newton-Conover City	0	0	0	188,446	12,833,916	16,538	0	\$13,038,900
190	Chatham County	0	8,450,847	0	5,741,823	12,581,718	1,314,003	540,000	\$28,628,391
200	Cherokee County	0	0	0	12,695,445	6,452,986	1,166,759	0	\$20,315,190
210	Edenton-Chowan	0	0	0	5,626,522	6,891,221	473,408	0	\$12,991,151
220	Clay County Schools	0	0	0	6,515,621	757,823	571,797	0	\$7,845,241
230	Cleveland County	8,286,051	0	0	6,136,860	9,354,720	1,247,182	264,000	\$25,288,813
231	Kings Mountain District	4,909,119	0	0	698,424	2,108,234	464,267	220,000	\$8,400,044
232	Shelby City	0	0	0	780,327	9,357,641	68,480	0	\$10,206,448
240	Columbus County	0	0	0	35,288,164	32,356,786	3,537,089	96,000	\$71,278,039
241	Whiteville City	0	0	0	7,738,137	6,969,076	947,783	150,000	\$15,804,996
250	Craven County	14,132,744	0	0	15,535,308	41,524,201	2,420,921	0	\$73,613,174
260	Cumberland County	26,556,155	34,120,870	48,981,206	55,099,749	121,571,210	13,344,304	3,840,000	\$303,513,494

plans are for five-year reported needs

School Planning/DPI/PSNC

FIVE-YEAR PUBLIC SCHOOL FACILITY NEEDS

04/09/96

UNIT	SCHOOL SYSTEM	NEW SCHOOLS ELEMENTARY	NEW SCHOOLS MIDDLE	NEW SCHOOLS HIGH	ADDITIONS	RENOVATION	FURN. / EQUIP.	LAND	TOTAL
270	Currituck County	9,602,764	0	0	3,013,540	3,469,649	1,335,677	175,000	\$17,596,630
280	Dare County	0	0	15,978,563	2,857,335	122,502	1,496,798	0	\$20,455,198
290	Davidson County	7,038,152	0	0	16,391,724	23,956,861	2,019,965	153,000	\$49,559,702
291	Lexington City	0	0	0	3,974,165	2,507,818	348,762	0	\$6,830,745
292	Thomasville City	0	0	0	1,966,831	1,202,363	172,605	0	\$3,341,799
300	Davie County	5,232,463	0	0	10,053,266	12,345,706	1,442,992	150,000	\$29,224,427
310	Duplin County	0	0	0	22,043,181	20,419,745	2,483,066	80,000	\$45,025,992
320	Durham Public Schools	14,639,336	10,790,015	0	48,530,062	78,622,480	6,430,235	1,890,000	\$160,902,128
330	Edgecombe County	7,328,259	0	0	36,930,859	34,672,710	4,415,439	392,000	\$83,739,267
340	Winston-Salem/Forsyth County	0	0	0	1,512,565	5,908,182	234,720	0	\$7,655,467
350	Franklin County	0	16,613,640	0	9,235,451	7,453,642	2,051,327	220,000	\$35,574,060
360	Gaston County	5,205,638	0	0	3,852,595	30,465,909	697,499	300,000	\$40,521,641
370	Gates County	6,525,724	0	0	0	0	538,723	160,000	\$7,224,447
380	Graham County	0	0	0	2,367,818	1,231,685	207,795	0	\$3,807,298
390	Granville County	24,142,834	0	0	4,195,999	5,603,161	2,366,196	285,000	\$36,593,190
400	Greene County	0	0	0	3,035,170	3,904,818	266,359	0	\$7,206,347
410	Guilford County	40,689,005	33,877,198	0	237,436,383	419,589,207	30,149,941	4,801,000	\$766,542,734
420	Halifax County	7,682,162	13,559,433	0	6,303,239	369,848	2,199,212	0	\$30,113,894
421	Roanoke Rapids City	16,600,254	0	0	0	0	1,366,358	242,172	\$18,208,784
422	Weldon City	8,250,859	0	0	561,800	0	744,287	70,000	\$9,626,946
430	Harnett County	6,713,193	18,811,157	0	10,706,808	12,923,251	3,072,328	444,000	\$52,670,737
440	Haywood County	10,944,516	0	0	7,503,071	9,008,052	1,691,879	608,329	\$29,755,847
450	Henderson County	7,490,069	0	0	22,588,663	8,332,139	2,958,952	600,000	\$41,969,823
460	Hertford County	8,808,524	0	0	7,525,215	1,091,016	1,560,042	0	\$18,984,797
470	Hoke County	7,003,241	0	0	8,250,346	1,790,870	1,302,135	144,000	\$18,490,592
480	Hyde County	5,390,716	0	0	5,830,493	2,527,029	967,917	70,000	\$14,786,155
490	Iredell-Statesville *	11,391,961	0	0	13,858,974	26,178,386	2,141,304	128,000	\$53,698,625
491	Mooreville Graded School District *	6,933,522	0	0	0	0	572,862	340,000	\$7,846,384
500	Jackson County	0	6,833,970	15,361,458	11,398,111	3,544,881	2,740,809	1,620,000	\$41,499,229
510	Johnston County	8,319,161	0	20,885,041	29,330,429	26,413,435	5,049,032	498,000	\$90,495,098
520	Jones County	3,696,172	0	0	2,357,467	2,771,723	528,510	0	\$9,353,872
530	Lee County	21,592,587	0	0	4,019,141	483,768	2,277,029	297,500	\$28,670,025
540	Lenoir County	0	0	0	11,399,634	14,444,725	1,121,705	0	\$26,966,064
550	Lincoln County	11,995,048	9,387,101	0	0	0	1,770,645	296,000	\$23,448,794

plans are for five-year reported needs

School Planning/DPI/PSNC

FIVE-YEAR PUBLIC SCHOOL FACILITY NEEDS

04/09/96

UNIT	SCHOOL SYSTEM	NEW SCHOOLS ELEMENTARY	NEW SCHOOLS MIDDLE	NEW SCHOOLS HIGH	ADDITIONS	RENOVATION	FURN. / EQUIP.	LAND	TOTAL
560	Macon County	0	0	0	15,978,332	9,358,134	1,732,855	789,600	\$27,858,921
570	Madison County	5,036,022	0	0	10,074,192	7,985,466	1,452,687	220,000	\$24,768,367
580	Martin County	0	6,177,689	0	10,337,184	2,230,528	1,476,014	78,000	\$20,299,415
590	Mc Dowell County	0	0	0	10,723,075	7,658,384	790,128	120,000	\$19,291,587
600	Charlotte Mecklenburg	32,694,832	37,723,929	49,454,212	40,689,814	161,092,617	18,088,788	14,580,000	\$354,324,192
610	Mitchell County	0	0	0	11,011,774	12,991,158	1,019,608	36,000	\$25,058,540
620	Montgomery County	0	0	0	7,985,149	2,686,284	843,758	0	\$11,515,191
630	Moore County	6,520,992	7,209,859	0	11,088,361	17,518,352	2,322,932	63,000	\$44,723,496
640	Nash-Rocky Mount	7,170,739	25,464,484	0	23,392,648	302,144	4,691,575	650,000	\$61,671,590
650	New Hanover County *	37,777,044	11,499,347	0	62,930,873	115,374,118	10,235,685	8,180,000	\$245,997,067
660	Northampton County	0	0	0	6,778,741	7,807,655	594,887	0	\$15,181,283
670	Onslow County	8,539,999	0	17,496,269	22,115,016	14,839,663	3,979,213	312,000	\$67,282,160
680	Orange County	0	0	0	2,347,265	11,115,825	205,991	0	\$13,669,081
681	Chapel Hill-Carrboro	6,762,768	9,383,745	0	9,785,494	10,628,454	2,225,687	400,018	\$39,186,166
690	Pamlico County	0	0	0	7,648,253	4,136,073	834,000	37,000	\$12,655,326
700	Elizabeth City - Pasquotank	0	0	16,764,471	7,751,752	17,285,448	2,043,040	3,579,120	\$47,423,831
710	Pender County	19,782,354	8,369,524	13,984,161	8,121,380	3,303,715	4,429,264	960,000	\$58,950,398
720	Perquimans County	6,573,308	0	0	4,008,075	5,238,535	1,038,921	275,000	\$17,133,839
730	Person County	13,238,645	0	0	6,341,044	4,073,461	1,583,585	90,000	\$25,326,735
740	Pitt County	21,145,801	11,870,112	18,359,429	21,117,996	16,948,592	6,005,177	1,975,512	\$97,422,619
750	Polk County	13,561,016	9,133,104	0	1,096,284	699,344	1,943,936	855,000	\$27,288,684
760	Randolph County	6,626,810	30,152,170	0	27,564,416	16,087,702	5,862,026	500,000	\$86,793,124
761	Asheboro City	0	0	0	4,589,918	6,773,846	402,802	0	\$11,766,566
770	Richmond County	3,992,973	9,744,958	0	17,787,858	12,807,533	2,853,682	370,000	\$47,557,004
780	Public Schools Of Robeson County	0	0	0	72,217,667	61,443,955	6,931,892	650,000	\$141,243,514
790	Rockingham County	24,532,179	10,964,144	0	12,412,278	18,338,884	4,065,595	340,000	\$70,653,080
800	Rowan-Salisbury	5,207,769	8,995,252	13,843,654	12,078,287	14,246,355	3,538,584	390,000	\$58,299,901
810	Rutherford County *	20,514,461	8,868,603	0	8,635,944	624,967	3,160,278	63,800	\$41,868,053
820	Sampson County	8,434,273	0	0	25,665,190	23,136,717	3,112,591	165,000	\$60,513,771
821	Clinton City	0	0	0	7,702,831	7,376,303	662,590	1,700,000	\$17,441,724
830	Scotland County	7,447,084	8,393,863	0	8,466,514	17,386,594	2,222,521	136,500	\$44,053,076
840	Stanly County	0	0	47,181,813	13,948,421	16,927,291	6,115,305	0	\$84,172,830
841	Albemarle City	6,831,255	7,236,125	0	7,033,875	1,652,985	1,894,266	80,000	\$24,728,506
850	Stokes County	0	6,552,034	20,993,137	23,459,088	18,579,132	4,882,513	250,000	\$74,715,904

plans are for five-year reported needs

School Planning/DPI/PSNC

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FIVE-YEAR PUBLIC SCHOOL FACILITY NEEDS

04/09/96

UNIT	SCHOOL SYSTEM	NEW SCHOOLS ELEMENTARY	NEW SCHOOLS MIDDLE	NEW SCHOOLS HIGH	ADDITIONS	RENOVATION	FURN. / EQUIP.	LAND	TOTAL
860	Surry County	0	9,339,457	11,227,059	9,197,695	5,434,187	2,567,399	177,000	\$37,942,797
861	Elkin City	0	0	0	1,106,258	3,561,848	97,083	50,000	\$4,815,189
862	Mount Airy City	0	0	0	3,017,168	1,915,103	199,596	0	\$5,131,867
870	Swain County	0	0	0	873,918	190,750	76,693	0	\$1,141,361
880	Transylvania County	0	8,218,774	0	7,602,572	12,797,865	1,539,213	525,000	\$30,683,424
890	Tyrrell County	0	0	0	1,228,582	588,341	107,818	0	\$1,924,741
900	Union County	0	0	20,398,605	6,391,149	48,501,246	2,087,876	0	\$77,378,876
910	Vance County	0	8,848,159	0	10,002,117	16,822,034	1,743,425	80,500	\$37,496,235
920	Wake County	66,618,539	43,271,116	49,543,972	66,896,076	144,194,446	19,198,049	9,526,000	\$399,248,198
930	Warren County	0	0	0	3,387,259	6,981,788	308,523	0	\$10,677,570
940	Washington County	0	0	0	4,644,578	309,124	407,598	0	\$5,361,300
950	Watauga County	0	0	14,710,469	761,341	11,063,532	1,211,482	1,933,000	\$29,679,824
960	Wayne County *	13,324,127	18,247,756	14,551,668	1,545,306	156,278	3,826,573	528,000	\$52,179,708
970	Wilkes County	0	35,482,457	0	14,265,066	16,463,307	4,291,711	1,065,000	\$71,567,541
980	Wilson County	0	0	0	19,015,877	7,134,848	1,571,500	285,000	\$28,007,225
990	Yadkin County	0	0	0	2,223,767	1,175,117	195,152	0	\$3,594,036
995	Yancey County	0	0	0	1,967,912	11,332,364	172,700	0	\$13,472,976
TOTALS		835,192,105	655,066,228	518,304,260	1,609,635,573	2,184,882,036	323,902,274	83,956,251	\$6,210,938,727

* indicates plans have not been approved by county commissioners in these school systems..

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FACILITY NEEDS PLANS - NOT APPROVED

09-Apr-96

UNIT	COUNTY / CITY	FIRST RECEIVED	BOARD SIGNED	REMARKS
170	Caswell County	11/22/95	12/04/95	The county commissioners found the survey to "be a fair assessment of the Schools' facility needs.". They will not approve the survey until a joint meeting can be held with the Board of Education.
490	Iredell-Statesville Schools	11/08/95	12/13/95	Commissioners refused to sign, submitted their own list of projects and costs.
491	Mooreville Graded School District	11/16/95	11/28/95	Commissioners refused to sign, submitted their own list of projects and costs.
650	New Hanover County	12/15/95		Commissioners have signed off on a reduced total amount, have not done a modified version of the plan. School Board has not yet agreed on plan.(probably will not agree)
810	Rutherford County	11/17/95	01/16/96	Joint meeting of school board & county commissioners set for April - believe they will work out something.
960	Wayne County Public Schools	12/18/95	01/16/96	Sch. Bd. signed, commissioners met 2/6/96 Commissioners did not sign, sent letter saying that they do not "...have sufficient information at this time to be able to submit to the School Capital Construction Study Commission an accurate ten year needs assessment."

FACILITY NEEDS PLANS - APPROVED - COMMENT OR ADDENDUM

UNIT	COUNTY / CITY	COMMENTS
010 011	Alamance County Burlington City	Approved with the proviso that the plan will be re-evaluated after these systems merge this year.
680 681 740	Orange County Chapel Hill/Carrboro City Pitt County	Approved with the comment that the " tight timeframes" of the study did not allow opportunity to "critically assess the capital needs .." - gave general endorsement.
050 510 600 670 820 821 920	Ashe County Johnston County Charlotte-Mecklenburg Onslow County Sampson County Clinton City Wake County	Approved the survey as an accurate representation of useful and desirable school facility improvements, attainable only if additional State or Federal financial assistance and/or additional local revenue options are made available.
900	Union County	The Board of Commissioners "concurred with the submission of this report but disagrees with the format and criteria which the State required the school systems to use to compile the data."

APPENDIX 1

AUTHORIZING LEGISLATION
SECTION 14.1 OF CHAPTER 542 OF THE 1995 SESSION LAWS

PART XIV.-----SCHOOL CAPITAL CONSTRUCTION STUDY COMMISSION
(Winner; H.B. 1041 - Owens)

Sec. 14.1. (a) The School Capital Construction Study Commission is established. The Commission consists of the following 20 members:

- (1) Six members, four of whom shall be members of the House of Representatives, appointed by the Speaker of the House of Representatives.
- (2) Six members, four of whom shall be members of the Senate, appointed by the President Pro Tempore of the Senate.
- (3) Three members appointed by the Governor.
- (4) The Chair of the State Board of Education, or one member appointed by the Chair.
- (5) The President of the School Board Association, or one member appointed by the President.
- (6) The President of the Association of County Commissioners, or one member appointed by the President.
- (7) The Superintendent of Public Instruction, or one member appointed by the Superintendent.
- (8) The State Treasurer, or one member appointed by the Treasurer.

All appointments shall be made no later than September 1, 1995. Vacancies shall be filled by the person who made the initial appointment.

(b) The Commission shall conduct a comprehensive study of public school facilities in the State. The study shall:

- (1) Identify the public school facility needs of the State based upon a consideration of factors such as local growth rates and the age of existing facilities.
- (2) Develop criteria for ranking the identified public school facility needs in priority order that take into consideration factors that will ensure the ranking is equitable.
- (3) Identify the federal, State, and local funds that are currently available to meet the identified public school facility needs, and analyze how they are being utilized.
- (4) Examine the roles the State and the counties should play in providing funds to meet public school facility needs. In particular, the Commission shall evaluate the extent to which public school facility needs should be met by counties. As part of this examination, the Commission shall consider the impact of mandates to provide social services on counties' ability to generate local revenue.
- (5) Explore various methods of governmental financing to meet identified public school facility needs, and recommend ways to obtain any additional funding needed to meet these needs.
- (6) Evaluate how current formulas for providing additional funds for schools in low-wealth counties and small school systems and the factors considered in these formulas affect the counties' ability to meet their public school facility needs. As part of this evaluation, the Commission shall consider whether the size of the school system or wealth of the county affects the extent of the county's public school facility needs and of the county's ability to meet those needs. Based on its evaluation, the Commission shall recommend whether any

category of schools should receive special funding, and shall determine the source for this funding and the formula for distributing this funding.

- (7) Consider the utility, effectiveness, and efficiency of developing model designs for public school facilities that are energy-efficient and technologically adequate. The Commission also shall consider ways to use appropriately the State's schools of architecture and design in the development of these designs.
- (8) Develop a long-term plan for funding the identified public school facility needs in an equitable and adequate manner.
- (9) Consider any other issue the Commission considers relevant.

(c) Each local school administrative unit shall assist the Commission by submitting to the Commission a list of the public school facility needs of the unit. The list shall include a written justification of the reason for including each item on the list and a statement that the county commissioners of the county in which the unit is located has approved or disapproved the list. If the county commissioners of the county in which the unit is located fail to approve the list, they shall submit their list of the public school facility needs that includes a written justification of the reasons for submitting a separate list and for including each item on the list.

(d) The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate a cochair of the Commission. The Commission shall meet upon the call of the cochairs. A quorum of the Commission is 11 members. While in the discharge of its official duties, the Commission has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1.

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.

The Legislative Administrative Officer shall assign as staff to the Commission professional employees of the General Assembly. Clerical staff shall be assigned to the Commission through the Offices of the Supervisor of Clerks of the Senate and Supervisor of Clerks of the House of Representatives.

(e) The Commission shall submit a progress report to the General Assembly by January 15, 1996, and shall submit a final report, including recommendations, to the General Assembly by April 15, 1996. A report to the General Assembly shall be submitted to the Legislative Library and to the Fiscal Research Division. The Commission shall terminate upon filing its final report.

(f) From funds appropriated to the General Assembly, the Legislative Services Commission may allocate funds for the expenses of the Commission under this Part.

APPENDIX 2

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1996

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D96-RHZ-011.4

THIS IS A DRAFT 12-APR-96 09:42:18

Short Title: 1996 Sch. Bonds Act.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO AUTHORIZE THE ISSUANCE OF
4 GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF THE
5 QUALIFIED VOTERS OF THE STATE, TO PROVIDE FUNDS FOR GRANTS TO
6 COUNTIES FOR PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS, IN ORDER TO
7 PROMOTE EQUITY IN LOCAL SCHOOL FACILITIES ACROSS THE STATE AND
8 TO ENABLE LOCAL GOVERNMENTS TO GIVE LOCAL PROPERTY TAX RELIEF.
9 The General Assembly of North Carolina enacts:
10 Section 1. Short title. This act shall be known and
11 may be cited as the "Public School Building Bond Act of 1996".
12 Sec. 2. Purpose. It is the intent of the General
13 Assembly by this act to provide for the issuance of nine hundred
14 fifty million dollars (\$950,000,000) general obligation bonds of
15 the State to facilitate the providing of public school buildings
16 by making grants to counties to provide funds for new public
17 school capital outlay projects.
18 Sec. 3. Definitions. As used in this act, unless the
19 context otherwise requires:
20 (1) "Bonds" means bonds issued under this act.
21 (2) "Cost" means, without intending thereby to limit or
22 restrict any proper definition of this term in
23 financing the cost of facilities or purposes
24 authorized by this act:
25 a. The cost of constructing, reconstructing,
26 enlarging, acquiring, and improving

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- 1 facilities, and acquiring equipment and land
2 therefor,
3 b. The cost of engineering, architectural, and
4 other consulting services as may be required,
5 c. Administrative expenses and charges,
6 d. Finance charges and interest prior to and
7 during construction and, if deemed advisable
8 by the State Treasurer, for a period not
9 exceeding two years after the estimated date
10 of completion of construction,
11 e. The cost of bond insurance, investment
12 contracts, credit enhancement and liquidity
13 facilities, interest-rate swap agreements or
14 other derivative products, financial and legal
15 consultants, and related costs of bond and
16 note issuance, to the extent and as determined
17 by the State Treasurer,
18 f. The cost of reimbursing the State for any
19 payments made for any cost described above,
20 and
21 g. Any other costs and expenses necessary or
22 incidental to the purposes of this act.
- 23 Allocations in this act of proceeds of bonds to the
24 costs of a project or undertaking in each case may
25 include allocations to pay the costs set forth in
26 items c., d., e., f., and g. in connection with the
27 issuance of bonds for the project or undertaking.
- 28 (3) "Credit facility" means an agreement entered into
29 by the State Treasurer on behalf of the State with
30 a bank, savings and loan association, or other
31 banking institution, an insurance company,
32 reinsurance company, surety company, or other
33 insurance institution, a corporation, investment
34 banking firm, or other investment institution, or
35 any financial institution or other similar provider
36 of a credit facility, which provider may be located
37 within or without the United States of America,
38 such agreement providing for prompt payment of all
39 or any part of the principal or purchase price
40 (whether at maturity, presentment or tender for
41 purchase, redemption, or acceleration), redemption
42 premium, if any, and interest on any bonds or notes
43 payable on demand or tender by the owner, in
44 consideration of the State agreeing to repay the
45 provider of the credit facility in accordance with
46 the terms and provisions of such agreement.
- 47 (4) "Notes" means notes issued under this act.
- 48 (5) "Par formula" means any provision or formula
49 adopted by the State to provide for the adjustment,
50 from time to time, of the interest rate or rates
51 borne by any bonds or notes, including:
52 a. A provision providing for such adjustment so
53 that the purchase price of such bonds or notes

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- 1 in the open market would be as close to par as
2 possible,
- 3 b. A provision providing for such adjustment
4 based upon a percentage or percentages of a
5 prime rate or base rate, which percentage or
6 percentages may vary or be applied for
7 different periods of time, or
- 8 c. Such other provision as the State Treasurer
9 may determine to be consistent with this act
10 and will not materially and adversely affect
11 the financial position of the State and the
12 marketing of bonds or notes at a reasonable
13 interest cost to the State.
- 14 (6) "Public School Capital Outlay Projects" means the
15 planning, construction, reconstruction,
16 enlargement, improvement, repair, or renovation of
17 public school buildings, the purchase of land
18 necessary for immediate construction of school
19 buildings, and other related capital outlay
20 projects constituting facilities for individual
21 schools that are used for instructional and related
22 purposes, but not including centralized
23 administration, maintenance, trailers, relocatable
24 classrooms, mobile classrooms, or other facilities.
- 25 (7) "State" means the State of North Carolina.
- 26 Sec. 4. Authorization of bonds and notes. Subject to a
27 favorable vote of a majority of the qualified voters of the State
28 who vote on the question of issuing Public School Building Bonds
29 in the election held as provided in this act, the State Treasurer
30 is authorized, by and with the consent of the Council of State,
31 to issue and sell, at one time or from time to time, general
32 obligation bonds of the State to be designated "State of North
33 Carolina Public School Building Bonds", with any additional
34 designations as may be determined to indicate the issuance of
35 bonds from time to time, or notes of the State as provided in
36 this act, in the aggregate principal amount not exceeding nine
37 hundred fifty million dollars (\$950,000,000) for the purposes
38 authorized in this act. These bonds shall be issued within a
39 three-year period.
- 40 Sec. 5. Uses of bond and note proceeds. The proceeds of
41 Public School Building Bonds and notes shall be used for the
42 purpose of making grants to counties for paying the cost of
43 public school capital outlay projects.
- 44 Any additional moneys that may be received by means of a
45 grant or grants from the United States of America or any agency
46 or department thereof or from any other source to aid in
47 financing the cost of any public school capital outlay projects
48 authorized by this act may be placed by the State Treasurer in
49 the Public School Building Bonds Fund or in a separate account or
50 fund and shall be disbursed, to the extent permitted by the terms
51 of the grant or grants, without regard to any limitations imposed
52 by this act.

1 Moneys in the Public School Building Bonds Fund or in
2 any separate fund or account may be invested from time to time by
3 the State Treasurer in the same manner permitted for investment
4 of moneys belonging to the State or held in the State treasury
5 except with respect to grant money to the extent otherwise
6 directed by the terms of the grant, and any investment earnings
7 shall be credited to the Public School Building Bonds Fund or the
8 particular fund or account from which the investment was made.

9 All moneys deposited in, or accruing to the credit of,
10 the Public School Building Bonds Fund, other than moneys set
11 aside for administrative expenses, including expenses related to
12 determining compliance with applicable requirements of the
13 federal tax law and cost of issuance, shall be used to pay the
14 cost of public school buildings in the manner authorized by this
15 act.

16 The proceeds of Public School Building Bonds and notes
17 may be used with any other moneys made available by the General
18 Assembly for public school capital outlay projects, including the
19 proceeds of any other State bond issues, whether heretofore made
20 available or that may be made available at the session of the
21 General Assembly at which this act is ratified or any subsequent
22 sessions. The proceeds of Public School Building Bonds and notes
23 shall be expended and disbursed under the direction and
24 supervision of the Director of the Budget. The funds provided by
25 this act for public school capital outlay projects shall be
26 disbursed for the purposes provided in this act upon warrants
27 drawn on the State Treasurer by the State Controller, which
28 warrants shall not be drawn until requisition has been approved
29 by the Director of the Budget and which requisition shall be
30 approved only after full compliance with the Executive Budget
31 Act, Article 1 of Chapter 143 of the General Statutes.

32 The Director of the Budget shall provide quarterly
33 reports to the State Board of Education, the Superintendent of
34 Public Instruction, and the General Assembly on the expenditure
35 of moneys from the Public School Building Bonds Fund. Reports to
36 the General Assembly shall be filed with the Legislative Library,
37 the Speaker of the House of Representatives, the President Pro
38 Tempore of the Senate, and the Fiscal Research Division.

39 Sec. 6. (a) Allocation of proceeds. The proceeds of
40 Public School Building Bonds and notes, including premium
41 thereon, if any, except the proceeds of bonds the issuance of
42 which has been anticipated by bond anticipation notes or the
43 proceeds of refunding bonds or notes, shall be placed by the
44 State Treasurer in a special fund to be designated "Public School
45 Building Bonds Fund". Moneys in the Public School Building Bonds
46 Fund shall be used for the purposes set forth in this act. The
47 proceeds of Public School Building Bonds and notes shall be
48 allocated to counties and expended for paying the cost of public
49 school capital outlay projects, to the extent and as provided in
50 this act and subject to change as provided in this act.

51 (b) Small county school system allocation. The State Board of
52 Education shall allocate the proceeds of thirty million dollars
53 (\$30,000,000) Public School Building Bonds and notes for grants

1 to counties that have a small county school system, after
 2 considering whether the counties demonstrate (i) greater than
 3 average school construction needs in that system, (ii) high tax
 4 rates, and (iii) limited bonding capacity.
 5 (c) Primary allocation. The proceeds of nine hundred twenty
 6 million dollars (\$920,000,000) shall be allocated to each county
 7 on the basis of the distribution amounts provided in the
 8 following table for the local school administrative units in the
 9 State. In the case of a local school administrative unit located
 10 entirely in one county, the units's total distribution amount
 11 shall be allocated to that county. In the case of a local school
 12 administrative unit located in more than one county, the unit's
 13 distribution amount shall be allocated among the counties in
 14 which the unit is located in proportion to average daily
 15 membership of the unit in each county. A unit's distribution
 16 amount allocated to a county may be used only with respect to
 17 public school facilities of that unit.

18 Local School	ADM	Low-Wealth	Growth	Total
19 Admin. Unit	Allocation	Allocation	Allocation	Bond
21 Alamance Co.	\$ 5,735,665	\$ -0-	\$ 4,202,077	\$ 9,937,742
22 Alexander Co.	1,550,863	2,568,658	632,396	4,751,918
23 Alleghany Co.	908,851	91,149	-0-	1,000,000
24 Anson Co.	1,352,472	3,628,827	-0-	4,981,300
25 Ashe Co.	1,058,695	1,109,367	-0-	2,168,062
26 Avery Co.	1,000,000	-0-	-0-	1,000,000
27 Beaufort Co.	2,337,114	3,675,044	-0-	6,012,158
28 Bertie Co.	1,203,450	4,268,129	-0-	5,471,580
29 Bladen Co.	1,716,037	3,939,734	127,406	5,783,177
30 Brunswick Co.	2,865,547	-0-	1,206,881	4,072,428
31 Buncombe Co.	7,485,834	-0-	4,014,443	11,500,276
32 Asheville City	1,426,469	-0-	189,951	1,606,420
33 Burke Co.	4,150,060	5,797,439	2,916,436	12,863,936
34 Cabarrus Co.	5,034,135	-0-	6,782,624	11,816,759
35 Kannapolis City	1,229,049	243,210	-0-	1,472,259
36 Caldwell Co.	3,652,102	5,335,955	1,329,654	10,317,711
37 Camden Co.	368,441	1,123,078	183,001	1,674,520
38 Carteret Co.	2,573,903	-0-	1,012,297	3,586,200
39 Caswell Co.	1,063,876	2,975,837	118,140	4,157,853
40 Catawba Co.	4,430,733	-0-	3,655,390	8,086,123
41 Hickory City	1,311,331	-0-	407,699	1,719,030
42 Newton City	838,972	-0-	-0-	838,972
43 Chatham Co.	2,075,944	-0-	1,797,581	3,873,525
44 Cherokee Co.	1,063,571	2,326,833	23,165	3,413,569
45 Chowan Co.	792,040	1,635,934	-0-	2,427,974
46 Clay Co.	478,986	430,672	90,342	1,000,000
47 Cleveland Co.	2,701,897	2,851,328	1,424,629	6,977,854
48 Kings Mtn.Cty.	1,275,676	1,313,947	597,649	3,187,272
49 Shelby City	1,040,410	1,077,680	449,395	2,567,486
50 Columbus Co.	2,332,542	6,443,050	-0-	8,775,593
51 Whiteville City	849,333	2,359,628	-0-	3,208,961
52 Craven Co.	4,530,081	6,583,734	280,293	11,394,109
53 Cumberland Co.	15,676,854	11,170,979	11,190,867	38,038,700

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1	Currituck Co.	910,587	-0-	646,295	2,536,883
2	Dare Co.	1,324,740	-0-	1,728,087	3,052,827
3	Davidson Co.	5,490,343	3,521,292	2,770,498	11,782,133
4	Lexington City	945,938	606,862	347,471	1,900,271
5	Thomasville City	672,884	432,896	359,053	1,464,833
6	Davie Co.	1,506,980	-0-	676,409	2,183,389
7	Duplin Co.	2,552,875	5,964,831	924,272	9,441,978
8	Durham Co.	8,830,687	-0-	2,795,979	11,626,667
9	Edgecombe Co.	4,423,967	4,855,361	-0-	7,279,328
10	Forsyth Co.	12,726,588	-0-	8,608,003	21,334,590
11	Franklin Co.	2,095,448	5,261,042	1,702,606	9,059,096
12	Gaston Co.	9,082,104	-0-	1,264,793	10,346,897
13	Gates Co.	600,354	1,925,347	599,966	3,125,667
14	Graham Co.	376,059	1,119,790	-0-	1,495,850
15	Granville Co.	2,244,470	5,025,161	1,790,631	9,060,263
16	Greene Co.	869,446	2,145,293	261,761	3,276,500
17	Guilford Co.	17,893,288	-0-	11,776,934	29,670,222
18	Halifax Co.	1,927,227	5,231,956	-0-	7,159,183
19	Roanoke Rapids City				
20		980,680	2,633,802	711,156	4,325,638
21	Weldon City	385,202	1,028,816	143,621	1,557,639
22	Harnett Co.	4,373,136	12,869,371	5,082,335	22,324,842
23	Haywood Co.	2,287,135	791,547	857,094	3,935,776
24	Henderson Co.	3,397,028	-0-	2,335,002	5,732,030
25	Hertford Co.	1,301,579	4,419,518	-0-	5,721,097
26	Hoke Co.	1,783,691	7,665,977	1,679,441	11,129,108
27	Hyde Co.	1,000,000	-0-	-0-	1,000,000
28	Iredell Co.	4,446,885	-0-	3,122,602	7,569,487
29	Mooreville City				
30		1,041,934	-0-	1,081,792	2,123,725
31	Jackson Co.	1,086,427	-0-	196,900	1,283,327
32	Johnston Co.	5,341,930	9,217,492	5,862,986	20,422,408
33	Jones Co.	478,455	805,077	25,481	1,309,013
34	Lee Co.	2,564,151	483,947	1,345,869	4,393,967
35	Lenoir Co.	3,192,542	3,743,617	-0-	6,936,159
36	Lincoln Co.	2,976,780	1,705,618	2,365,116	7,047,514
37	Macon Co.	1,171,757	-0-	808,448	1,980,205
38	Madison Co.	794,174	1,686,382	150,571	2,631,126
39	Martin Co.	1,525,874	2,875,621	189,951	4,591,446
40	McDowell Co.	1,878,468	3,756,317	-0-	5,634,784
41	Mecklenburg Co.				
42		28,264,782	-0-	33,903,856	62,168,638
43	Mitchell Co.	718,291	1,212,327	-0-	1,930,618
44	Montgomery Co.	1,320,778	2,696,756	398,433	4,415,968
45	Moore Co.	3,188,885	-0-	2,314,154	5,503,038
46	Nash Co.	5,455,906	7,653,676	1,918,037	15,027,619
47	New Hanover Co	6,478,641	-0-	4,070,038	10,548,679
48	Northampton Co.	1,162,005	3,179,003	83,393	4,964,401
49	Onslow Co.	6,275,679	19,983,990	2,948,866	29,208,535
50	Orange Co.	1,764,492	-0-	1,336,603	3,101,095
51	Chapel Hill-Carrboro				
52		2,496,802	-0-	3,208,311	5,705,113
53	Pamlico Co.	636,619	1,226,711	30,114	1,893,444

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1	Pasquotank Co.	1,905,590	4,223,352	748,220	6,877,162
2	Pender Co.	1,813,252	2,957,863	2,022,278	6,793,393
3	Perquimans Co.	585,421	1,551,196	9,266	2,145,883
4	Person Co.	1,692,266	431,045	824,663	2,947,975
5	Pitt Co.	5,915,162	5,709,923	3,254,640	14,879,725
6	Polk Co.	814,683	-0-	185,318	1,000,000
7	Randolph Co.	4,743,405	4,811,668	3,724,884	13,279,956
8	Asheboro City	1,252,820	1,325,077	924,272	3,412,168
9	Richmond Co.	2,548,304	7,495,136	363,686	10,407,126
10	Robeson Co.	7,059,186	24,938,179	1,223,096	33,220,461
11	Rockingham Co.	4,345,404	4,393,896	310,407	9,049,707
12	Rowan Co.	5,897,181	4,544,389	5,601,225	16,042,795
13	Rutherford Co.	3,090,146	4,156,637	780,650	8,027,434
14	Sampson Co.	2,229,537	4,107,442	1,776,733	8,113,712
15	Clinton City	782,289	1,495,425	-0-	2,277,714
16	Scotland Co.	2,200,891	5,739,431	-0-	7,940,322
17	Stanly Co.	2,253,003	3,461,105	1,169,817	7,900,266
18	Albemarle City	671,970	1,016,341	412,322	1,084,301
19	Stokes Co.	2,058,574	2,027,740	697,258	4,783,572
20	Surry Co.	2,417,262	2,115,798	1,225,413	5,758,473
21	Elkin City	323,643	281,580	176,052	781,275
22	Mount Airy City	621,991	524,801	231,647	1,378,439
23	Swain Co.	504,663	1,662,573	176,052	2,343,288
24	Transylvania Co.				
25		1,206,193	-0-	145,938	1,352,131
26	Tyrrell Co.	291,447	567,248	141,305	1,000,000
27	Union Co.	5,767,054	3,218,683	5,374,211	14,359,948
28	Vance Co.	2,264,279	4,345,838	773,701	7,383,817
29	Wake Co.	26,153,791	-0-	37,825,640	63,979,431
30	Warren Co.	961,480	2,885,130	284,926	4,131,536
31	Washington Co.	793,564	2,133,723	-0-	2,927,288
32	Watauga Co.	1,503,627	-0-	495,725	1,999,352
33	Wayne Co.	5,813,376	12,332,062	1,575,200	19,720,638
34	Wilkes Co.	3,021,578	4,341,780	55,595	7,418,954
35	Wilson Co.	3,732,860	2,512,099	1,155,919	7,400,878
36	Yadkin Co.	1,664,230	2,457,797	1,160,552	5,282,578
37	Yancey Co.	754,252	1,109,435	118,140	1,981,827
38					
39	GRAND TOTAL	\$368,000,000	\$322,000,000	230,000,000	920,000,000

40 If two or more local school administrative units are
 41 consolidated into one unit, the distribution amounts provided
 42 above for the units shall be considered the distribution amount
 43 for the merged unit.

44 (d) Match. A county is not required to match bond
 45 proceeds allocated under subsection (b) of this section. A
 46 county is not required to match bond proceeds allocated under
 47 subsection (c) of this section on the basis of ability to pay.
 48 Bond proceeds allocated under subsection (c) of this section on
 49 the basis of high growth and the basis of average daily
 50 membership must be matched by the county at the rate of matching
 51 funds equal to three cents (3¢) times the county's ability to pay
 52 rank for every one dollar (\$1.00) of allocated bond proceeds. A
 53 county's ability to pay rank is its rank in the ranking of

1 counties from lowest to highest county wealth as a percentage of
2 State average wealth made by the State Board of Education for the
3 1995-96 fiscal year pursuant to Section 17.1 of Chapter 507 of
4 the 1995 Session Laws. The match requirement may be satisfied by
5 non-State expenditures for public school capital outlay projects
6 made on or after January 1, 1992. A non-State expenditure has
7 been made for the purpose of the match if funds have been
8 budgeted, earmarked, or committed or if debt has been authorized
9 or incurred.

10 As local school administrative units satisfy the match
11 requirements of this section, they shall document the extent to
12 which they have done so in periodic reports to the State Board of
13 Education. These reports shall include any information and
14 documentation required by the State Board of Education. The
15 State Board of Education shall certify to the State Treasurer
16 from time to time the extent to which the match requirements of
17 this section have been met with respect to each local school
18 administrative unit; this certification shall be binding and
19 conclusive. Bond proceeds shall be distributed for expenditure
20 only as, and to the extent, the matching requirements of this
21 section are satisfied, as certified by the State Board of
22 Education. The State Board of Education shall also require
23 counties to report annually on the impact of funds provided under
24 this act on the property tax rate for that year. These reports
25 shall be public documents and shall be furnished to any citizen
26 upon request.

27 (e) Unmatched Proceeds. If the State Board of Education
28 determines that a county has not met the matching requirements of
29 this section by January 1, 2002, with respect to any bond
30 proceeds allocated under subsection (c) of this section, the
31 State Board of Education shall certify that fact to the State
32 Treasurer by March 1, 2002. All of the bond proceeds that are to
33 be allocated on the basis of high growth under subsection (c) of
34 this section and with respect to which the State Board of
35 Education certifies that the matching requirement has not been
36 met by January 1, 2002, shall be reallocated among the remaining
37 counties that were eligible to receive a primary allocation on
38 the basis of high growth in proportion to those eligible
39 counties. All of the bond proceeds that are to be allocated on
40 the basis of average daily membership under subsection (c) of
41 this section and with respect to which the State Board of
42 Education certifies that the matching requirement has not been
43 met by January 1, 2002, shall be reallocated among the remaining
44 counties on the basis of average daily membership of the local
45 school administrative units within the remaining counties. Bond
46 proceeds reallocated to a county because of a local school
47 administrative unit's average daily membership within the county
48 may be used only with respect to public school facilities of that
49 unit. Bond proceeds reallocated to a county under this
50 subsection must be matched at the same rate as bond proceeds
51 allocated to the county under subsection (d) of this section.

52 (f) Administration. Funds disbursed under this act
53 shall be administered and supervised by the State Board of

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1 Education and shall be used only for the purposes provided in
2 this act. Each school administrative unit shall submit to the
3 State Board of Education its plans for the expenditure of funds
4 allocated under this act. After the State Board of Education
5 determines that a school administrative unit's planned
6 expenditure of part or all of the funds allocated to it is within
7 the purposes provided in this act, the State Board of Education
8 shall make the funds to which the plans apply available to the
9 school administrative unit.

10 Allocations to the costs of a capital improvement or
11 undertaking in each case may include allocations to pay the costs
12 set forth in Section 3(2)c., d., e., f., and g. of this act in
13 connection with the issuance of bonds for that capital
14 improvement or undertaking.

15 Sec. 7. Election. The question of the issuance of the
16 bonds authorized by this act shall be submitted to the qualified
17 voters of the State at a statewide election to be held on a date
18 set by the General Assembly. Any other primary, election, or
19 referendum validly called or scheduled by law at the time the
20 election on the bond question provided for in this section is
21 held, may be held as called or scheduled. Notice of the election
22 shall be given in the manner and at the times required by G.S.
23 163-33(8). The election and the registration of voters therefor
24 shall be held under and in accordance with the general laws of
25 the State. Absentee ballots shall be authorized in the election.

26 The State Board of Elections shall reimburse the
27 counties of the State for all necessary expenses incurred in
28 holding the election that are in addition to those that would
29 have otherwise been incurred, the same to be paid out of the
30 Contingency and Emergency Fund or other funds available to the
31 State Board of Elections.

32 Ballots, voting systems authorized by Article 14 of
33 Chapter 163 of the General Statutes, or both may be used in
34 accordance with rules prescribed by the State Board of Elections.
35 The bond question to be used in the ballots or voting systems
36 shall be in substantially the following form:

37 "[] FOR [] AGAINST

38 The issuance of nine hundred fifty million dollars
39 (\$950,000,000) State of North Carolina Public School Building
40 Bonds constituting general obligation bonds of the State secured
41 by a pledge of the faith and credit and taxing power of the State
42 for the purpose of providing funds to counties, with any other
43 available funds, to pay the cost of public school building
44 capital improvements."

45 If a majority of those voting on the Public School
46 Building Bond question in the election vote in favor of the
47 issuance of the bonds, the bonds may be issued as provided in
48 this act. If a majority of those voting on the Public School
49 Building Bond question in the election vote against the issuance
50 of the bonds, the bonds shall not be issued.

51 The results of the election shall be canvassed and
52 declared as provided by law for elections for State officers; the
53 results of the election shall be certified by the State Board of

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1 Elections to the Secretary of State, in the manner and at the
2 time provided by the general election laws of the State.

3 Sec. 8. Issuance of bonds and notes. (a) Terms and
4 Conditions. Bonds or notes may bear such date or dates, may be
5 serial or term bonds or notes, or any combination thereof, may
6 mature in such amounts and at such time or times, not exceeding
7 40 years from their date or dates, may be payable at such place
8 or places, either within or without the United States of America,
9 in such coin or currency of the United States of America as at
10 the time of payment is legal tender for payment of public and
11 private debts, may bear interest at such rate or rates, which may
12 vary from time to time, and may be made redeemable before
13 maturity, at the option of the State or otherwise as may be
14 provided by the State, at such price or prices, including a price
15 less than the face amount of the bonds or notes, and under such
16 terms and conditions, all as may be determined by the State
17 Treasurer, by and with the consent of the Council of State.

18 (b) Signatures; Form and Denomination; Registration.
19 Bonds or notes may be issued as certificated or uncertificated
20 obligations. If issued as certificated obligations, bonds or
21 notes shall be signed on behalf of the State by the Governor or
22 shall bear his facsimile signature, shall be signed by the State
23 Treasurer or shall bear his facsimile signature, and shall bear
24 the Great Seal of the State or a facsimile thereof shall be
25 impressed or imprinted thereon. If bonds or notes bear the
26 facsimile signatures of the Governor and the State Treasurer, the
27 bonds or notes shall also bear a manual signature which may be
28 that of a bond registrar, trustee, paying agent, or designated
29 assistant of the State Treasurer. Should any officer whose
30 signature or facsimile signature appears on bonds or notes cease
31 to be such officer before the delivery of the bonds or notes, the
32 signature or facsimile signature shall nevertheless have the same
33 validity for all purposes as if the officer had remained in
34 office until delivery and bonds or notes may bear the facsimile
35 signatures of persons who at the actual time of the execution of
36 the bonds or notes shall be the proper officers to sign any bond
37 or note although at the date of the bond or note such persons may
38 not have been such officers. The form and denomination of bonds
39 or notes, including the provisions with respect to registration
40 of the bonds or notes and any system for their registration,
41 shall be as the State Treasurer may determine in conformity with
42 this act; provided, however, that nothing in this act shall
43 prohibit the State Treasurer from proceeding, with respect to the
44 issuance and form of the bonds or notes, under the provisions of
45 Chapter 159E of the General Statutes, the Registered Public
46 Obligations Act, as well as under this act.

47 (c) Manner of Sale; Expenses. Subject to determination
48 by the Council of State as to the manner in which bonds or notes
49 shall be offered for sale, whether at public or private sale,
50 whether within or without the United States of America and
51 whether by publishing notices in certain newspapers and financial
52 journals, mailing notices, inviting bids by correspondence,
53 negotiating contracts of purchase or otherwise, the State

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1 Treasurer is authorized to sell bonds or notes at one time or
2 from time to time at such rate or rates of interest, which may
3 vary from time to time, and at such price or prices, including a
4 price less than the face amount of the bonds or the notes, as the
5 State Treasurer may determine. All expenses incurred in
6 preparation, sale, and issuance of bonds or notes shall be paid
7 by the State Treasurer from the proceeds of bonds or notes or
8 other available moneys.

- 9 (d) Notes; Repayment.
- 10 (1) By and with the consent of the Council of State,
11 the State Treasurer is hereby authorized to borrow
12 money and to execute and issue notes of the State
13 for the same, but only in the following
14 circumstances and under the following conditions:
- 15 a. For anticipating the sale of bonds to the
16 issuance of which the Council of State shall
17 have given consent, if the State Treasurer
18 shall deem it advisable to postpone the
19 issuance of the bonds;
- 20 b. For the payment of interest on or any
21 installment of principal of any bonds then
22 outstanding, if there shall not be sufficient
23 funds in the State treasury with which to pay
24 the interest or installment of principal as
25 they respectively become due;
- 26 c. For the renewal of any loan evidenced by notes
27 herein authorized;
- 28 d. For the purposes authorized in this act; and
- 29 e. For refunding bonds or notes as herein
30 authorized.

31 (2) Funds derived from the sale of bonds or notes may
32 be used in the payment of any bond anticipation
33 notes issued under this act. Funds provided by the
34 General Assembly for the payment of interest on or
35 principal of bonds shall be used in paying the
36 interest on or principal of any notes and any
37 renewals thereof, the proceeds of which shall have
38 been used in paying interest on or principal of the
39 bonds.

40 (e) Refunding Bonds and Notes. By and with the consent
41 of the Council of State, the State Treasurer is authorized to
42 issue and sell refunding bonds and notes pursuant to the
43 provisions of the State Refunding Bond Act for the purpose of
44 refunding bonds or notes issued pursuant to this act. The
45 refunding bonds and notes may be combined with any other issues
46 of State bonds and notes similarly secured.

47 (f) Tax Exemption. Bonds and notes shall be exempt
48 from all State, county, and municipal taxation or assessment,
49 direct or indirect, general or special, whether imposed for the
50 purpose of general revenue or otherwise, excluding inheritance
51 and gift taxes, income taxes on the gain from the transfer of
52 bonds and notes, and franchise taxes. The interest on bonds and
53 notes shall not be subject to taxation as to income.

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1 (g) Investment Eligibility. Bonds and notes are hereby
2 made securities in which all public officers, agencies, and
3 public bodies of the State and its political subdivisions, all
4 insurance companies, trust companies, investment companies,
5 banks, savings banks, savings and loan associations, credit
6 unions, pension or retirement funds, other financial institutions
7 engaged in business in the State, executors, administrators,
8 trustees, and other fiduciaries may properly and legally invest
9 funds, including capital in their control or belonging to them.
10 Bonds and notes are hereby made securities which may properly and
11 legally be deposited with and received by any officer or agency
12 of the State or political subdivision of the State for any
13 purpose for which the deposit of bonds, notes, or obligations of
14 the State or any political subdivision is now or may hereafter be
15 authorized by law.

16 (h) Faith and Credit. The faith and credit and taxing
17 power of the State are hereby pledged for the payment of the
18 principal of and the interest on bonds and notes.

19 Sec. 9. Variable interest rates. In fixing the details
20 of bonds and notes, the State Treasurer may provide that any of
21 the bonds or notes may:

- 22 (1) Be made payable from time to time on demand or
23 tender for purchase by the owner thereof provided a
24 credit facility supports the bonds or notes, unless
25 the State Treasurer specifically determines that a
26 credit facility is not required upon a finding and
27 determination by the State Treasurer that the
28 absence of a credit facility will not materially or
29 adversely affect the financial position of the
30 State and the marketing of the bonds or notes at a
31 reasonable interest cost to the State;
- 32 (2) Be additionally supported by a credit facility;
- 33 (3) Be made subject to redemption or a mandatory tender
34 for purchase prior to maturity;
- 35 (4) Bear interest at a rate or rates that may vary for
36 such period or periods of time, all as may be
37 provided in the proceedings providing for the
38 issuance of the bonds or notes, including, without
39 limitation, such variations as may be permitted
40 pursuant to a par formula; and
- 41 (5) Be made the subject of a remarketing agreement
42 whereby an attempt is made to remarket bonds or
43 notes to new purchasers prior to their presentment
44 for payment to the provider of the credit facility
45 or to the State.

46 If the aggregate principal amount repayable by the State
47 under a credit facility is in excess of the aggregate principal
48 amount of bonds or notes secured by the credit facility, whether
49 as a result of the inclusion in the credit facility of a
50 provision for the payment of interest for a limited period of
51 time or the payment of a redemption premium or for any other
52 reason, then the amount of authorized but unissued bonds or notes
53 during the term of such credit facility shall not be less than

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1 the amount of such excess, unless the payment of such excess is
2 otherwise provided for by agreement of the State executed by the
3 State Treasurer.

4 Sec. 10. Interpretation of act. (a) Additional
5 Method. The foregoing sections of this act shall be deemed to
6 provide an additional and alternative method for the doing of the
7 things authorized thereby and shall be regarded as supplemental
8 and additional to powers conferred by other laws, and shall not
9 be regarded as in derogation of any powers now existing.

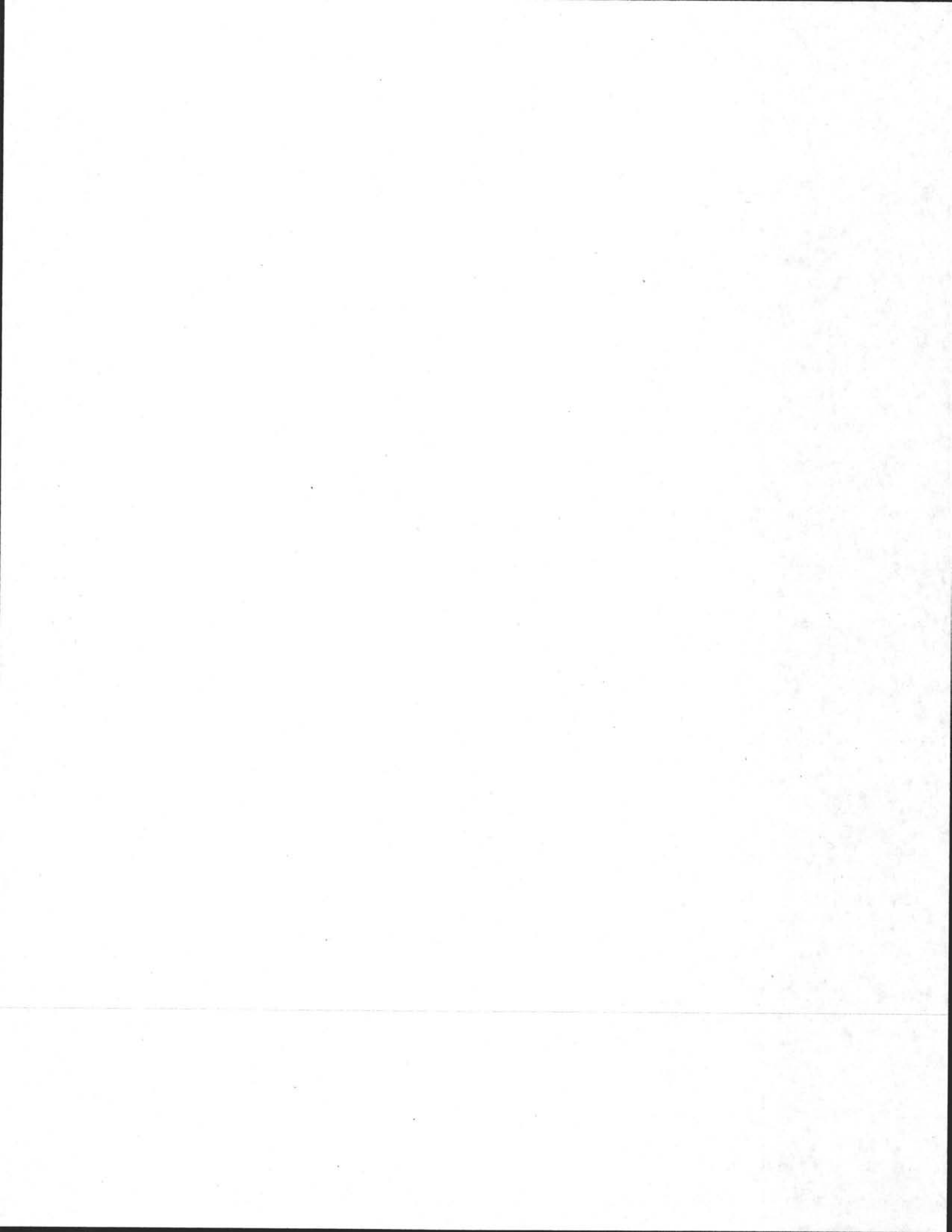
10 (b) Statutory References. References in this act to
11 specific sections or Chapters of the General Statutes or to
12 specific acts are intended to be references to these sections,
13 Chapters, or acts as they may be amended from time to time by the
14 General Assembly.

15 (c) Liberal Construction. This act, being necessary
16 for the health and welfare of the people of the State, shall be
17 liberally construed to effect the purposes thereof.

18 (d) Inconsistent Provisions. Insofar as the provisions
19 of this act are inconsistent with the provisions of any general
20 laws, or parts thereof, the provisions of this act shall be
21 controlling.

22 (e) Severability. If any provision of this act or the
23 application thereof to any person or circumstance is held
24 invalid, such invalidity shall not affect other provisions or
25 applications of the act which can be given effect without the
26 invalid provision or application, and to this end the provisions
27 of this act are declared to be severable.

28 Sec. 11. Effective date. This act is effective upon
29 ratification.



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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

D

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D96-RHZ-010.5

THIS IS A DRAFT 12-APR-96 09:54:10

Short Title: Sch. Facilities Trust Fund.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO ESTABLISH THE SCHOOL
4 FACILITIES TRUST FUND TO PROVIDE FUNDS FOR GRANTS TO COUNTIES
5 FOR PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS, IN ORDER TO PROMOTE
6 EQUITY IN LOCAL SCHOOL FACILITIES ACROSS THE STATE AND TO
7 REDUCE THE PRESSURE ON THE LOCAL PROPERTY TAX.
8 The General Assembly of North Carolina enacts:
9 Section 1. Chapter 115C of the General Statutes is
10 amended by adding a new Article to read:
11 "Article 35A.
12 "Public School Facilities Trust Fund.
13
14 "§ 115C-499.1. Purpose; definitions.
15 (a) It is the intent of the General Assembly by this Article
16 to provide State revenues to help counties meet their continuing
17 public school facilities needs.
18 (b) As used in this Article, unless the context otherwise
19 requires:
20 (1) 'Ability to pay' means county wealth as used by the
21 General Assembly for the current fiscal year to
22 allocate supplemental funding to low-wealth
23 counties.
24 (2) 'Average daily membership' means average daily
25 membership as defined in the North Carolina Public
26 Schools Allotment Policy Manual, adopted by the
27 State Board of Education. If a county contains

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- 1 only part of a local school administrative unit,
2 the average daily membership of that county
3 includes all students who reside within the county
4 and attend that local school administrative unit.
- 5 (3) 'County's ability to pay rank' means the county's
6 rank in the ranking of counties from lowest to
7 highest county wealth as a percentage of State
8 average wealth made by the State Board of Education
9 for the current fiscal year as used by the General
10 Assembly to allocate supplemental funding to low-
11 wealth counties.
- 12 (4) 'High growth' means a county's increases in average
13 daily membership for the prior five fiscal years.
- 14 (5) 'Non-State expenditures' means expenditures made
15 from local funds, which include revenue received
16 from local sales and use taxes that is restricted
17 for public school capital outlay purposes under
18 G.S. 105-502 or G.S. 105-487, and means funds that
19 have been budgeted, earmarked, or committed or if
20 debt has been authorized or incurred.
- 21 (6) 'Public school capital outlay projects' means the
22 planning, construction, reconstruction,
23 enlargement, improvement, repair, or renovation of
24 public school buildings, the purchase of land
25 necessary for immediate construction of school
26 buildings, and other related capital outlay
27 projects constituting facilities for individual
28 schools that are used for instructional and related
29 purposes, but not including centralized
30 administration, maintenance, trailers, relocatable
31 classrooms, mobile classrooms, or other facilities.
- 32 (7) 'Trust Fund' means the Public School Facilities
33 Trust Fund established in G.S. 115C-499.2.
- 34 **"§ 115C-499.2. Creation of Fund.**
- 35 The Public School Facilities Trust Fund is established as a
36 nonreverting special revenue fund under the control and direction
37 of the State Board of Education. The Trust Fund consists of the
38 following revenue:
- 39 (1) Beginning July 1, 1996, the Secretary of Revenue
40 shall, on a quarterly basis, deposit an amount
41 equal to two thirty-firsts (2/31) of the net
42 collections received during the previous quarter by
43 the Department of Revenue under G.S. 105-130.3.
- 44 (2) The portion of the unreserved credit balance of the
45 General Fund that is credited to the Trust Fund
46 under G.S. 143-15.2.
- 47 (3) Any unexpended funds remaining in the Critical
48 School Facility Needs Fund on July 1, 1996.
- 49 (4) Interest and other investment income earned by the
50 Trust Fund.
- 51 All funds deposited in the Trust Fund shall be invested as
52 provided in G.S. 147-69.2 and G.S. 147-69.3.

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1 "§ 115C-499.3. Use of revenue in the Trust Fund; match
2 requirements.

3 (a) On a quarterly basis, revenue received under G.S. 115C-
4 499.2(1) minus two million five hundred thousand dollars
5 (\$2,500,000) shall be allocated to the counties on a per average
6 daily membership basis. Interest earned on funds allocated to
7 each county under this subsection shall be allocated to that
8 county. These funds shall be placed in the School Buildings
9 Account.

10 (b) Of the revenue received under G.S. 115C-499.2(1), ten
11 million dollars (\$10,000,000) shall be used to provide annual
12 grants to the counties that have the most critical school
13 facility needs as determined and ranked by the 1989 report of the
14 Commission on School Facility Needs, established under Article
15 34A of this Chapter. These grants shall be made in the order of
16 priority and in the amounts set forth in the 1989 report. After
17 the final grant is made under this subsection, any unexpended
18 revenue shall be placed in the School Capital Outlay Account
19 established under subsection (c) of this section. In addition,
20 after the final grant is made under this subsection, two million
21 five hundred thousand dollars (\$2,500,000) shall be placed in the
22 School Capital Outlay Account on a quarterly basis and allocated
23 to counties under subsection (c) of this section.

24 (c) Except as provided in subsections (a) and (b) of this
25 section, revenue in the Trust Fund shall be placed in the School
26 Capital Outlay Account, to be allocated to the counties on the
27 following distribution basis:

- 28 (1) Forty percent (40%) shall be allocated on a per
29 average daily membership basis.
- 30 (2) Thirty-five percent (35%) shall be allocated on the
31 basis of ability to pay.
- 32 (3) Twenty-five percent (25%) shall be allocated on the
33 basis of high growth.

34 However, no proceeds from the School Capital Outlay Account
35 shall be allocated until the total proceeds, including interest,
36 are least two hundred fifty million dollars (\$250,000,000). When
37 the total proceeds, including interest, of the School Capital
38 Outlay Account reach two hundred fifty million dollars
39 (\$250,000,000), the State Board of Education may begin to make
40 allocations so long as the total proceeds, including interest, in
41 this Account are no less than one hundred million dollars
42 (\$100,000,000) at any time.

43 Interest earned on funds allocated to each county shall be
44 allocated to that county.

45 (d) Revenue in the Trust Fund shall be used for public school
46 capital outlay projects. In the event a county finds that it does
47 not need all or part of the funds allocated to it for public
48 school capital outlay projects, any funds allocated to that
49 county that are not needed may be used to retire any indebtedness
50 incurred by the county for public school capital outlay projects.

51 (e) A county is not required to match funds allocated to that
52 county on the basis of ability to pay. A county shall match
53 funds allocated under subsection (a) of this section on the basis

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1 of one dollar (\$1.00) of local funds for every three dollars
2 (\$3.00) of State funds. A county shall match funds allocated
3 under subsection (c) of this section on the basis of high growth
4 and the basis of average daily membership at the rate of matching
5 funds equal to three cents (3¢) times the county's ability to pay
6 rank for every one dollar (\$1.00) of allocated funds. The match
7 requirement may be satisfied by non-State expenditures for public
8 school capital outlay projects made on or after January 1, 1992.
9 Non-State expenditures for public school capital outlay projects
10 shall be used only one time to meet the match requirements under
11 this section. Non-State expenditures for public school capital
12 outlay projects used to meet the match requirements required by
13 any State bonds for public school capital outlay projects on or
14 after July 1, 1996, may not be used to meet the match
15 requirements under this section.

16 (f) The State Board of Education shall adopt procedures to
17 ensure that a county has complied with the requirements of
18 subsections (d) and (e) of this section before that county
19 expends allocated funds under this section."

20 Sec. 2. G.S. 143-15.2 reads as rewritten:

21 "§ 143-15.2. Use of General Fund credit balance.

22 The State Controller shall reserve up to one-fourth of any
23 unreserved credit balance, as determined on a cash basis,
24 remaining in the General Fund at the end of each fiscal year to
25 the Savings Reserve Account as provided in G.S. 143-15.3, unless
26 that would result in the Savings Reserve Account having funds in
27 excess of five percent (5%) of the amount appropriated the
28 preceding year for the General Fund operating budget, including
29 local government tax-sharing funds; in that case, only funds
30 sufficient to reach the five percent (5%) level shall be
31 reserved. credited to the Savings Reserve Account and the
32 difference between the amount needed to reach the five percent
33 (5%) level and the amount equal to one-fourth of the unreserved
34 credit balance shall be credited to the Public School Facilities
35 Trust Fund, established under G.S. 115C-499.1. The State
36 Controller shall also reserve the lesser of (i) one-fourth of any
37 unreserved credit balance, as determined on a cash basis,
38 remaining in the General Fund and (ii) one and one-half percent
39 (1.5%) of the replacement value of all State buildings supported
40 from the General Fund, at the end of each fiscal year to the
41 Repairs and Renovations Reserve Account as provided in G.S. 143-
42 15.3A. The General Assembly may appropriate that part of the
43 anticipated General Fund credit balance not expected to be
44 reserved to the Savings Reserve Account Account, the Public
45 School Facilities Trust Fund, or the Repairs and Renovations
46 Reserve Account only for capital improvements or other one-time
47 expenditures. As used in this section, the term 'unreserved
48 credit balance' means the credit balance amount, as determined on
49 a cash basis, before funds are reserved by the Controller to the
50 Savings Reserve Account or the Repairs and Renovations Reserve
51 Account pursuant to G.S. 143-15.3 and G.S. 143-15.3A. in
52 accordance with this section."

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1 Sec. 3. Effective July 1, 1996, all unexpended funds in
2 the Critical School Facility Needs Fund, as provided for in G.S.
3 115C-489.1, are transferred to the Department of Public
4 Instruction to be credited to the Public School Facilities Trust
5 Fund created in G.S. 115C-499.1.

6 Sec. 4. Article 34A of Chapter 115C of the General
7 Statutes is repealed.

8 Sec. 5. G.S. 115C-546.1 reads as rewritten:

9 "§ 115C-546.1. Creation of Fund; administration.

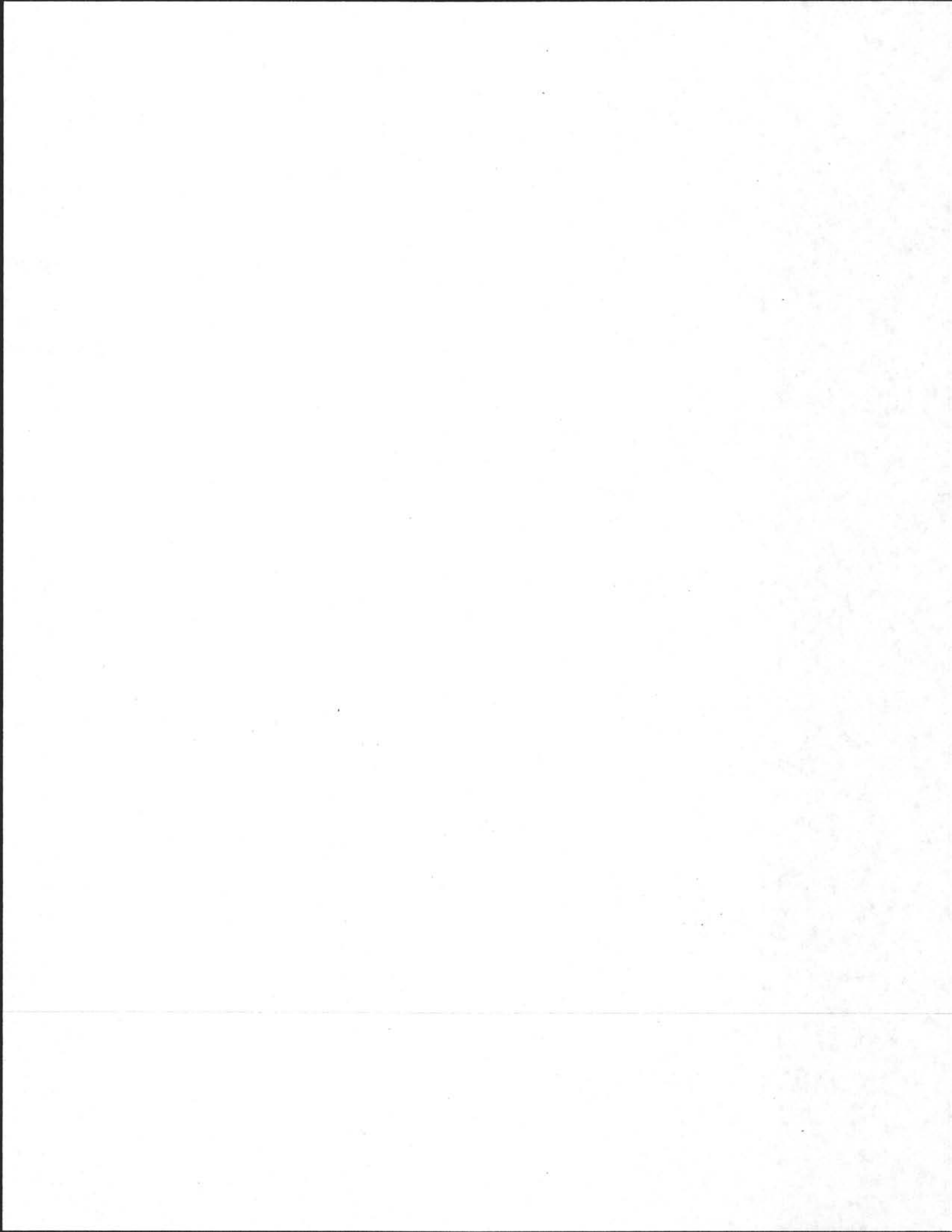
10 (a) There is created the Public School Building Capital Fund.
11 The Fund shall be used to assist county governments in meeting
12 their public school building capital needs.

13 ~~(b) Each calendar quarter, the Secretary of Revenue shall~~
14 ~~remit to the State Treasurer for credit to the Public School~~
15 ~~Building Capital Fund an amount equal to two thirty-firsts (2/31)~~
16 ~~of the net collections received during the previous quarter by~~
17 ~~the Department of Revenue under G.S. 105-130.3 minus two million~~
18 ~~five hundred thousand dollars (\$2,500,000). All funds deposited~~
19 ~~in the Public School Building Capital Fund shall be invested as~~
20 ~~provided in G.S. 147-69.2 and G.S. 147-69.3.~~

21 (c) ~~The Fund shall be administered by the Office of State~~
22 ~~Budget and Management, State Board of Education."~~

23 Sec. 6. Effective 30 days after the first day on which
24 the Public School Building Capital Fund created in G.S. 115C-
25 546.1(a) has a zero balance, Article 38A of Chapter 115C of the
26 General Statutes is repealed.

27 Sec. 7. Sections 4 and 5 of this act and this section
28 become effective June 30, 1996. The remainder of the act becomes
29 effective July 1, 1996.



APPENDIX 4

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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D

D96-RHZ-12.4

THIS IS A DRAFT 12-APR-96 09:41:31

Short Title: Sch. facilities bonds.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO AUTHORIZE THE ISSUANCE OF
4 GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF THE
5 QUALIFIED VOTERS OF THE STATE, TO PROVIDE FUNDS FOR GRANTS TO
6 COUNTIES FOR PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS, IN ORDER TO
7 PROMOTE EQUITY IN LOCAL SCHOOL FACILITIES ACROSS THE STATE AND
8 TO ENABLE LOCAL GOVERNMENTS TO GIVE LOCAL PROPERTY TAX RELIEF.
9 The General Assembly of North Carolina enacts:
10 Section 1. Short title. This act shall be known and
11 may be cited as the "Public School Building Bond Act of 1996".
12 Sec. 2. Purpose. It is the intent of the General
13 Assembly by this act to provide for the issuance of one billion
14 eight hundred million dollars (\$1,800,000,000) general obligation
15 bonds of the State to facilitate the providing of public school
16 buildings by making grants to counties to provide funds for new
17 public school capital outlay projects.
18 Sec. 3. Definitions. As used in this act, unless the
19 context otherwise requires:
20 (1) "Bonds" means bonds issued under this act.
21 (2) "Cost" means, without intending thereby to limit or
22 restrict any proper definition of this term in
23 financing the cost of facilities or purposes
24 authorized by this act:
25 a. The cost of constructing, reconstructing,
26 enlarging, acquiring, and improving

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- 1 facilities, and acquiring equipment and land
2 therefor,
- 3 b. The cost of engineering, architectural, and
4 other consulting services as may be required,
- 5 c. Administrative expenses and charges,
- 6 d. Finance charges and interest prior to and
7 during construction and, if deemed advisable
8 by the State Treasurer, for a period not
9 exceeding two years after the estimated date
10 of completion of construction,
- 11 e. The cost of bond insurance, investment
12 contracts, credit enhancement and liquidity
13 facilities, interest-rate swap agreements or
14 other derivative products, financial and legal
15 consultants, and related costs of bond and
16 note issuance, to the extent and as determined
17 by the State Treasurer,
- 18 f. The cost of reimbursing the State for any
19 payments made for any cost described above,
20 and
- 21 g. Any other costs and expenses necessary or
22 incidental to the purposes of this act.
- 23 Allocations in this act of proceeds of bonds to the
24 costs of a project or undertaking in each case may
25 include allocations to pay the costs set forth in
26 items c., d., e., f., and g. in connection with the
27 issuance of bonds for the project or undertaking.
- 28 (3) "Credit facility" means an agreement entered into
29 by the State Treasurer on behalf of the State with
30 a bank, savings and loan association, or other
31 banking institution, an insurance company,
32 reinsurance company, surety company, or other
33 insurance institution, a corporation, investment
34 banking firm, or other investment institution, or
35 any financial institution or other similar provider
36 of a credit facility, which provider may be located
37 within or without the United States of America,
38 such agreement providing for prompt payment of all
39 or any part of the principal or purchase price
40 (whether at maturity, presentment or tender for
41 purchase, redemption, or acceleration), redemption
42 premium, if any, and interest on any bonds or notes
43 payable on demand or tender by the owner, in
44 consideration of the State agreeing to repay the
45 provider of the credit facility in accordance with
46 the terms and provisions of such agreement.
- 47 (4) "Notes" means notes issued under this act.
- 48 (5) "Par formula" means any provision or formula
49 adopted by the State to provide for the adjustment,
50 from time to time, of the interest rate or rates
51 borne by any bonds or notes, including:
- 52 a. A provision providing for such adjustment so
53 that the purchase price of such bonds or notes

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- 1 in the open market would be as close to par as
2 possible,
- 3 b. A provision providing for such adjustment
4 based upon a percentage or percentages of a
5 prime rate or base rate, which percentage or
6 percentages may vary or be applied for
7 different periods of time, or
- 8 c. Such other provision as the State Treasurer
9 may determine to be consistent with this act
10 and will not materially and adversely affect
11 the financial position of the State and the
12 marketing of bonds or notes at a reasonable
13 interest cost to the State.
- 14 (6) "Public School Capital Outlay Projects" means the
15 planning, construction, reconstruction,
16 enlargement, improvement, repair, or renovation of
17 public school buildings, the purchase of land
18 necessary for immediate construction of school
19 buildings, and other related capital outlay
20 projects constituting facilities for individual
21 schools that are used for instructional and related
22 purposes, but not including centralized
23 administration, maintenance, trailers, relocatable
24 classrooms, mobile classrooms, or other facilities.
- 25 (7) "State" means the State of North Carolina.
- 26 Sec. 4. Authorization of bonds and notes. Subject to a
27 favorable vote of a majority of the qualified voters of the State
28 who vote on the question of issuing Public School Building Bonds
29 in the election held as provided in this act, the State Treasurer
30 is authorized, by and with the consent of the Council of State,
31 to issue and sell, at one time or from time to time, general
32 obligation bonds of the State to be designated "State of North
33 Carolina Public School Building Bonds", with any additional
34 designations as may be determined to indicate the issuance of
35 bonds from time to time, or notes of the State as provided in
36 this act, in the aggregate principal amount not exceeding one
37 billion eight hundred million dollars (\$1,800,000,000) for the
38 purposes authorized in this act. No more than four hundred
39 million dollars (\$400,000,000) of these bonds may be issued
40 within a twelve-month period. The State Board of Education shall
41 implement a process for allocating available proceeds if more
42 than four hundred million dollars (\$400,000,000) of projects are
43 ready during a period when the amount of bonds that may be issued
44 is limited to four hundred million dollars (\$400,000,000).
- 45 Sec. 5. Uses of bond and note proceeds. The proceeds of
46 Public School Building Bonds and notes shall be used for the
47 purpose of making grants to counties for paying the cost of
48 public school capital outlay projects.
- 49 Any additional moneys that may be received by means of a
50 grant or grants from the United States of America or any agency
51 or department thereof or from any other source to aid in
52 financing the cost of any public school capital outlay projects
53 authorized by this act may be placed by the State Treasurer in

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1 the Public School Building Bonds Fund or in a separate account or
2 fund and shall be disbursed, to the extent permitted by the terms
3 of the grant or grants, without regard to any limitations imposed
4 by this act.

5 Moneys in the Public School Building Bonds Fund or in
6 any separate fund or account may be invested from time to time by
7 the State Treasurer in the same manner permitted for investment
8 of moneys belonging to the State or held in the State treasury
9 except with respect to grant money to the extent otherwise
10 directed by the terms of the grant, and any investment earnings
11 shall be credited to the Public School Building Bonds Fund or the
12 particular fund or account from which the investment was made.

13 All moneys deposited in, or accruing to the credit of,
14 the Public School Building Bonds Fund, other than moneys set
15 aside for administrative expenses, including expenses related to
16 determining compliance with applicable requirements of the
17 federal tax law and cost of issuance, shall be used to pay the
18 cost of public school buildings in the manner authorized by this
19 act.

20 The proceeds of Public School Building Bonds and notes
21 may be used with any other moneys made available by the General
22 Assembly for public school building capital outlay projects,
23 including the proceeds of any other State bond issues, whether
24 heretofore made available or that may be made available at the
25 session of the General Assembly at which this act is ratified or
26 any subsequent sessions. The proceeds of Public School Building
27 Bonds and notes shall be expended and disbursed under the
28 direction and supervision of the Director of the Budget. The
29 funds provided by this act for public school building capital
30 outlay projects shall be disbursed for the purposes provided in
31 this act upon warrants drawn on the State Treasurer by the State
32 Controller, which warrants shall not be drawn until requisition
33 has been approved by the Director of the Budget and which
34 requisition shall be approved only after full compliance with the
35 Executive Budget Act, Article 1 of Chapter 143 of the General
36 Statutes.

37 The Director of the Budget shall provide quarterly
38 reports to the State Board of Education, the Superintendent of
39 Public Instruction, and the General Assembly on the expenditure
40 of moneys from the Public School Building Bonds Fund. Reports to
41 the General Assembly shall be filed with the Legislative Library,
42 the Speaker of the House of Representatives, the President Pro
43 Tempore of the Senate, and the Fiscal Research Division.

44 Sec. 6. (a) Allocation of proceeds. The proceeds of
45 Public School Building Bonds and notes, including premium
46 thereon, if any, except the proceeds of bonds the issuance of
47 which has been anticipated by bond anticipation notes or the
48 proceeds of refunding bonds or notes, shall be placed by the
49 State Treasurer in a special fund to be designated "Public School
50 Building Bonds Fund". Moneys in the Public School Building Bonds
51 Fund shall be used for the purposes set forth in this act. The
52 proceeds of Public School Building Bonds and notes shall be
53 allocated to counties and expended for paying the cost of public

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1 school capital outlay projects, to the extent and as provided in
 2 this act and subject to change as provided in this act.

3 (b) Small county school system allocation. The State Board
 4 of Education shall allocate the proceeds of thirty million
 5 dollars (\$30,000,000) Public School Building Bonds and notes as
 6 grants to counties that have a small county school system, after
 7 considering whether the counties demonstrate (i) greater than
 8 average school construction needs in that unit, (ii) high tax
 9 rates, and (iii) limited bonding capacity.

10 (c) Primary allocation. The proceeds of one billion seven
 11 hundred seventy million dollars (\$1,770,000,000) Public School
 12 Building Bonds and notes shall be allocated to each county on the
 13 basis of the distribution amounts provided in the following table
 14 for the local school administrative units in the State. In the
 15 case of a local school administrative unit located entirely in
 16 one county, the units's total distribution amount shall be
 17 allocated to that county. In the case of a local school
 18 administrative unit located in more than one county, the unit's
 19 distribution amount shall be allocated among the counties in
 20 which the unit is located in proportion to average daily
 21 membership of the unit in each county. A unit's distribution
 22 amount allocated to a county may be used only with respect to
 23 public school facilities of that unit.

	Distribution	Distribution	Distribution	
	Based on	Based on	Based on	
Local School	High	Ability	Average Daily	
Administrative	Growth	To Pay	Membership	Total
Unit				
Alamance Co.	\$8,084,430	\$0	\$11,080,174	\$19,164,604
Alexander Co.	1,216,676	4,941,875	2,995,962	9,154,513
Alleghany Co.	0	175,362	865,997	1,041,359
Anson Co.	0	6,981,548	2,612,710	9,594,258
Ashe Co.	0	2,134,326	2,045,190	4,179,516
Avery Co.	0	0	1,422,920	1,422,920
Beaufort Co.	0	7,070,465	4,514,843	11,585,308
Bertie Co.	0	8,211,510	2,324,829	10,536,339
Bladen Co.	245,118	7,579,706	3,315,045	11,139,869
Brunswick Co.	2,321,934	0	5,535,672	7,857,606
Buncombe Co.	7,723,439	0	14,461,155	22,184,594
Asheville City	365,448	0	2,736,340	3,101,788
Burke Co.	5,610,969	11,153,769	8,017,098	24,781,837
Cabarrus Co.	13,049,180	0	9,724,956	22,774,136
Kannapolis City	0	467,915	2,374,281	2,842,196
Caldwell Co.	2,558,138	10,265,914	7,055,141	19,879,193
Camden Co.	352,078	2,160,704	711,754	3,224,537
Carteret Co.	1,947,572	0	4,972,273	6,919,845
Caswell Co.	227,291	5,725,252	2,055,198	8,007,741

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1 Catawba Co.	7,032,652	0	8,559,301	15,511,956
2 Hickory City	784,377	0	2,533,234	3,177,610
3 Newton City	0	0	1,620,728	1,620,728
4 Chatham Co.	3,458,389	0	4,010,315	7,468,705
5 Cherokee Co.	44,567	4,476,625	2,054,610	6,575,801
6 Chowan Co.	0	3,147,395	1,530,066	4,677,461
7 Clay Co.	173,811	828,575	729,416	1,731,802
8 Cleveland Co.	2,740,863	5,485,707	5,219,533	13,446,102
9 Kings Mtn. City	1,149,825	2,527,920	2,464,354	6,142,100
10 Shelby City	864,597	2,073,363	2,009,867	4,947,828
11 Columbus Co.	0	12,395,869	4,506,012	16,901,881
12 Whiteville City	0	4,539,719	1,640,744	6,180,463
13 Craven Co.	539,259	12,666,532	8,751,224	21,957,016
14 Cumberland Co.	21,530,255	21,491,991	30,284,593	73,306,839
15 Currituck Co.	1,243,416	0	1,759,076	3,002,491
16 Dare Co.	3,324,689	0	2,559,137	5,883,825
17 Davidson Co.	5,330,198	6,774,659	10,606,260	22,711,117
18 Lexington City	668,503	1,167,549	1,827,366	3,663,419
19 Thomasville City	690,786	832,854	1,299,879	2,823,520
20 Davie Co.	1,301,353	0	2,911,188	4,212,540
21 Duplin Co.	1,778,218	11,475,816	4,931,652	18,185,686
22 Durham Co.	5,379,221	0	17,059,147	22,438,368
23 Edgecombe Co.	0	9,341,292	4,682,626	14,023,918
24 Forsyth Co.	16,561,049	0	24,585,259	41,146,308
25 Franklin Co.	3,275,665	10,121,787	4,047,993	17,445,446
26 Gaston Co.	2,433,351	0	17,544,835	19,978,187
27 Gates Co.	1,154,282	3,704,201	1,159,765	6,018,248
28 Graham Co.	0	2,154,379	726,472	2,880,852
29 Granville Co.	3,445,019	9,667,973	4,335,874	17,448,866
30 Greene Co.	503,606	4,127,357	1,679,599	6,310,562
31 Guilford Co.	22,657,797	0	34,566,305	57,224,102
32 Halifax Co.	0	10,065,828	3,723,023	13,788,852
33 Roanoke Rapids	1,368,203	5,067,206	1,894,480	8,329,888
34 Weldon City	276,315	1,979,352	744,134	2,999,801
35 Harnett Co.	9,777,971	24,759,550	8,448,037	42,985,558
36 Haywood Co.	1,648,974	1,522,867	4,418,294	7,590,135
37 Henderson Co.	4,492,341	0	6,562,388	11,054,728
38 Hertford Co.	0	8,502,768	2,514,395	11,017,162
39 Hoke Co.	3,231,098	14,748,672	3,445,739	21,425,510
40 Hyde Co.	0	0	1,000,000	1,000,000
41 Iredell Co.	6,007,614	0	8,590,505	14,598,119
42 Mooresville City	2,081,273	0	2,012,811	4,094,084
43 Jackson Co.	378,818	0	2,098,763	2,477,582
44 Johnston Co.	11,279,875	17,733,652	10,319,556	39,333,083

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1 Jones Co.	49,024	1,548,899	924,280	2,522,202
2 Lee Co.	2,589,335	931,071	4,953,434	8,473,841
3 Lenoir Co.	0	7,202,394	6,167,361	13,369,755
4 Lincoln Co.	4,550,277	3,281,461	5,750,552	13,582,290
5 Macon Co.	1,555,384	0	2,263,603	3,818,987
6 Madison Co.	289,685	3,244,452	1,534,187	5,068,323
7 Martin Co.	365,448	5,532,445	2,947,688	8,845,581
8 McDowell Co.	0	7,226,827	3,628,829	10,855,656
9 Mecklenburg Co.	65,228,072	0	54,601,986	119,830,058
10 Mitchell Co.	0	2,332,411	1,387,597	3,720,009
11 Montgomery Co.	766,550	5,188,325	2,551,484	8,506,359
12 Moore Co.	4,452,230	0	6,160,297	10,612,527
13 Nash Co.	3,690,137	14,725,007	10,539,735	28,954,879
14 New Hanover Co.	7,830,399	0	12,515,457	20,345,856
15 Northampton Co.	160,441	7,155,039	2,244,764	9,560,244
16 Onslow Co.	5,673,363	38,447,459	12,123,374	56,244,195
17 Orange Co.	2,571,508	0	3,408,650	5,980,159
18 Chapel Hill-				
19 Carrboro	6,172,512	0	4,823,329	10,995,840
20 Pamlico Co.	57,937	2,360,084	1,229,822	3,647,844
21 Pasquotank Co.	1,439,510	8,125,362	3,681,225	13,246,097
22 Pender Co.	3,890,688	5,690,671	3,502,844	13,084,204
23 Perquimans Co.	17,827	2,984,367	1,130,918	4,133,112
24 Person Co.	1,586,581	829,294	3,269,125	5,685,000
25 Pitt Co.	6,261,645	10,985,395	11,426,926	28,673,967
26 Polk Co.	356,535	0	1,289,871	1,646,406
27 Randolph Co.	7,166,353	9,257,230	9,163,323	25,586,906
28 Asheboro City	1,778,218	2,376,181	2,420,201	6,574,600
29 Richmond Co.	699,700	14,419,990	4,922,821	20,042,511
30 Robeson Co.	2,353,131	47,978,887	13,636,956	63,968,974
31 Rockingham Co.	597,196	8,453,474	8,394,464	17,445,134
32 Rowan Co.	10,776,269	8,743,009	11,392,192	30,911,471
33 Rutherford Co.	1,501,904	7,997,008	5,969,553	15,468,465
34 Sampson Co.	3,418,279	7,902,362	4,307,027	15,627,668
35 Clinton City	0	2,877,068	1,511,227	4,388,295
36 Scotland Co.	0	11,042,166	4,251,688	15,293,854
37 Stanly Co.	2,250,627	6,658,864	4,352,358	13,261,849
38 Albemarle City	793,290	1,955,352	1,298,113	4,046,755
39 Stokes Co.	1,341,463	3,901,196	3,976,759	9,219,417
40 Surry Co.	2,357,587	4,070,611	4,669,674	11,097,873
41 Elkin City	338,708	541,736	625,214	1,505,658
42 Mount Airy City	445,669	1,009,671	1,201,564	2,658,903
43 Swain Co.	338,708	3,198,646	974,909	4,512,263
44 Transylvania Co.	280,771	0	2,330,127	2,610,899

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1 Tyrrell Co.	271,858	1,091,336	469,793	832,987
2 Union Co.	10,339,514	6,192,466	11,140,812	27,672,792
3 Vance Co.	1,488,533	8,361,014	4,374,140	14,223,687
4 Wake Co.	72,773,243	0	50,523,969	123,297,212
5 Warren Co.	548,173	5,550,739	1,857,391	7,956,302
6 Washington Co.	0	4,105,098	1,533,010	5,638,108
7 Watauga Co.	953,731	0	2,904,712	3,858,443
8 Wayne Co.	3,030,547	23,725,815	11,230,296	37,986,659
9 Wilkes Co.	106,960	8,353,208	5,837,093	14,297,261
10 Wilson Co.	2,223,887	4,833,060	7,211,150	14,268,097
11 Yadkin Co.	2,232,800	4,728,588	3,214,964	10,176,352
12 Yancey Co.	227,291	2,134,456	1,457,066	3,818,813
13				
14 GRAND TOTAL	\$442,500,000	\$619,500,000	\$708,000,000	\$1,770,000,000

16 If two or more local school administrative units are
 17 consolidated into one unit, the distribution amounts provided
 18 above for the units shall be considered the distribution amount
 19 for the merged unit.

20 (d) Match. A county is not required to match bond
 21 proceeds allocated under subsection (b) of this section. A
 22 county is not required to match bond proceeds allocated under
 23 subsection (c) of this section on the basis of ability to pay.
 24 Bond proceeds allocated under subsection (c) of this section on
 25 the basis of high growth and the basis of average daily
 26 membership must be matched by the county at the rate of matching
 27 funds equal to three cents (3¢) times the county's ability to pay
 28 rank for every one dollar (\$1.00) of allocated bond proceeds. A
 29 county's ability to pay rank is its rank in the ranking of
 30 counties from lowest to highest county wealth as a percentage of
 31 State average wealth made by the State Board of Education for the
 32 1995-96 fiscal year pursuant to Section 17.1 of Chapter 507 of
 33 the 1995 Session Laws. The match requirement may be satisfied by
 34 non-State expenditures for public school capital outlay projects
 35 made on or after January 1, 1992. A non-State expenditure has
 36 been made for the purpose of the match if funds have been
 37 budgeted, earmarked, or committed or if debt has been authorized
 38 or incurred.

39 As local school administrative units satisfy the match
 40 requirements of this section, they shall document the extent to
 41 which they have done so in periodic reports to the State Board of
 42 Education. These reports shall include any information and
 43 documentation required by the State Board of Education. The
 44 State Board of Education shall certify to the State Treasurer
 45 from time to time the extent to which the match requirements of
 46 this section have been met with respect to each local school
 47 administrative unit; this certification shall be binding and
 48 conclusive. Bond proceeds shall be distributed for expenditure
 49 only as, and to the extent, the matching requirements of this
 50 section are satisfied, as certified by the State Board of

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1 Education. The State Board of Education shall also require
2 counties to report annually on the impact of funds provided under
3 this act on the property tax rate for that year. These reports
4 shall be public documents and shall be furnished to any citizen
5 upon request.

6 (e) Unmatched Proceeds. If the State Board of Education
7 determines that a county has not met the matching requirements of
8 this section by January 1, 2002, with respect to any bond
9 proceeds allocated under subsection (c) of this section, the
10 State Board of Education shall certify that fact to the State
11 Treasurer by March 1, 2002. All of the bond proceeds that are to
12 be allocated on the basis of high growth under subsection (c) of
13 this section and with respect to which the State Board of
14 Education certifies that the matching requirement has not been
15 met by January 1, 2002, shall be reallocated among the remaining
16 counties that were eligible to receive a primary allocation on
17 the basis of high growth in proportion to those eligible
18 counties. All of the bond proceeds that are to be allocated on
19 the basis of average daily membership under subsection (c) of
20 this section and with respect to which the State Board of
21 Education certifies that the matching requirement has not been
22 met by January 1, 2002, shall be reallocated among the remaining
23 counties on the basis of average daily membership of the local
24 school administrative units within the remaining counties. Bond
25 proceeds reallocated to a county because of a local school
26 administrative unit's average daily membership within the county
27 may be used only with respect to public school facilities of that
28 unit. Bond proceeds reallocated to a county under this
29 subsection must be matched at the same rate as bond proceeds
30 allocated to the county under subsection (d) of this section.

31 (f) Administration. Funds disbursed under this act
32 shall be administered and supervised by the State Board of
33 Education and shall be used only for the purposes provided in
34 this act. Each school administrative unit shall submit to the
35 State Board of Education its plans for the expenditure of funds
36 allocated under this act. After the State Board of Education
37 determines that a school administrative unit's planned
38 expenditure of part or all of the funds allocated to it is within
39 the purposes provided in this act, the State Board of Education
40 shall make the funds to which the plans apply available to the
41 school administrative unit.

42 Allocations to the costs of a capital improvement or
43 undertaking in each case may include allocations to pay the costs
44 set forth in Section 3(2)c., d., e., f., and g. of this act in
45 connection with the issuance of bonds for that capital
46 improvement or undertaking.

47 Sec. 7. Election. The question of the issuance of the
48 bonds authorized by this act shall be submitted to the qualified
49 voters of the State at a statewide election to be held on a date
50 set by the General Assembly. Any other primary, election, or
51 referendum validly called or scheduled by law at the time the
52 election on the bond question provided for in this section is
53 held, may be held as called or scheduled. Notice of the election

1 shall be given in the manner and at the times required by G.S.
2 163-33(8). The election and the registration of voters therefor
3 shall be held under and in accordance with the general laws of
4 the State. Absentee ballots shall be authorized in the election.
5 The State Board of Elections shall reimburse the
6 counties of the State for all necessary expenses incurred in
7 holding the election that are in addition to those that would
8 have otherwise been incurred, the same to be paid out of the
9 Contingency and Emergency Fund or other funds available to the
10 State Board of Elections.

11 Ballots, voting systems authorized by Article 14 of
12 Chapter 163 of the General Statutes, or both may be used in
13 accordance with rules prescribed by the State Board of Elections.
14 The bond question to be used in the ballots or voting systems
15 shall be in substantially the following form:

16 "[] FOR [] AGAINST

17 The issuance of one billion eight hundred million dollars
18 (\$1,800,000,000) State of North Carolina Public School Building
19 Bonds constituting general obligation bonds of the State secured
20 by a pledge of the faith and credit and taxing power of the State
21 for the purpose of providing funds to counties, with any other
22 available funds, to pay the cost of public school building
23 capital improvements."

24 If a majority of those voting on the Public School
25 Building Bond question in the election vote in favor of the
26 issuance of the bonds, the bonds may be issued as provided in
27 this act. If a majority of those voting on the Public School
28 Building Bond question in the election vote against the issuance
29 of the bonds, the bonds shall not be issued.

30 The results of the election shall be canvassed and
31 declared as provided by law for elections for State officers; the
32 results of the election shall be certified by the State Board of
33 Elections to the Secretary of State, in the manner and at the
34 time provided by the general election laws of the State.

35 Sec. 8. Issuance of bonds and notes. (a) Terms and
36 Conditions. Bonds or notes may bear such date or dates, may be
37 serial or term bonds or notes, or any combination thereof, may
38 mature in such amounts and at such time or times, not exceeding
39 40 years from their date or dates, may be payable at such place
40 or places, either within or without the United States of America,
41 in such coin or currency of the United States of America as at
42 the time of payment is legal tender for payment of public and
43 private debts, may bear interest at such rate or rates, which may
44 vary from time to time, and may be made redeemable before
45 maturity, at the option of the State or otherwise as may be
46 provided by the State, at such price or prices, including a price
47 less than the face amount of the bonds or notes, and under such
48 terms and conditions, all as may be determined by the State
49 Treasurer, by and with the consent of the Council of State.

50 (b) Signatures; Form and Denomination; Registration.
51 Bonds or notes may be issued as certificated or uncertificated
52 obligations. If issued as certificated obligations, bonds or
53 notes shall be signed on behalf of the State by the Governor or

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1 shall bear his facsimile signature, shall be signed by the State
2 Treasurer or shall bear his facsimile signature, and shall bear
3 the Great Seal of the State or a facsimile thereof shall be
4 impressed or imprinted thereon. If bonds or notes bear the
5 facsimile signatures of the Governor and the State Treasurer, the
6 bonds or notes shall also bear a manual signature which may be
7 that of a bond registrar, trustee, paying agent, or designated
8 assistant of the State Treasurer. Should any officer whose
9 signature or facsimile signature appears on bonds or notes cease
10 to be such officer before the delivery of the bonds or notes, the
11 signature or facsimile signature shall nevertheless have the same
12 validity for all purposes as if the officer had remained in
13 office until delivery and bonds or notes may bear the facsimile
14 signatures of persons who at the actual time of the execution of
15 the bonds or notes shall be the proper officers to sign any bond
16 or note although at the date of the bond or note such persons may
17 not have been such officers. The form and denomination of bonds
18 or notes, including the provisions with respect to registration
19 of the bonds or notes and any system for their registration,
20 shall be as the State Treasurer may determine in conformity with
21 this act; provided, however, that nothing in this act shall
22 prohibit the State Treasurer from proceeding, with respect to the
23 issuance and form of the bonds or notes, under the provisions of
24 Chapter 159E of the General Statutes, the Registered Public
25 Obligations Act, as well as under this act.

26 (c) Manner of Sale; Expenses. Subject to determination
27 by the Council of State as to the manner in which bonds or notes
28 shall be offered for sale, whether at public or private sale,
29 whether within or without the United States of America and
30 whether by publishing notices in certain newspapers and financial
31 journals, mailing notices, inviting bids by correspondence,
32 negotiating contracts of purchase or otherwise, the State
33 Treasurer is authorized to sell bonds or notes at one time or
34 from time to time at such rate or rates of interest, which may
35 vary from time to time, and at such price or prices, including a
36 price less than the face amount of the bonds or the notes, as the
37 State Treasurer may determine. All expenses incurred in
38 preparation, sale, and issuance of bonds or notes shall be paid
39 by the State Treasurer from the proceeds of bonds or notes or
40 other available moneys.

41 (d) Notes; Repayment.

42 (1) By and with the consent of the Council of State,
43 the State Treasurer is hereby authorized to borrow
44 money and to execute and issue notes of the State
45 for the same, but only in the following
46 circumstances and under the following conditions:

47 a. For anticipating the sale of bonds to the
48 issuance of which the Council of State shall
49 have given consent, if the State Treasurer
50 shall deem it advisable to postpone the
51 issuance of the bonds;

52 b. For the payment of interest on or any
53 installment of principal of any bonds then

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- 1 outstanding, if there shall not be sufficient
2 funds in the State treasury with which to pay
3 the interest or installment of principal as
4 they respectively become due;
- 5 c. For the renewal of any loan evidenced by notes
6 herein authorized;
- 7 d. For the purposes authorized in this act; and
- 8 e. For refunding bonds or notes as herein
9 authorized.
- 10 (2) Funds derived from the sale of bonds or notes may
11 be used in the payment of any bond anticipation
12 notes issued under this act. Funds provided by the
13 General Assembly for the payment of interest on or
14 principal of bonds shall be used in paying the
15 interest on or principal of any notes and any
16 renewals thereof, the proceeds of which shall have
17 been used in paying interest on or principal of the
18 bonds.
- 19 (e) Refunding Bonds and Notes. By and with the consent
20 of the Council of State, the State Treasurer is authorized to
21 issue and sell refunding bonds and notes pursuant to the
22 provisions of the State Refunding Bond Act for the purpose of
23 refunding bonds or notes issued pursuant to this act. The
24 refunding bonds and notes may be combined with any other issues
25 of State bonds and notes similarly secured.
- 26 (f) Tax Exemption. Bonds and notes shall be exempt
27 from all State, county, and municipal taxation or assessment,
28 direct or indirect, general or special, whether imposed for the
29 purpose of general revenue or otherwise, excluding inheritance
30 and gift taxes, income taxes on the gain from the transfer of
31 bonds and notes, and franchise taxes. The interest on bonds and
32 notes shall not be subject to taxation as to income.
- 33 (g) Investment Eligibility. Bonds and notes are hereby
34 made securities in which all public officers, agencies, and
35 public bodies of the State and its political subdivisions, all
36 insurance companies, trust companies, investment companies,
37 banks, savings banks, savings and loan associations, credit
38 unions, pension or retirement funds, other financial institutions
39 engaged in business in the State, executors, administrators,
40 trustees, and other fiduciaries may properly and legally invest
41 funds, including capital in their control or belonging to them.
42 Bonds and notes are hereby made securities which may properly and
43 legally be deposited with and received by any officer or agency
44 of the State or political subdivision of the State for any
45 purpose for which the deposit of bonds, notes, or obligations of
46 the State or any political subdivision is now or may hereafter be
47 authorized by law.
- 48 (h) Faith and Credit. The faith and credit and taxing
49 power of the State are hereby pledged for the payment of the
50 principal of and the interest on bonds and notes.
- 51 Sec. 9. Variable interest rates. In fixing the details
52 of bonds and notes, the State Treasurer may provide that any of
53 the bonds or notes may:

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- 1 (1) Be made payable from time to time on demand or
2 tender for purchase by the owner thereof provided a
3 credit facility supports the bonds or notes, unless
4 the State Treasurer specifically determines that a
5 credit facility is not required upon a finding and
6 determination by the State Treasurer that the
7 absence of a credit facility will not materially or
8 adversely affect the financial position of the
9 State and the marketing of the bonds or notes at a
10 reasonable interest cost to the State;
11 (2) Be additionally supported by a credit facility;
12 (3) Be made subject to redemption or a mandatory tender
13 for purchase prior to maturity;
14 (4) Bear interest at a rate or rates that may vary for
15 such period or periods of time, all as may be
16 provided in the proceedings providing for the
17 issuance of the bonds or notes, including, without
18 limitation, such variations as may be permitted
19 pursuant to a par formula; and
20 (5) Be made the subject of a remarketing agreement
21 whereby an attempt is made to remarket bonds or
22 notes to new purchasers prior to their presentment
23 for payment to the provider of the credit facility
24 or to the State.

25 If the aggregate principal amount repayable by the State
26 under a credit facility is in excess of the aggregate principal
27 amount of bonds or notes secured by the credit facility, whether
28 as a result of the inclusion in the credit facility of a
29 provision for the payment of interest for a limited period of
30 time or the payment of a redemption premium or for any other
31 reason, then the amount of authorized but unissued bonds or notes
32 during the term of such credit facility shall not be less than
33 the amount of such excess, unless the payment of such excess is
34 otherwise provided for by agreement of the State executed by the
35 State Treasurer.

36 Sec. 10. Interpretation of act. (a) Additional
37 Method. The foregoing sections of this act shall be deemed to
38 provide an additional and alternative method for the doing of the
39 things authorized thereby and shall be regarded as supplemental
40 and additional to powers conferred by other laws, and shall not
41 be regarded as in derogation of any powers now existing.

42 (b) Statutory References. References in this act to
43 specific sections or Chapters of the General Statutes or to
44 specific acts are intended to be references to these sections,
45 Chapters, or acts as they may be amended from time to time by the
46 General Assembly.

47 (c) Liberal Construction. This act, being necessary
48 for the health and welfare of the people of the State, shall be
49 liberally construed to effect the purposes thereof.

50 (d) Inconsistent Provisions. Insofar as the provisions
51 of this act are inconsistent with the provisions of any general
52 laws, or parts thereof, the provisions of this act shall be
53 controlling.

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1 (e) Severability. If any provision of this act or the
2 application thereof to any person or circumstance is held
3 invalid, such invalidity shall not affect other provisions or
4 applications of the act which can be given effect without the
5 invalid provision or application, and to this end the provisions
6 of this act are declared to be severable.

7 Sec. 11. Effective date. This act is effective upon
8 ratification.

APPENDIX 5

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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D

D96-RHZ-004.5

THIS IS A DRAFT 12-APR-96 09:58:05

Short Title: School Facilities Guidelines.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO CLARIFY THAT THE STATE BOARD
4 OF EDUCATION IS TO ESTABLISH SCHOOL FACILITIES GUIDELINES, TO
5 DIRECT THE STATE BOARD OF EDUCATION TO ESTABLISH A CENTRAL
6 CLEARINGHOUSE FOR PROTOTYPE DESIGNS OF SCHOOL FACILITIES, TO
7 DIRECT THE STATE BOARD OF EDUCATION TO ESTABLISH THE SCHOOL
8 FACILITIES TASK FORCE, AND TO MAKE AN APPROPRIATION TO
9 IMPLEMENT THIS ACT.

10 The General Assembly of North Carolina enacts:
11 Section 1. G.S. 115C-81(b) reads as rewritten:
12 "(b) The Basic Education Program shall include course
13 requirements and descriptions similar in format to materials
14 previously contained in the standard course of study and it shall
15 provide:

- 16 (1) A core curriculum for all students that takes into
17 account the special needs of children and includes appropriate
18 modifications for the learning disabled, the academically gifted,
19 and the students with discipline and emotional problems;
- 20 (2) A set of competencies, by grade level, for each
21 curriculum area;
- 22 (3) A list of textbooks for use in providing the
23 curriculum;
- 24 (4) Standards for student performance and promotion
25 based on the mastery of competencies, including standards for

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1 graduation, that take into account children with special needs
2 and, in particular, include appropriate modifications;
3 (5) A program of remedial education;
4 (6) Required support programs;
5 (7) A definition of the instructional day;
6 (8) Class size recommendations and requirements;
7 (9) Prescribed staffing allotment ratios;
8 (10) Material and equipment allotment ratios;
9 (11) Facilities standards; guidelines that reflect
10 educational program appropriateness, long-term cost efficiency,
11 and safety considerations; and
12 (12) Any other information the Board considers
13 appropriate and necessary.

14 The State Board shall not adopt or enforce any rule that
15 requires Algebra I as a graduation standard or as a requirement
16 for a high school diploma for any student whose individualized
17 education program (i) identifies the student as learning disabled
18 in the area of mathematics and (ii) states that this learning
19 disability will prevent the student from mastering Algebra I."

20 Sec. 2. G.S. 115C-489.3(c) is repealed.

21 Sec. 3. G.S. 115C-521(c) reads as rewritten:

22 "(c) The building of all new school buildings and the
23 repairing of all old school buildings shall be under the control
24 and direction of, and by contract with, the board of education
25 for which the building and repairing is done. If a board of
26 education is considering building a new school building to
27 replace an existing school building, the board shall not invest
28 any construction money in the new building unless it submits to
29 the State Superintendent and the State Superintendent submits to
30 the North Carolina Historical Commission an analysis that
31 compares the costs and feasibility of building the new building
32 and of renovating the existing building and that clearly
33 indicates the desirability of building the new building. ~~Boards~~
34 ~~of education shall also not invest any money in any new building~~
35 ~~that is not built in accordance with plans approved by the State~~
36 ~~Superintendent to structural and functional soundness, safety and~~
37 ~~sanitation, nor~~ No board of education shall invest any new money
38 in any new building until it has (i) developed a plan based upon
39 a consideration of facilities guidelines adopted by the State
40 Board of Education, (ii) submitted this plan to the State Board
41 for its review and comments, and (iii) reviewed the plan based
42 upon a consideration of the comments it receives from the State
43 Board. No local board of education shall contract for more money
44 than is made available for its erection. the erection of a new
45 building. However, this subsection shall not be construed so as
46 to prevent boards of education from investing any money in
47 buildings that are being constructed pursuant to a continuing
48 contract of construction as provided for in G.S. 115C-441(c1).
49 All contracts for buildings shall be in writing and all buildings
50 shall be inspected, received, and approved by the local
51 superintendent and the architect before full payment is made
52 therefor: ~~Provided, that this subsection shall not therefor.~~
53 Nothing in this subsection shall prohibit boards of education

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1 from repairing and altering buildings with the help of janitors
2 and other regular employees of the board.

3 In the design and construction of new school buildings and in
4 the renovation of existing school buildings that are required to
5 be designed by an architect or engineer under G.S. 133-1.1, the
6 local board of education shall participate in the planning and
7 review process of the Energy Guidelines for School Design and
8 Construction that are developed and maintained by the Department
9 of Public Instruction and shall adopt local energy-use goals for
10 building design and operation that take into account local
11 conditions in an effort to reduce the impact of operation costs
12 on local and State budgets. In the design and construction of new
13 school facilities and in the repair and renovation of existing
14 school facilities, the local board of education shall consider
15 the placement and design of windows to use the climate of North
16 Carolina for both light and ventilation in case of power
17 shortages. A local board shall also consider the installation of
18 solar energy systems in the school facilities whenever
19 practicable.

20 In the case of any school buildings erected, repaired, or
21 equipped with any money loaned or granted by the State to any
22 local school administrative unit, the State Board of Education,
23 under any rules as it may deem advisable, may retain any amount
24 not to exceed fifteen percent (15%) of the loan or grant, until
25 the completed buildings, erected or repaired, in whole or in
26 part, from the loan or grant funds, shall have been approved by a
27 designated agent of the State Board of Education. Upon approval
28 by the State Board of Education, the State Treasurer may pay the
29 balance of the loan or grant to the treasurer of the local school
30 administrative unit for which the loan or grant was made."

31 Sec. 4. G.S.115C-521 is amended by adding a new
32 subsection to read:

33 "(e) The State Board of Education shall establish within the
34 Department of Public Instruction a central clearinghouse for
35 access by local boards of education that may want to use a
36 prototype design in the construction of school facilities. The
37 State Board shall compile necessary publications and a computer
38 data base for information on prototype designs to be distributed
39 to local school administrative units. The computer data base
40 shall be open to all registered architects and engineers in North
41 Carolina and may be accessed by any person. The original
42 architect of record or engineer of record shall retain ownership
43 and liability for a prototype design. The State Board may adopt
44 rules it considers necessary to implement this subsection."

45 Sec. 5. The School Facilities Task Force.

46 (a) There is created the School Facilities Task Force under
47 the State Board of Education. The Task Force shall consist of
48 the following members appointed by the State Board:

- 49 (1) One member of the State Board.
50 (2) One architect.
51 (3) One representative from a school of architecture
52 within a constituent institution of The University of North
53 Carolina.

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- 1 (4) Two local school administrative unit employees with
2 expertise in school facilities.
3 (5) One representative of the North Carolina
4 Association of County Commissioners.
5 (6) One representative of the North Carolina School
6 Boards Association.
7 (7) One engineer.
8 (8) Any other members the State Board considers
9 necessary.

10 All members shall be voting members. The Task Force shall
11 select a member of the Task Force to serve as its chair.

12 Members of the Task Force shall receive travel and
13 subsistence expenses in accordance with G.S. 138-5 and G.S. 138-
14 6.

15 The Department of Public Instruction shall, with the approval
16 of the State Board of Education, provide staff, office equipment,
17 supplies, and meeting space to the Task Force.

18 (b) The Task Force shall:

19 (1) Review the facilities guidelines and standards, if
20 any, formerly adopted by the State Board that have been used to
21 assist local school administrative units in the construction,
22 acquisition, renovation, and replacement of facilities,
23 furniture, equipment, apparatus, and spaces for public schools
24 to ensure they reflect both educational program appropriateness
25 and long-term cost-efficiency.

26 (2) Make recommendations to the State Board as to (i)
27 which standards should be changed to guidelines, (ii) which
28 guidelines should be maintained, revised, or eliminated, and
29 (iii) any new guidelines that it considers appropriate.

30 (3) Develop and recommend to the State Board a
31 procedure for the Board to follow when facilities plans are
32 submitted by local school administrative units for the Board's
33 review and comments.

34 (4) Develop and recommend to the State Board a proposal
35 in accordance with G.S. 115C-521(e) for the establishment of a
36 central clearinghouse for prototype designs.

37 (5) Submit its recommendations under this subsection to
38 the State Board no later than December 1, 1997.

39 (c) Based upon a consideration of the recommendations of the
40 Task Force, the State Board shall adopt (i) revised facilities
41 guidelines to assist local school administrative units in the
42 construction, acquisition, renovation, and replacement of
43 facilities, furniture, equipment, apparatus, and spaces for
44 public schools, (ii) the procedure for local school
45 administrative units to follow when they submit school facilities
46 plans for the State Board's review and comments, and (iii) a plan
47 to establish within the Department of Public Instruction a
48 central clearinghouse for prototype designs. The State Board
49 shall submit a report to the General Assembly that includes the
50 adopted facilities guidelines, the facilities review procedure,
51 and the plan to establish a central clearinghouse for prototype
52 designs, by April 15, 1997, at which time the Task Force shall
53 terminate.

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1 Sec. 6. There is appropriated from the General Fund to
2 the State Board of Education the sum of fifty thousand dollars
3 (\$50,000) in the 1996-97 fiscal year. Of these funds, the State
4 Board of Education shall allocate the sum of twenty-five thousand
5 dollars (\$25,000) for the central clearinghouse, created in
6 Section 4 of this act, for prototype designs in the Department of
7 Public Instruction and shall allocate the sum of twenty-five
8 thousand dollars (\$25,000) to the School Facilities Task Force
9 established in Section 5 of this act.
10 Sec. 7. Section 6 of this act becomes effective July 1,
11 1996. The remaining sections of this act are effective upon
12 ratification.



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April 11, 1996

MEMORANDUM

TO: Senator Hobbs and Representative Daughtry, Cochairs, School Capital Construction Study Commission

FROM: Robin S. Johnson, Commission Counsel

RE: SUMMARY: D96-RHZ-004.5 -- SCHOOL FACILITIES GUIDELINES

Section 1 amends G.S. 115C-81(b), which sets out the requirements of the Basic Education Program ("BEP"), to direct the State Board to adopt facilities guidelines that reflect educational program appropriateness, long-term cost efficiency, and safety considerations. Currently, this statute requires the Board to adopt facilities standards as part of the BEP.

Section 2 repeals G.S. 115C-489.3(c), which requires the "statewide school facility minimum standards adopted by the State Board" (used by the Board to make grants from the Critical School Facility Needs Fund) to apply to the "construction, reconstruction, enlargement, and improvement of all school buildings . . . , regardless of the funds for the project."

Section 3 amends G.S. 115C-521(c) to remove the requirement that the State Superintendent must approve all plans for new school buildings. Instead, local boards will be required to (i) develop these plans based upon a consideration of the facilities guidelines adopted by the State Board, (ii) submit the plans for review and comments by the State Board, and (iii) review the plans based upon a consideration of any comments received from the State Board.

Section 4 creates a new G.S. 115C-521(e) to require the State Board to establish within the Department of Public Instruction a clearinghouse for access by local boards and others that may wish to use prototype designs. A computer data base will be available to all local boards of education and will be open to all registered NC architects and engineers. The original architect or engineer will retain ownership and liability for a prototype design. The State Board is authorized to adopt rules to implement this section.

Section 5 establishes a School Facilities Task Force to review the State Board's facilities guidelines and standards and to make recommendations to the State Board on new guidelines to be used to assist local school administrative units in the construction, acquisition, renovation, and replacement of facilities, furniture, equipment, apparatus, and spaces for public schools. The Task Force also is charged with developing and



MEMORANDUM

Page 2

April 11, 1996

recommending to the State Board (i) a procedure for local school units to follow when they submit their facilities plans to the State Board for review and comments and (ii) a proposal for the establishment of a central clearinghouse for prototype designs. The State Board is directed to adopt facilities guidelines, a procedure to review facilities plans, and a plan to establish a central clearinghouse for prototype designs based upon a consideration of the recommendations of the Task Force and to report to the General Assembly by April 15, 1997.

Section 6 appropriates \$50,000 for the 1996-97 fiscal year to the State Board of Education to establish the central clearinghouse for prototype designs and for the work of the School Facilities Task Force.

Section 6 would become effective July 1, 1996, and the remainder of the act would take effect upon ratification.

D96RHZ004.5SUMMARY

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FOR REVIEW ONLY

APPENDIX 6

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FOR REVIEW ONLY

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1995

D

D96-RHZ-006.3
THIS IS A DRAFT 15-APR-96 10:58:43

Short Title: Sch. Budget Act Amdmts.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO DIRECT THE STATE BOARD OF
4 EDUCATION AND THE LOCAL GOVERNMENT COMMISSION TO MODIFY THEIR
5 ACCOUNTING AND REPORTING SYSTEMS TO ALLOW TRACKING OF LOCAL
6 EXPENDITURES IN SCHOOLS' CAPITAL OUTLAY FUNDS, TO DIRECT THE
7 STATE BOARD OF EDUCATION TO DEVELOP A UNIFORM SYSTEM FOR
8 SCHOOLS TO DEVELOP FIVE-YEAR CAPITAL NEEDS PLANS, AND TO AMEND
9 THE SCHOOL BUDGET AND FISCAL CONTROL ACT.
10 The General Assembly of North Carolina enacts:
11 Section 1. The State Board of Education, in cooperation
12 with the Local Government Commission, shall modify the uniform
13 budget format used by local school administrative units to
14 include five-year capital needs plans. In addition, the State
15 Board of Education shall modify its accounting system in order to
16 track local expenditures in the capital outlay fund of each local
17 school administrative unit. The State Board of Education shall
18 report these modifications to the Joint Legislative Education
19 Oversight Committee by September 15, 1996.
20 Sec. 2. Article 31 of Chapter 115C of the General
21 Statutes is amended by adding the following new section to read:
22 "§ 115C-426.2. Joint planning.
23 In order to promote greater mutual understanding of immediate
24 and long-term budgetary issues and constraints affecting public
25 schools and county governments, local boards of education and
26 boards of county commissioners are strongly encouraged to conduct
27 periodic joint meetings during each fiscal year. In particular,

1 the boards are encouraged to assess the school capital outlay
2 needs, to develop and update a joint five-year plan for meeting
3 those needs, and to consider this plan in the preparation and
4 approval of each year's budget under this Article. "

5 Sec. 3. G.S. 115C-431 reads as rewritten:

6 "§ 115C-431. Procedure for resolution of dispute between
7 board of education and board of county commissioners.

8 (a) If the board of education determines that the amount of
9 money appropriated to the local current expense fund, or the
10 capital outlay fund, or both, by the board of county
11 commissioners is not sufficient to support a system of free
12 public schools, the chairman of the board of education and the
13 chairman of the board of county commissioners shall arrange a
14 joint meeting of the two boards to be held within seven days
15 after the day of the county commissioners' decision on the school
16 appropriations. At the joint meeting, the entire school budget
17 shall be considered carefully and judiciously, and the two boards
18 shall make a good-faith attempt to resolve the differences that
19 have arisen between them.

20 (b) If no agreement is reached at the joint meeting of the
21 two boards, either board may refer the dispute to the clerk of
22 superior court for arbitration within three days after the day of
23 the joint meeting. The clerk shall render his decision on the
24 matters in disagreement within 10 days after the day of the
25 referral. The clerk of the superior court shall have the
26 authority to subpoena or issue any orders necessary to have
27 appear before him any member of a board of education and any
28 member of a board of commissioners involved in the dispute and to
29 require that the records of either board be presented to him for
30 the purpose of arbitration of the issues. Within 10 days of the
31 referral, if the clerk in good faith determines that the dispute
32 cannot be arbitrated, he shall transfer the matter to the
33 superior court pursuant to this section and shall so notify the
34 senior resident superior court judge or the presiding superior
35 court judge in the district. notify the clerk of superior court
36 who shall request the appointment of a mediator by superior court
37 under G.S. 7A-38.1. The mediator shall be appointed within five
38 days of the notification to the clerk. The mediator shall
39 present recommendations for resolution of the matters in dispute
40 within 15 days of the notification to the clerk.

41 (c) Within 10 days after the date of award, five days of
42 receiving the recommendations of the mediator, either board may
43 appeal the clerk's award to the superior court division of the
44 General Court of Justice. The court shall find the facts as to
45 the amount of money necessary to maintain a system of free public
46 schools, and the amount of money needed from the county to make
47 up this total. Either board has the right to have the issues of
48 fact tried by a jury. When a jury trial is demanded, the cause
49 shall be set for the first succeeding term of the superior court
50 in the county, and shall take precedence over all other business
51 of the court. However, if the judge presiding certifies to the
52 Chief Justice of the Supreme Court, either before or during the
53 term, that because of the accumulation of other business, the

1 public interest will be best served by not trying the cause at
2 the term next succeeding the appeal, the Chief Justice shall
3 immediately call a special term of the superior court for the
4 county, to convene as soon as possible, and assign a judge of the
5 superior court or an emergency judge to hold the court, and the
6 cause shall be tried at this special term. The issue submitted to
7 the jury shall be what amount of money is needed from sources
8 under the control of the board of county commissioners to
9 maintain a system of free public schools.

10 All findings of fact in the superior court, whether found by
11 the judge or a jury, shall be conclusive. When the facts have
12 been found, the court shall give judgment ordering the board of
13 county commissioners to appropriate a sum certain to the local
14 school administrative unit, and to levy such taxes on property as
15 may be necessary to make up this sum when added to other revenues
16 available for the purpose.

17 (d) If an appeal is taken to the appellate division of the
18 General Court of Justice, and if such an appeal would result in
19 a delay beyond a reasonable time for levying taxes for the year,
20 the judge shall order the board of county commissioners to
21 appropriate to the local school administrative unit for deposit
22 in the local current expense fund a sum of money sufficient when
23 added to all other moneys available to that fund to equal the
24 amount of this fund for the previous year. All papers and records
25 relating to the case shall be considered a part of the record on
26 appeal.

27 (e) If, in an appeal taken pursuant to this section, the
28 final judgment of the General Court of Justice is rendered after
29 the due date prescribed by law for property taxes, the board of
30 county commissioners is authorized to levy such supplementary
31 taxes as may be required by the judgment, notwithstanding any
32 other provisions of law with respect to the time for doing acts
33 necessary to a property tax levy. Upon making a supplementary
34 levy under this subsection, the board of county commissioners
35 shall designate the person who is to compute and prepare the
36 supplementary tax receipts and records for all such taxes. Upon
37 delivering the supplementary tax receipts to the tax collector,
38 the board of county commissioners shall proceed as provided in
39 G.S. 105-321.

40 The due date of supplementary taxes levied under this
41 subsection is the date of the levy, and the taxes may be paid at
42 par or face amount at any time before the one hundred and
43 twentieth day after the due date. On or after the one hundred and
44 twentieth day and before the one hundred and fiftieth day from
45 the due date there shall be added to the taxes interest at the
46 rate of two percent (2%). On or after the one hundred and
47 fiftieth day from the due date, there shall be added to the
48 taxes, in addition to the two percent (2%) provided above,
49 interest at the rate of three-fourths of one percent (3/4 of 1%)
50 per 30 days or fraction thereof until the taxes plus interest
51 have been paid. No discounts for prepayment of supplementary
52 taxes levied under this subsection shall be allowed."

53 Sec. 4. G.S. 105-503 is recodified as G.S. 115C-440.1.

1 Sec. 5. G.S. 115C-440.1, as recodified by this act,
2 reads as rewritten:

3 "§ 115C-440.1. Report on county spending on public school
4 capital outlay.

5 (a) It is the purpose of ~~this~~ Article 42 of Chapter 105 of
6 the General Statutes for counties to appropriate funds generated
7 under ~~this~~ that Article to increase the level of county spending
8 for public elementary and secondary school capital outlay
9 (including retirement of indebtedness incurred by the county for
10 this purpose) above and beyond the level of spending prior to the
11 levy of the additional tax authorized under ~~this~~ that Article.

12 (b) On or before May 1 of each year the Local Government
13 Commission shall furnish to the General Assembly a report of the
14 level of each county's appropriations for public school capital
15 ~~outlay (including retirement of indebtedness incurred and monies~~
16 ~~reserved for these purposes), include the amount each county has~~
17 ~~provided for public school capital outlay for a period including~~
18 ~~at a minimum the most recent five fiscal years, estimates of~~
19 ~~public school facility needs, the proportion of revenue from~~
20 ~~taxes collected under Article 40 of this Chapter that has been~~
21 ~~provided for public school capital outlay purposes (including~~
22 ~~retirement of indebtedness incurred and monies reserved for these~~
23 ~~purposes), the proportion of revenue collected under this Article~~
24 ~~that has been expended for a public school capital outlay~~
25 ~~purposes (including retirement of indebtedness incurred and~~
26 ~~monies reserved for these purposes), and any other factors it~~
27 ~~deems relevant to carrying out the intent stated in subsection~~
28 ~~(a) of this section.~~ outlay, including appropriations to the
29 public school capital outlay fund, funds expended by counties on
30 behalf of and for the benefit of public schools for capital
31 outlay, monies reserved for future years' retirement of debt
32 incurred or capital outlay, and any other information the Local
33 Government Commission considers relevant. The Local Government
34 Commission shall develop and implement by May 1, 1997, a uniform
35 reporting system whereby counties are able to report all county
36 expenditures under this subsection.

37 (c) Any local board of education may petition the Local
38 Government Commission to make a finding that the funds provided
39 by a county for public school capital outlay purposes are, within
40 the financial resources available and consistent with the fiscal
41 policies of the Board of County Commissioners, inadequate to meet
42 the public school capital outlay needs within that county and
43 that the Board of County Commissioners has not complied with the
44 requirements or intent of this Article. The petition shall be in
45 the form prescribed by the Commission. In making its finding, the
46 Commission shall consider the facts it is required to report
47 under G.S. 105-503, as well as any other information it deems
48 necessary. The Commission shall report its findings on such
49 petition, together with any recommendations it deems appropriate,
50 to the Joint Legislative Commission on Governmental Operations."

51 Sec. 6. This act becomes effective July 1, 1996.



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April 11, 1996

MEMORANDUM

TO: Senator Hobbs and Representative Daughtry, Cochairs, School Capital Construction Study Commission

FROM: Robin S. Johnson, Commission Counsel

RE: SUMMARY: D96-RHZ-006.3: Sch. Budget Act Amdmts.

Section 1 directs the State Board of Education to modify (i) the uniform budget format to include five-year capital needs plans, and (ii) its accounting system so that local expenditures in a school's capital outlay fund can be tracked. The Board is to report these changes to the Joint Legislative Education Oversight Committee by September 15, 1996.

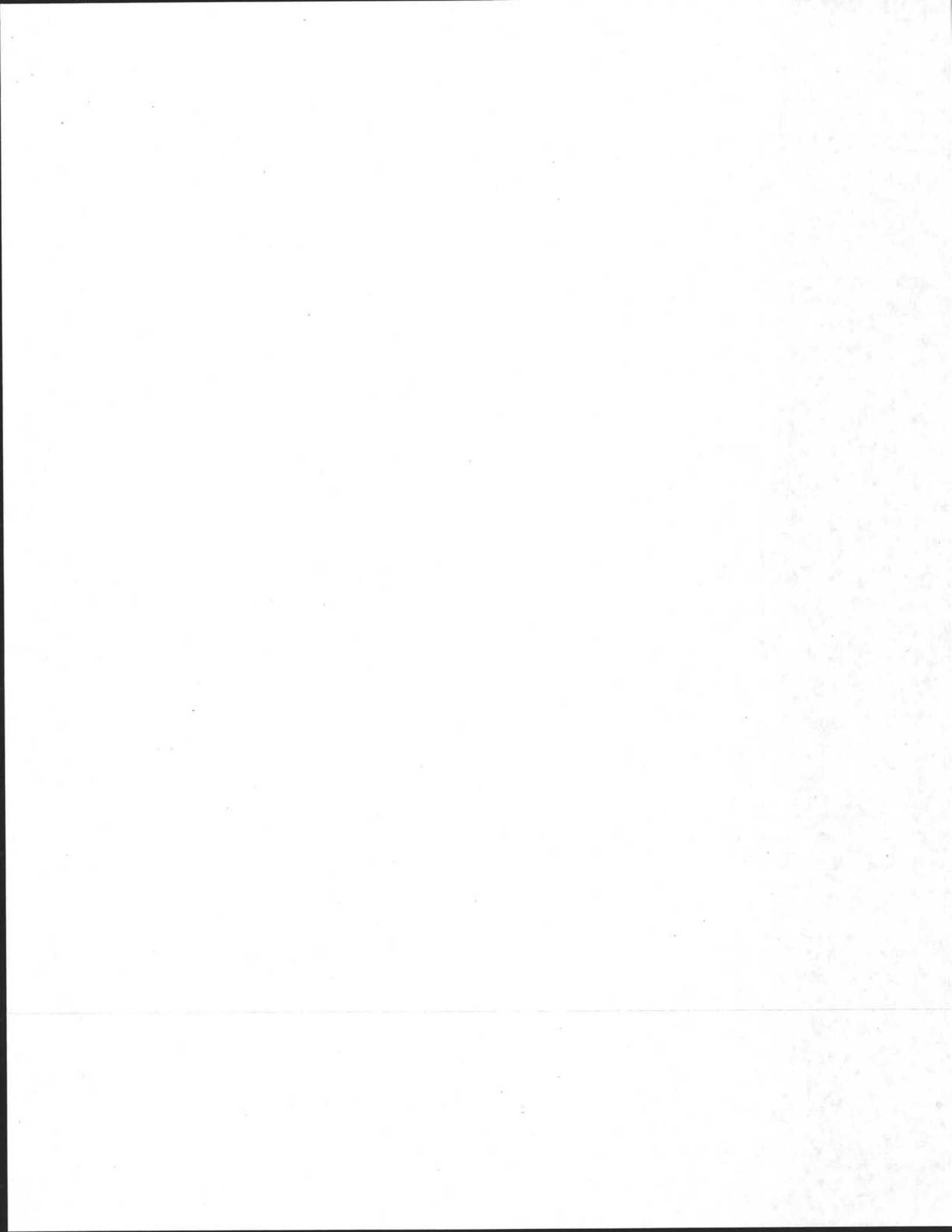
Section 2 encourages local school boards and boards of county commissioners to hold periodic joint budget planning meetings during the fiscal year. The boards also are encouraged to assess the school capital outlay needs, to develop and update a joint five-year plan to meet those needs, and to consider this plan when they prepare each year's school budget.

Section 3 amends G.S.115C-431, which governs the procedure for resolving budget disputes between boards of county commissioners and boards of education. Currently, either board may refer the dispute to the clerk of court, who has 10 days to arbitrate and render a decision or to transfer the matter to the superior court. This section would allow either board to notify the clerk to appoint a mediator within five days. The mediator would have 15 days in which to mediate and make recommendations. Currently, the boards have 10 days to appeal the clerk's decision to superior court; the bill would shorten the time for appeal to five days after receipt of the mediator's recommendations.

Section 4 recodifies G.S. 105-503 as G.S. 115C-430.1. Currently, G.S. 105-503 directs the Local Government Commission (LGC) to report by May 1 to the General Assembly on county spending on public school capital outlay, particularly in relation to revenue counties receive from the two 1/2-cent local option sales taxes. **Section 5** amends the recodified section to clarify what the LGC is to report and to direct the LGC to develop and implement by May 1, 1997, a uniform reporting system for this purpose.

The act becomes effective July 1, 1996.





DRAFT

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1995

D

D

D96-RHZ-005.1
THIS IS A DRAFT 12-APR-96 10:29:45

Short Title: Amend Local Sales Taxes. (Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO MAKE PERMANENT THE REQUIREMENT
4 THAT COUNTIES USE PART OF THE TWO HALF-CENT LOCAL SALES TAX
5 PROCEEDS ONLY FOR PUBLIC SCHOOL BUILDINGS.
6 The General Assembly of North Carolina enacts:
7 Section 1. G.S. 105-487(a) reads as rewritten:
8 "(a) Except as provided in subsection (c), ~~forty percent~~
9 ~~(40%) of the revenue received by a county from additional~~
10 ~~one-half percent (1/2%) sales and use taxes levied under this~~
11 ~~Article during the first five fiscal years in which the~~
12 ~~additional taxes are in effect in the county and (c) of this~~
13 ~~section, thirty percent (30%) of the revenue received by a county~~
14 ~~from these taxes in the next 10 fiscal years in which the taxes~~
15 ~~are in effect in the county additional one-half percent (1/2%)~~
16 ~~sales and use taxes levied under this Article may be used by the~~
17 ~~county only for public school capital outlay purposes as defined~~
18 ~~in G.S. 115C-426(f) or to retire any indebtedness incurred by the~~
19 ~~county for these purposes."~~
20 Sec. 2. G.S. 105-502(a) reads as rewritten:
21 "(a) Sixty percent (60%) of the revenue received by a county
22 under this Article ~~during the first 16 fiscal years in which the~~
23 ~~tax is in effect~~ may be used by the county only for public school
24 capital outlay purposes as defined in G.S. 115C-426(f) or to
25 retire any indebtedness incurred by the county for these purposes
26 during the period beginning five years prior to the date the
27 taxes took effect."
28 Sec. 3. This act becomes effective July 1, 1996.



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April 11, 1996

MEMORANDUM

TO: Senator Hobbs and Representative Daughtry, Cochairs, School Capital Construction Study Commission

FROM: Robin S. Johnson, Commission Counsel

RE: SUMMARY: D96-RHZ-005.1 -- AMEND LOCAL SALES TAXES

Section 1 amends G.S. 105-487(a) to make permanent the requirement that a county must use 30% of the revenue it receives from the first 1/2-cent local sales tax for public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes. This statute, and this limitation on the use of the revenue, originated in 1983. The earmarking currently is to end in 1998.

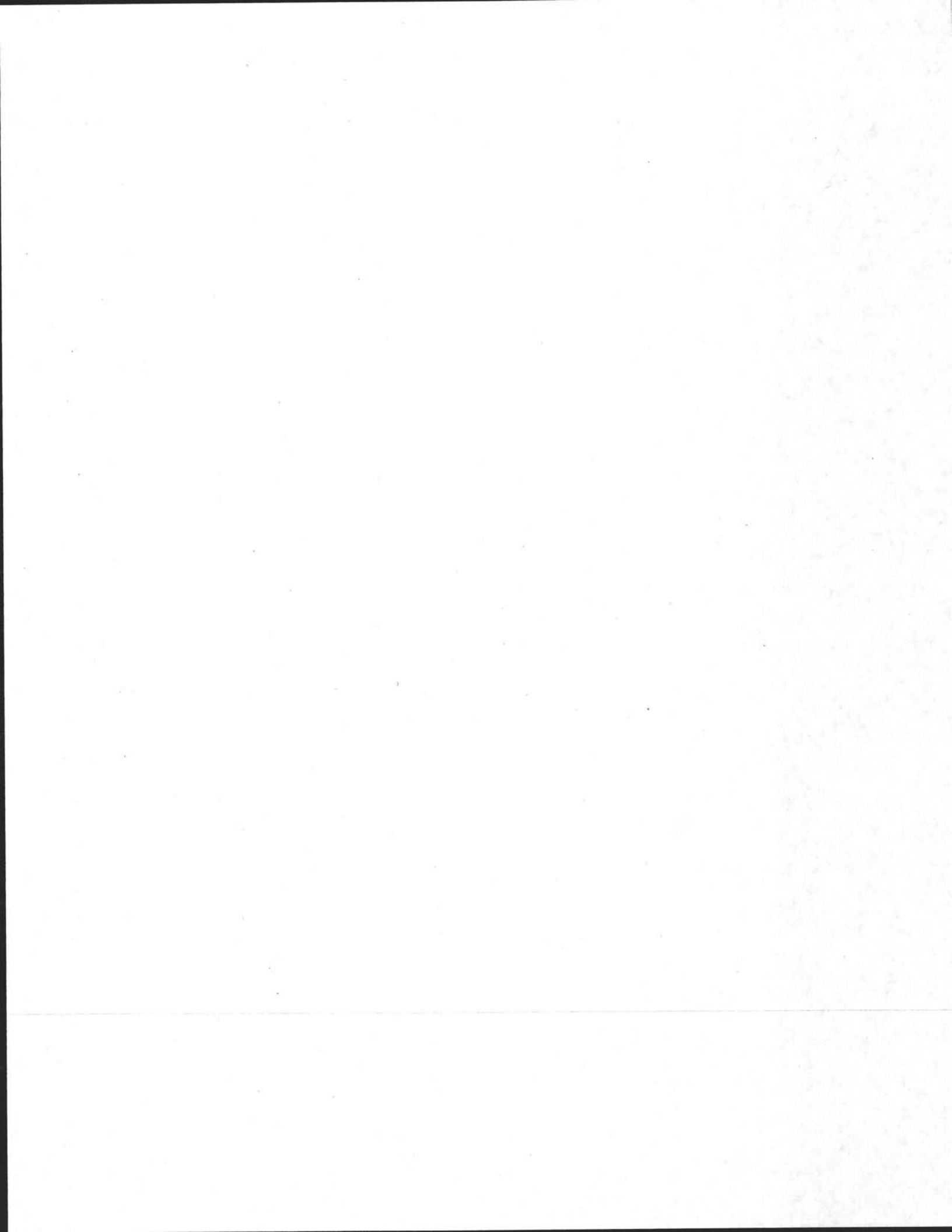
Section 2 amends G.S. 105-502(a) to make permanent the requirement that a county must use 60% of the revenue from the second 1/2-cent local sales tax for public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes during the period beginning five years before the taxes took effect. This statute, and this limitation on the use of the revenue, originated in 1986. Currently, the earmarking is to end in 2002.

The bill also clarifies that the phrase "public school capital outlay purposes" has the same meaning as used in the School Budget and Fiscal Control Act. (This is how the Local Government Commission has interpreted its meaning.)

The act becomes effective July 1, 1996.

D96RHZ005.1SUMMARY





APPENDIX 8

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

DRAFT

D

D

D96-RHZ-008.1

THIS IS A DRAFT 12-APR-96 13:25:10

Short Title: School Acquisitions.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO ALLOW ALAMANCE, ALEXANDER,
4 ANSON, BEAUFORT, BERTIE, BUNCOMBE, BURKE, CALDWELL, CAMDEN,
5 CASWELL, CATAWBA, CHATHAM, CHEROKEE, CLAY, CLEVELAND, CRAVEN,
6 CUMBERLAND, DARE, DAVIDSON, DAVIE, DURHAM, GASTON, GATES,
7 GRAHAM, GRANVILLE, GUILFORD, HENDERSON, HERTFORD, HOKE, HYDE,
8 JONES, LENOIR, LINCOLN, MARTIN, MCDOWELL, MECKLENBURG,
9 MITCHELL, MONTGOMERY, NEW HANOVER, NORTHAMPTON, ONSLOW,
10 PAMLICO, PERQUIMANS, PERSON, PITT, POLK, ROBESON, ROCKINGHAM,
11 RUTHERFORD, STOKES, SURRY, SWAIN, TRANSYLVANIA, TYRRELL, VANCE,
12 WARREN, WASHINGTON, WAYNE, WILKES, WILSON, YADKIN, AND YANCEY
13 COUNTIES TO ACQUIRE PROPERTY FOR USE BY THEIR COUNTY BOARDS OF
14 EDUCATION.

15 The General Assembly of North Carolina enacts:

16 Section 1. G.S. 153A-158.1(e), as amended by Chapters
17 17 and 251 of the 1995 Session Laws, reads as rewritten:

18 "(e) Scope. -- This section applies to Alamance, Alexander,
19 Alleghany, Anson, Ashe, Avery, Beaufort, Bertie, Bladen,
20 Brunswick, Buncombe, Burke, Cabarrus, Caldwell, Camden, Carteret,
21 Caswell, Catawba, Chatham, Cherokee, Chowan, Clay, Cleveland,
22 Columbus, Craven, Cumberland, Currituck, Dare, Davidson, Davie,
23 Duplin, Durham, Edgecombe, Forsyth, Franklin, Gaston, Gates,
24 Graham, Granville, Greene, Guilford, Halifax, Harnett, Haywood,
25 Henderson, Hertford, Hoke, Hyde, Iredell, Jackson, Johnston,
26 Jones, Lee, Lenoir, Lincoln, Macon, Madison, Martin, McDowell,

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1 Mecklenburg, Mitchell, Montgomery, Moore, Nash, New Hanover,
2 Northampton, Onslow, Orange, Pamlico, Pasquotank, Pender,
3 Perquimans, Person, Pitt, Polk, Randolph, Richmond, Robeson,
4 Rockingham, Rowan, Rutherford, Sampson, Scotland, Stanly, Stokes,
5 Surry, Swain, Transylvania, Tyrrell, Union, Vance, Wake, Warren,
6 Washington, and Watauga Watauga, Wayne, Wilkes, Wilson, Yadkin
7 and Yancey Counties."

8 Sec. 2. This act is effective upon ratification.



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April 5, 1996

MEMORANDUM

TO: Senator Hobbs and Representative Daughtry, Cochairs, School Capital Construction Study Commission

FROM: Robin S. Johnson, Commission Counsel

RE: SUMMARY -- D96-RHZ-008.1: SCHOOL ACQUISITIONS

This legislation would add Alamance, Alexander, Anson, Beaufort, Bertie, Buncombe, Burke, Caldwell, Camden, Caswell, Catawba, Chatham, Cherokee, Clay, Cleveland, Craven, Cumberland, Dare, Davidson, Davie, Durham, Gaston, Gates, Graham, Granville, Guilford, Henderson, Hertford, Hoke, Hyde, Jones, Lenoir, Lincoln, Martin, McDowell, Mecklenburg, Mitchell, Montgomery, New Hanover, Northampton, Onslow, Pamlico, Perquimans, Person, Pitt, Polk, Robeson, Rockingham, Rutherford, Stokes, Surry, Swain, Transylvania, Tyrrell, Vance, Warren, Washington, Wayne, Wilkes, Wilson, Yadkin, and Yancey counties to the list of counties that currently can acquire and finance public school facilities. The act makes the following changes concerning the acquisition and financing of public school facilities:

- (1) It authorizes the named counties to acquire real or personal property for use by a school administrative unit located in the county when requested to do so by the unit. Under current law, only those counties listed in G.S. 153A-157(b), recodified as G.S. 153A-158.1(a), have this authority. Under general law, a county is authorized to acquire real or personal property only on behalf of the county or an agency of the county and a school administrative unit is not an agency of the county.
- (2) It authorizes the local boards of education to contract with the county for the erection or repair of a public school building that is located on a site owned by the county. Under current general law, local boards of education are required to hold title to all school property and therefore have no authority to make contracts concerning the construction or repair of school buildings located on sites not owned by them.
- (3) It authorizes the local boards of education to transfer to their respective counties, as appropriate, property on which a school building in need of renovation or repair is located for any price agreed to by the board of education and the county. Current law requires transfers from a local board



MEMORANDUM

Page 2

April 5, 1996

of education to a county to be at fair market value and allows a local board of education to transfer property to a county only if the board does not believe the property is necessary or desirable for a school.

The effect of these changes is to allow certain installment financing to be used for public school construction or renovation. The installment financing that can be used is an installment contract secured by a security interest in the building constructed or renovated. This type of financing is available to counties but is not generally available to school administrative units. Under G.S. 160A-20, only a school administrative unit located in a county whose population exceeds 90,000 and whose local board of education can levy a school tax is authorized to use this type of financing.

One type of installment financing is the issuance of certificates of participation. A certificate of participation is a document setting out the share of a local unit's debt that is owed to that person. In practice, the holder of the certificate receives interest and principal payments in a manner similar to interest and principal payments on a bond issued by the borrowing unit. Unlike the issuance of a bond, however, the issuance of a certificate of participation is not subject to a vote of the people.

If a county builds and equips a school on behalf of a local school administrative unit, the county can receive a refund of sales and use taxes paid on the project. In contrast, the local school administrative unit could not receive a refund of these taxes if it built and equipped the school itself. This is because a local school administrative unit is not one of the governmental entities that are allowed refunds of sales and use taxes under G.S. 105-164.14(c).

The act is effective upon ratification.

D96RHZ008.1SUMMARY

APPENDIX 9

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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D96-RHZ-009.1

THIS IS A DRAFT 16-APR-96 19:19:58

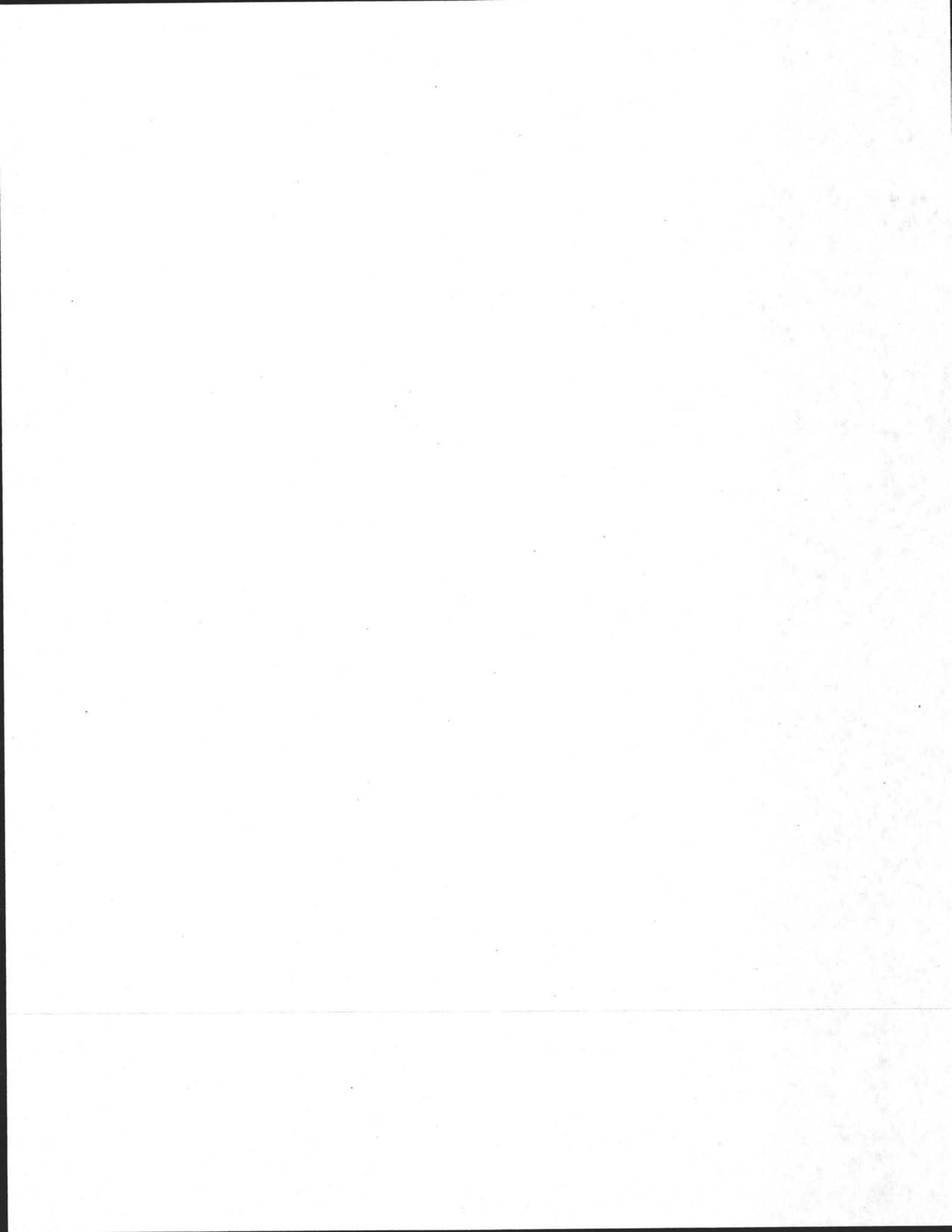
Short Title: School Sites.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO ALLOW LOCAL SCHOOL
4 ADMINISTRATIVE UNITS IN CERTAIN COUNTIES TO ENTER INTO
5 CONTRACTS FOR THE ERECTION OR REPAIR OF SCHOOL BUILDINGS WITH
6 ANY PERSON.
7 The General Assembly of North Carolina enacts:
8 Section 1. G.S. 153A-158.1(d) reads as rewritten:
9 "(d) Board of Education May Contract for Construction. --
10 Notwithstanding the provisions of G.S. 115C-40 and G.S. 115C-521,
11 a local board of education may enter into contracts for the
12 erection or repair of school buildings upon sites owned in fee
13 simple by ~~one or more counties in which the local school~~
14 ~~administrative unit is located.~~ any person."
15 Sec. 2. This act is effective upon ratification.



United States General Accounting Office

Report to Congressional Requesters

GAO

November 1995

SCHOOL FACILITIES

States' Financial and Technical Support Varies



Most States Provided Facilities Financial Assistance, Though Levels Varied

A total of 40 states reported providing ongoing financial assistance to local districts for the construction of public elementary and secondary schools.⁶ Collectively, these states reported providing an estimated \$3.5 billion in grants and loans for school facilities construction in state fiscal year 1994. Ten states reported no regular, ongoing programs to assist districts with construction costs, although some of these had recently provided one-time appropriations for facilities or considered proposals for funding school construction.

While most states reported providing financial assistance for school construction, funding levels varied widely. On a per pupil basis, state funding provided in fiscal year 1994 ranged from a high of \$2,254 per student in Alaska to a low of \$6 per student in Montana (see table 2). The median amount of assistance provided per student was about \$104.⁷ With the exception of Hawaii⁸ and Alaska, which provided full or nearly full state support for school construction, all states provided less than \$300 per student. Eight states—Arkansas, Indiana, Michigan, Minnesota, North Dakota, Ohio, Utah, and Virginia—reported providing at least some portion of their assistance in the form of loans to districts.

Table 2: Amount of State Aid Provided for School Facilities Construction in State Fiscal Year 1994 for States With Ongoing Funding Programs

State	State funding for grants and loans	State funding per pupil
Alaska ^a	\$273,956,043	\$2,254
Hawaii ^b	133,088,000	740
Florida	579,182,541	290
Connecticut	137,541,140	281
Delaware	29,373,300	275
Maine	43,500,000	203
North Carolina	219,506,574	195

(continued)

⁶In this report, financial assistance for school construction includes grants or loans provided to districts to pay for capital outlay or debt service for school facilities construction, renovation, or major maintenance. We considered states to provide financial assistance for school construction if they had programs in place that (1) were ongoing as opposed to one-time appropriations and (2) specifically set aside funds for school construction, either through separate programs or through components of their basic education support program that provided for capital outlay or debt service. We did not include funding for maintenance and operations provided through basic education support programs.

⁷Data for the amount of financial assistance provided are reported by state officials and do not account for any differences in construction costs among states.

⁸Hawaii's schools are uniquely organized as a single state system with no individual local districts; thus, school construction in Hawaii is entirely state funded, and the amount shown reflects total funding for school facilities. In Alaska, officials reported that the state has typically provided a high level of support for school construction since the 1980s. In fiscal year 1994, state funds accounted for 93 percent of school construction funding.

State	State funding for grants and loans	State funding per pupil
Massachusetts	170,000,000	193
New York	451,000,000	167
Vermont	16,400,000	163
Indiana	149,863,628	155
Minnesota	122,900,000	153
Washington	137,600,000	150
Georgia	151,170,000	123
Rhode Island	17,008,435	117
Maryland	87,000,000	113
Pennsylvania	184,000,000	105
Colorado	65,656,512	105
Virginia	108,800,000	104
Kentucky	66,380,260	104
New Mexico	28,763,442	93
New Hampshire	15,327,295	81
Wyoming	8,000,000	80
Mississippi	36,000,000	72
New Jersey	69,945,000	61
North Dakota	5,660,000	48
South Carolina	25,807,048	41
Ohio	68,600,000	38
Idaho	7,015,342	30
Utah	9,612,055	21
Kansas	7,000,000	16
Alabama	9,790,992	14
Michigan	20,227,052	13
Arkansas	4,764,506	11
California	52,000,000 ^c	10
Montana	1,000,000	6
West Virginia	0 ^d	0
Tennessee	not provided	not provided
Arizona	unknown ^e	unknown ^e
Wisconsin	unknown ^e	unknown ^e

(Table notes on next page)

Note: Ten states had no regular, ongoing program to assist districts with capital construction costs. These states—Illinois, Iowa, Louisiana, Missouri, Nebraska, Nevada, Oklahoma, Oregon, South Dakota, and Texas—are not included in the table.

^aIn Alaska, officials reported that the state has typically provided a high level of support for school construction since the 1980s. In fiscal year 1994, state funds accounted for 93 percent of school construction funding.

^bHawaii's schools are uniquely organized as a single state system with no individual local districts; thus, school construction in Hawaii is entirely state funded, and the amount shown reflects total funding for school facilities.

^cCalifornia has historically issued bonds every 2 years for school construction. The last bonds passed in 1992 totaled \$2.8 billion. State officials reported that bond sales scheduled for 1994 did not succeed. The amount shown represents funding for the Deferred Maintenance program, which does not depend on state bond sales.

^dWest Virginia provides financial assistance for school construction but provided none in fiscal year 1994, according to the state official we interviewed.

^eReported by state officials as unknown.

The following descriptions of funding programs in three states provide more context for the amount of state aid provided for school facilities.

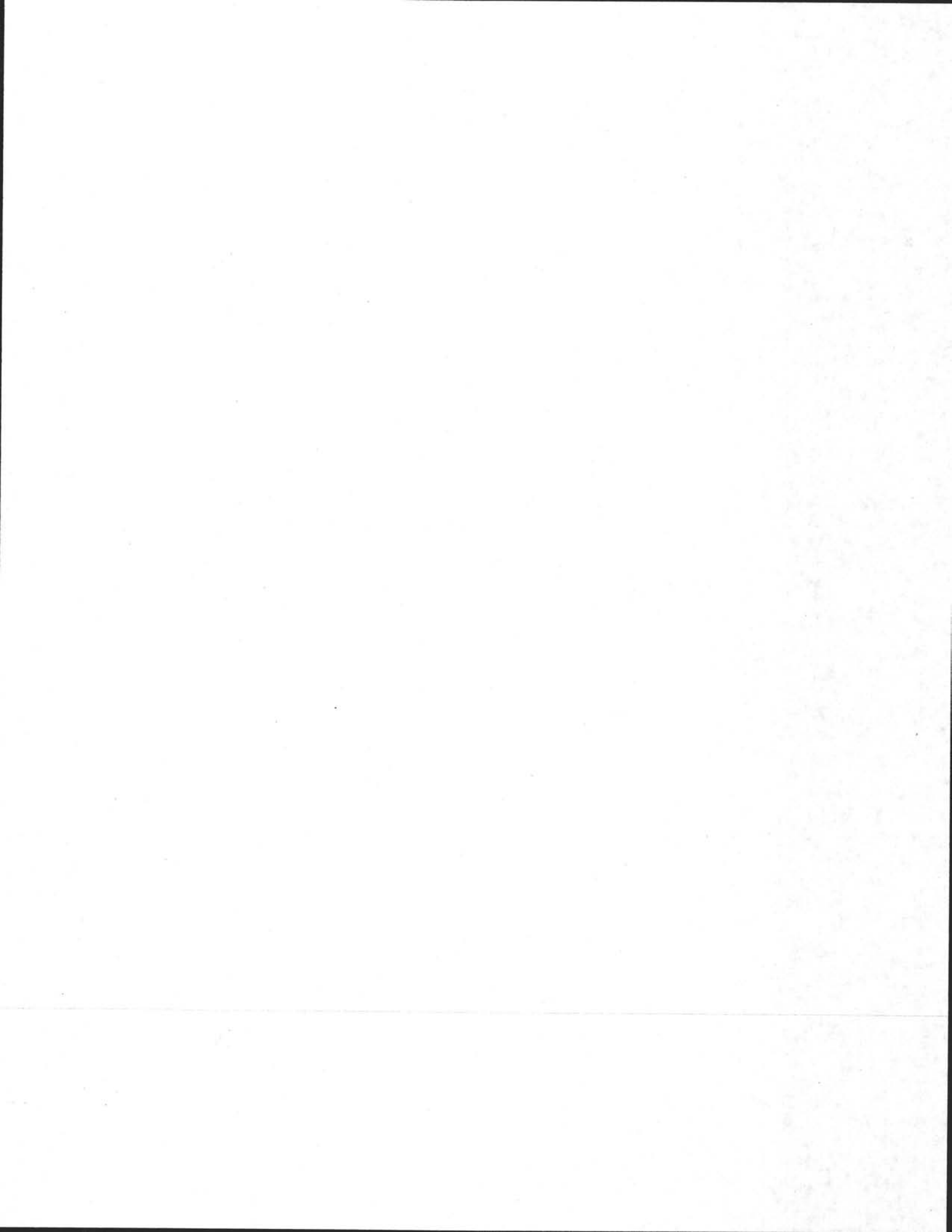
- Florida has eight programs to aid school facilities: Florida has provided financial assistance for school facilities construction since 1947. Its eight funding programs for facilities assistance are funded from gross receipts from utility taxes and motor vehicle licensing tax revenues. Two programs are based on district enrollment growth relative to enrollment growth statewide; a third program provides funding for maintenance based on the square footage and age of a district's buildings plus building replacement costs. The remaining programs target projects such as joint-use facilities, vocational-technical centers, and projects to assist districts using modified school calendars. One program targets funding to districts with limited ability to raise local revenues for facilities.
- In New Hampshire, facilities aid is linked to LEA consolidation: New Hampshire reimburses local districts for a percentage of their construction debt. The state contribution ranges from 30 to 55 percent and favors districts that have consolidated. Districts can receive an extra 20 percent for portions of projects attributable to the construction of kindergartens. (New Hampshire is the only state without mandatory kindergarten.) The state reimburses districts over a minimum of 5 years or the longest period of time required by the funding instruments used by the district.
- In Kansas, facilities aid is based on district wealth: Kansas began providing funding to local districts for school facilities in state fiscal year 1993. Depending on the assessed valuation per pupil of the school district, the

state program provides aid ranging from none to a high of around 50 percent for less wealthy districts. No cap exists on the total amount of assistance the state provides. Funding is provided as an entitlement to school districts; the state pays its share of local debt service for all districts passing bond measures.

Not only do funding levels vary among states in any 1 year, but construction funding can vary dramatically within states from year to year, making it difficult to capture the complete picture of state support in one snapshot. Some states supplement their regular construction funding programs from time to time with additional monies for school facilities construction. For example, a state official in New Jersey reported that in fiscal year 1993 the state made a one-time appropriation of \$250 million to address health and life/safety needs in schools in addition to the regular facilities funding provided that year. In several states where we obtained data for multiple years, construction funding reported by officials increased or decreased more than 50 percent between fiscal years 1993 and 1994. These fluctuations can reflect such circumstances as changes in school construction needs or in the availability of state funding.

Putting the amount of state assistance for school construction—about \$3.5 billion nationwide in state fiscal year 1994—in context of total facilities expenditures is difficult because of limited data on local spending, a major part of those expenditures. When we asked state officials for this information, many reported that they did not have or collect this data. Preliminary data from the Bureau of the Census show that, counting revenues from all sources, total expenditures for school construction and purchases of land and existing buildings and improvements to buildings were about \$15.7 billion for the 1991-92 school year.

When we asked states whether they had any information about unmet needs for construction funding, officials from several states noted instances of facilities needs outstripping available state resources. For example, a state official in Alaska reported that in fiscal year 1994 local districts submitted requests for funding totaling \$880 million for a grant program that received an appropriation of \$171 million. Similarly, a state official from Wyoming noted that district requests for funding totaled \$42 million in fiscal year 1995, although the state had only \$13.5 million available. In contrast, officials from two states commented that they had no backlog in requests for funding.



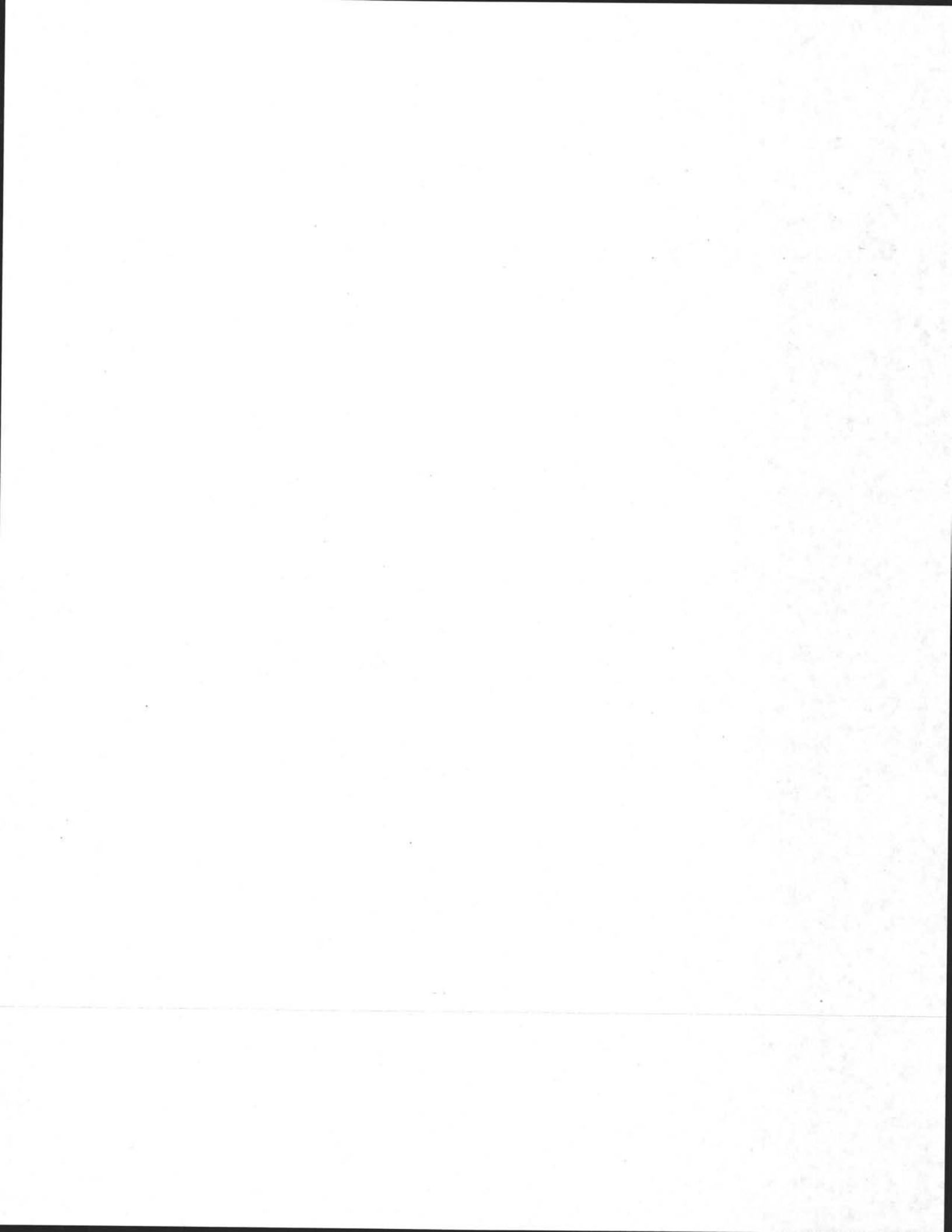
STATE SCHOOL FACILITIES ASSISTANCE FROM 1949 TO PRESENT

	(\$ MIL.) <u>AMOUNT*</u>
✓ SCHOOL FACILITIES APPROPRIATION (1949)	\$156.6*
✓ STATE SCHOOL BOND ISSUES (1949, 1953, 1963, 1973)	\$1,975.3*
✓ "ADM FUND" (1987)	\$390.0
✓ CRITICAL FACILITY NEEDS FUND (1987)	<u>\$194.3</u>
TOTAL-STATE AID	\$2,716.2
✓ 1983 LOCAL SALES TAX EARMARKING	\$549.6
✓ 1986 LOCAL SALES TAX EARMARKING	<u>\$821.1</u>
TOTAL-LOCAL EARMARKING	\$1,370.7

TABLE 2

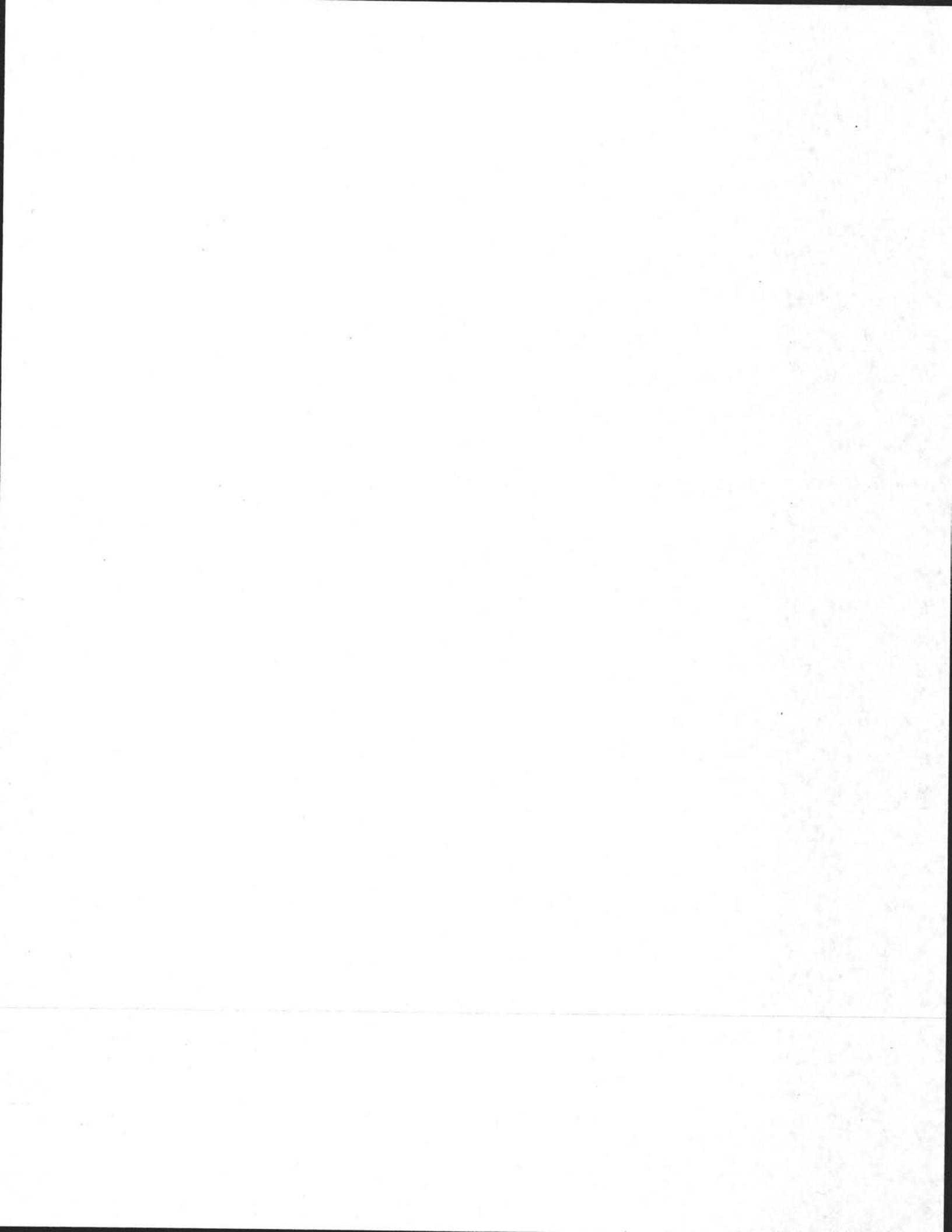
93

*ORIGINAL AMOUNT HAS BEEN ADJUSTED FOR INFLATION.



STATE EFFORTS TO EQUALIZE LOCAL RESOURCES

- ✓ ALLOCATE STATE SCHOOL BOND PROCEEDS ON BASIS OF FLAT AMOUNT PER COUNTY FOR A PORTION OF PROCEEDS (1949, 1953)
- ✓ ALLOCATE LOCAL SALES TAX REVENUE COLLECTED BY THE STATE ON THE BASIS OF POPULATION INSTEAD OF POINT OF ORIGIN (1983, 1986)
- ✓ DISTRIBUTE WATER/SEWER FUNDING ON PER CAPITA BASIS (1985)
- ✓ BEGIN ALLOCATION OF STATE HIGHWAY PROJECTS TO SECONDARY ROADS ON EQUAL BASIS WITH URBAN AREAS (1985)
- ✓ ALLOCATE PORTION OF CORPORATE TAX TO SCHOOL FACILITIES AID IN POOR COUNTIES (1988)
- ✓ DISTRIBUTE PORTION OF INVENTORY REIMBURSEMENT ON PER CAPITA BASIS INSTEAD OF POINT OF COLLECTION (1987)
- ✓ PROVIDE SCHOOL CURRENT EXPENSE AID TO POOR COUNTIES (1991)



FY1994-95 County Per Capita Welfare Costs

County	Total County: AFDC & Special Assistance Per Capita	Total County Medicaid Per Capita	Total Medicaid & NonMedicaid Per Capita	Low Wealth Rank 1994-95	1994-95 Prop. Rate [Cents/\$100]
Alamance	\$18.78	\$24.17	\$42.95	26	51.50
Alexander	14.47	21.31	35.79	54	53.00
Alleghany	14.90	30.33	45.22	30	58.00
Anson	27.82	46.60	74.42	81	84.00
Ashe	18.50	37.21	55.71	45	58.00
Avery	22.67	40.14	62.81	21	58.00
Beaufort	25.79	37.89	63.68	50	60.00
Bertie	31.26	47.31	78.57	98	83.00
Bladen	30.13	47.90	78.03	75	75.25
Brunswick	19.60	34.32	53.92	11	68.50
Buncombe	19.30	30.22	49.52	16	73.00
Burke	15.13	28.88	44.01	46	61.00
Cabarrus	17.49	24.89	42.38	23	56.50
Caldwell	15.89	29.28	45.17	55	63.90
Camden	15.54	27.53	43.07	80	75.00
Carteret	16.00	24.43	40.42	15	50.50
Caswell	26.12	34.05	60.16	87	78.50
Catawba	14.46	20.46	34.92	8	52.00
Chatham	16.94	24.48	41.43	28	66.50
Cherokee	21.92	40.88	62.80	72	47.00
Chowan	30.81	40.15	70.96	65	77.00
Clay	19.32	34.57	53.89	57	43.00
Cleveland	25.04	26.57	51.61	40	62.00
Columbus	28.44	50.49	78.93	88	78.00
Craven	22.49	27.40	49.89	58	58.50
Cumberland	23.03	18.75	41.78	43	79.00
Currituck	17.56	22.75	40.31	18	65.00
Dare	9.03	18.71	27.74	2	40.00
Davidson	15.58	20.01	35.59	33	54.00
Davie	12.27	20.79	33.06	20	56.00
Duplin	32.96	39.16	72.13	79	73.50

FY1994-95 County Per Capita Welfare Costs

County	Total County: AFDC & Special Assistance Per Capita	Total County Medicaid Per Capita	Total Medicaid & NonMedicaid Per Capita	Low Wealth Rank 1994-95	1994-95 Prop. Rate [Cents/\$100]
Durham	24.38	26.04	50.42	5	94.27
Edgecombe	33.98	41.72	75.70	64	85.00
Forsyth	19.89	22.72	42.60	3	72.64
Franklin	23.12	36.95	60.07	82	90.00
Gaston	22.31	26.65	48.95	19	78.90
Gates	23.99	32.30	56.29	90	88.00
Graham	24.32	39.88	64.20	91	57.00
Granville	20.32	28.15	48.47	77	71.50
Greene	23.59	34.52	58.11	78	83.50
Guilford	19.19	24.70	43.89	7	75.48
Halifax	33.15	43.98	77.13	84	69.00
Harnett	24.98	32.32	57.31	95	70.00
Haywood	22.84	30.89	53.73	31	74.00
Henderson	16.83	27.26	44.10	9	50.50
Hertford	35.03	45.54	80.58	97	96.00
Hoke	29.10	36.54	65.64	100	94.00
Hyde	31.50	44.18	75.67	24	89.00
Iredell	17.24	23.59	40.83	27	45.00
Jackson	15.70	29.58	45.28	25	53.00
Johnston	25.02	33.03	58.05	62	74.00
Jones	24.61	47.17	71.78	66	84.00
Lee	24.88	28.96	53.84	32	68.00
Lenoir	30.13	39.94	70.07	48	77.00
Lincoln	16.31	21.17	37.48	36	61.50
Macon	14.69	27.30	41.99	13	43.00
Madison	21.84	42.46	64.30	74	82.00
Martin	28.26	38.72	66.98	69	77.00
McDowell	19.90	27.90	47.80	67	63.75
Mecklenburg	19.49	22.54	42.03	1	80.50
Mitchell	15.82	36.60	52.42	60	54.00
Montgomery	22.37	33.69	56.06	70	73.00

FY1994-95 County Per Capita Welfare Costs

County	Total County: AFDC & Special Assistance Per Capita	Total County Medicaid Per Capita	Total Medicaid & NonMedicaid Per Capita	Low Wealth Rank 1994-95	1994-95 Prop. Rate [Cents/\$100]
Moore	18.54	25.09	43.63	17	45.00
Nash	23.35	28.43	51.78	49	61.00
New Hanover	24.90	29.67	54.57	6	63.00
Northampton	36.72	46.56	83.28	94	99.00
Onslow	13.21	13.82	27.03	93	61.50
Orange	10.82	17.74	28.56	10	94.75
Pamlico	22.99	38.67	61.66	59	72.45
Pasquotank	25.69	31.21	56.90	73	72.00
Pender	24.18	35.78	59.96	61	65.00
Perquimans	29.49	35.15	64.64	85	78.00
Person	22.53	36.13	58.66	29	63.00
Pitt	22.74	32.62	55.36	41	72.39
Polk	14.63	23.36	37.99	12	48.50
Randolph	14.10	20.47	34.57	42	46.50
Richmond	25.65	39.45	65.10	89	91.00
Robeson	30.73	43.20	73.93	99	99.00
Rockingham	20.87	30.94	51.81	44	64.00
Rowan	18.69	22.70	41.40	35	63.75
Rutherford	27.80	25.45	53.26	51	56.00
Sampson	27.20	38.76	65.96	71	67.00
Scotland	33.95	38.66	72.61	83	98.00
Stanly	14.94	26.36	41.30	52	66.75
Stokes	14.96	24.23	39.19	38	57.00
Surry	19.15	27.89	47.04	39	52.00
Swain	14.55	31.35	45.91	96	57.00
Transylvania	18.04	30.80	48.84	14	54.10
Tyrrell	26.05	48.37	74.42	63	103.00
Union	16.81	23.70	40.51	34	66.00
Vance	32.39	40.79	73.18	68	80.00
Wake	13.52	17.82	31.34	4	63.00
Warren	29.73	44.96	74.69	92	93.00

FY1994-95 County Per Capita Welfare Costs

County	Total County: AFDC & Special Assistance Per Capita	Total County Medicaid Per Capita	Total Medicaid & NonMedicaid Per Capita	Low Wealth Rank 1994-95	1994-95 Prop. Rate [Cents/\$100]
Washington	29.55	39.98	69.53	86	92.00
Watauga	8.70	18.65	27.35	22	43.50
Wayne	23.76	27.41	51.17	76	65.00
Wilkes	16.47	29.60	46.07	47	64.00
Wilson	29.44	36.26	65.70	37	77.00
Yadkin	15.68	25.21	40.88	56	68.00
Yancey	14.95	34.03	48.98	53	50.00
STATE	\$20.44	\$27.01	\$47.45		

ENROLLMENT GROWTH

THE WAY WE ARE: 1988-89 Through 1995-96

- ▶ Five clusters of counties accounted for almost 91% of the growth during this time period.
 - ▶ Research Triangle Counties
 - ▶ Charlotte Region
 - ▶ Military Counties: Cumberland And Onslow
 - ▶ Triad, Guilford and Randolph
 - ▶ Independent Growth Centers: Buncombe, New Hanover, Pitt

- ▶ FY1995-96 enrollment at the 10th day of school found growth in some rural counties that had not been present in earlier forecasts.

	(\$MILL.) FIVE- YEAR TOTAL	(\$MILL.) TEN- YEAR TOTAL	(\$MILL.) LIFE-OF- BONDS TOTAL*
BONDS AND RAINY-DAY FREE-UP OPTION (\$MILL.)			
CORPORATE TAX EARMARKING	\$362.7	\$848.1	\$2,573.2
LOCAL MATCH ON CORPORATE EARMARKING	120.9	282.7	857.7
BOND PROCEEDS (\$950 MILLION)	950.0	950.0	950.0
LOCAL MATCH ON BOND PROCEEDS	1,537.6	1,537.6	1,537.6
RAINY-DAY FREE-UP	486.5	1,137.5	3,451.4
LOCAL MATCH ON RAINY-DAY FREE-UP	787.4	1,841.1	5,586.1
TOTAL PACKAGE (ALL BRICKS AND MORTAR)	\$4,245.1	\$6,597.0	\$14,956.0
LOCAL-OPTION SALES TAX EARMARKING	\$1,242.7	\$2,879.4	\$8,603.8
TOTAL FINANCING INCLUDING SALES TAX	\$5,487.8	\$9,476.4	\$23,559.8

	(\$MILL.) FIVE- YEAR TOTAL	(\$MILL.) TEN- YEAR TOTAL	(\$MILL.) LIFE-OF- BONDS TOTAL*
\$1.8 BILLION BOND OPTION (\$MILL.)			
CORPORATE TAX EARMARKING	\$362.7	\$848.1	\$2,573.2
LOCAL MATCH ON CORPORATE EARMARKING	120.9	282.7	857.7
BOND PROCEEDS (\$1.8 BILLION)	1,800.0	1,800.0	1,800.0
LOCAL MATCH	2,913.3	2,913.3	2,913.3
TOTAL PACKAGE (ALL BRICKS AND MORTAR)	\$5,197.0	\$5,844.2	\$8,144.2
LOCAL-OPTION SALES TAX EARMARKING	\$1,242.7	\$2,879.4	\$8,603.8
TOTAL FINANCING INCLUDING SALES TAX	\$6,439.7	\$8,723.6	\$16,748.0

BONDS AND RAINY-DAY FREE-UP OPTION (\$MILL.)

CORPORATE TAX EARMARKING
 LOCAL MATCH ON CORPORATE EARMARKING
 BOND PROCEEDS (\$950 MILLION)
 LOCAL MATCH ON BOND PROCEEDS
 RAINY-DAY FREE-UP
 LOCAL MATCH ON RAINY-DAY FREE-UP
 TOTAL PACKAGE (ALL BRICKS AND MORTAR)

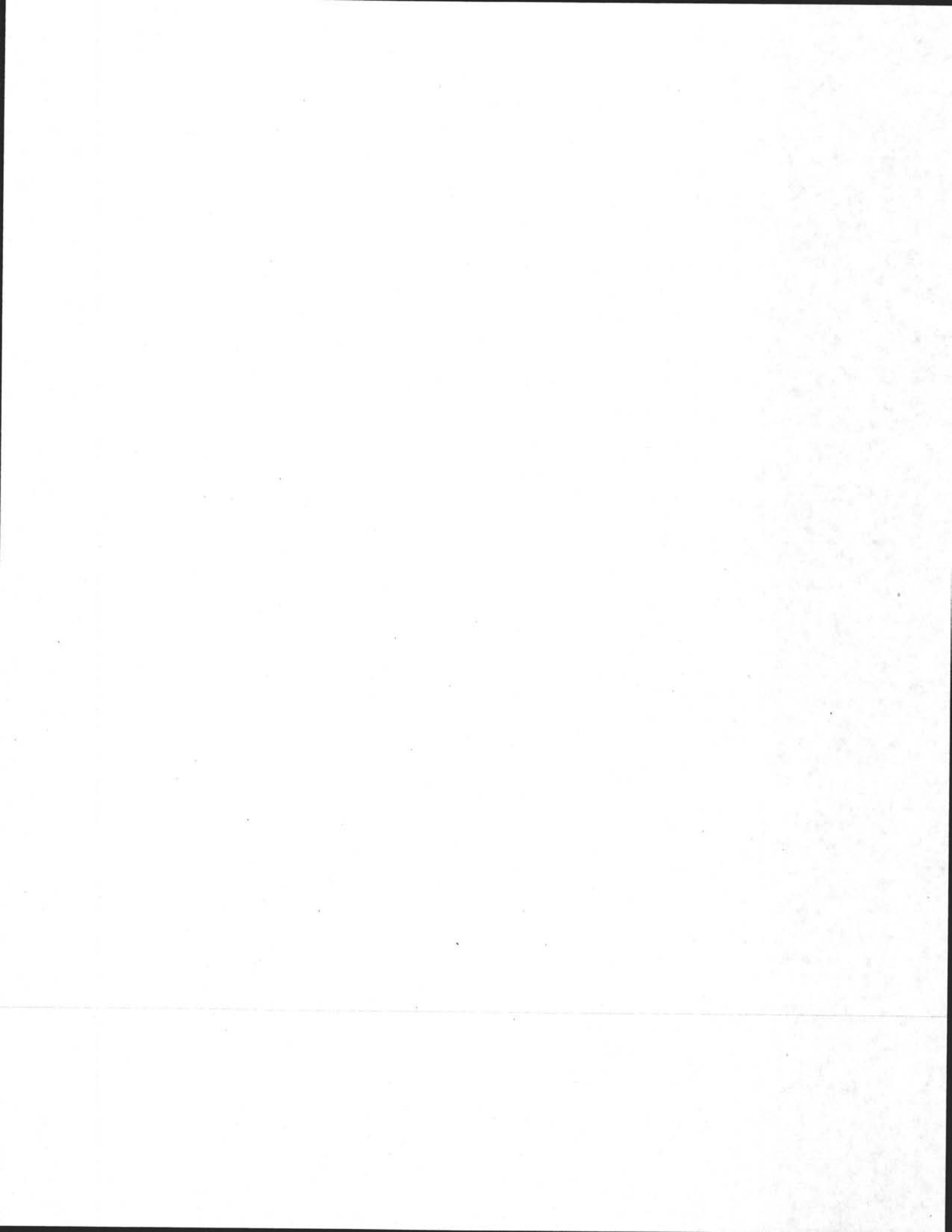
LOCAL-OPTION SALES TAX EARMARKING
 TOTAL FINANCING INCLUDING SALES TAX

\$1.8 BILLION BOND OPTION (\$MILL.)

CORPORATE TAX EARMARKING
 LOCAL MATCH ON CORPORATE EARMARKING
 BOND PROCEEDS (\$1.8 BILLION)
 LOCAL MATCH
 TOTAL PACKAGE (ALL BRICKS AND MORTAR)

LOCAL-OPTION SALES TAX EARMARKING
 TOTAL FINANCING INCLUDING SALES TAX

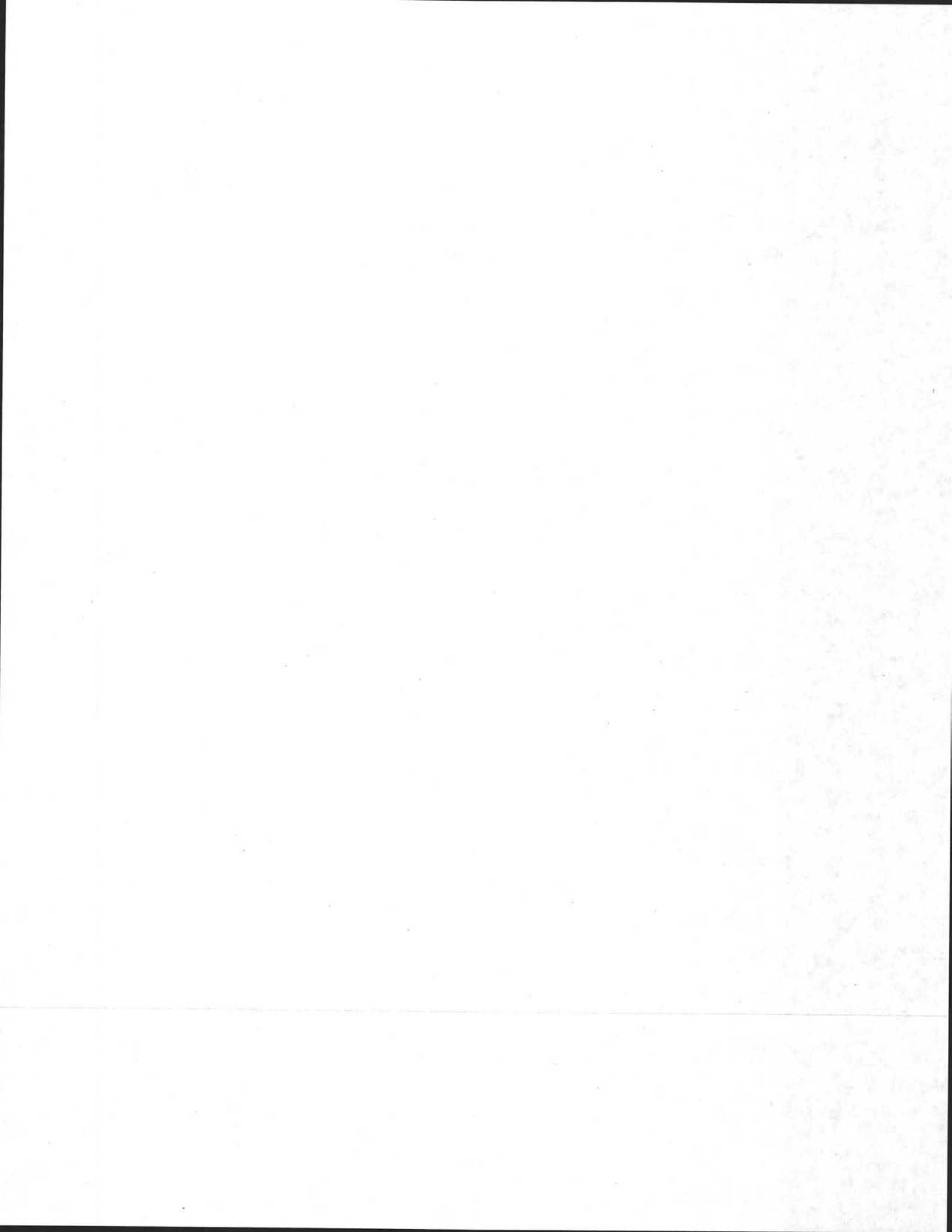
*REFERS TO THE 21-YEAR PAY-BACK PERIOD FOR THE \$1.8 BILLION BOND ISSUE.



RECURRING AVAILABILITY OUTLOOK (\$MILLION)

	1997-98	1998-99	1999-00	2000-01	2001-02
REVENUE GROWTH	\$653.1	\$694.9	\$739.3	\$786.6	\$837.0
LESS: DEBT SERVICE ON \$950 M. BOND ISSUE	-25.5	-50.6	-79.6	-78.4	-77.1
REMAINING REVENUE AVAILABILITY	\$627.6	\$644.3	\$659.7	\$708.3	\$759.9
SPENDING PRESSURES:					
CONTINUATION BUDGET NEEDS (1)	\$373.4	\$389.9	\$420.4	\$450.6	\$483.0
4% SALARY INCREASE	281.5	295.7	310.6	326.3	342.7
TOTAL-SPENDING PRESSURES	\$654.9	\$685.6	\$731.0	\$776.9	\$825.7
AVAILABILITY FOR TAX CUTS, ENROLLMENT INCREASES IN UNIVERSITY AND COMMUNITY COLLEGE SYSTEM, OTHER EXPANSION	(\$27.3)	(\$41.3)	(\$71.2)	(\$68.6)	(\$65.8)

(1) EXAMPLES INCLUDE MEDICAID, AFDC, PUBLIC SCHOOL ENROLLMENT, CORRECTIONS.



LITIGATION-RELATED FISCAL ISSUES (\$MILL.)

INTANGIBLES TAX REFUNDS:

PROTESTERS ONLY :1990-94 (1):
 REFUNDS
 INTEREST
 TOTAL

ONE-TIME COST	ANNUAL COST
\$123.0	
19.9	
\$142.9	

ALL TAXPAYERS FOR 1990-94 (2):
 REFUNDS
 INTEREST
 TOTAL

\$416.5	
103.2	
\$519.7	

PROTESTORS FOR 1990-94, ALL TAXPAYERS FOR 1993-94 (3):
 REFUNDS
 INTEREST
 TOTAL

\$188.2	
29.0	
\$217.2	

- (1) MOST LIKELY LEGAL OBLIGATION. CASE WAS ORIGINALLY FILED IN 1990.
 (2) ALLOWS NON-PROTESTORS SAME RIGHTS AS PROTESTORS
 (3) ALLOWS NON-PROTESTORS REFUNDS FOR THE TWO YEARS IN WHICH THE CASE WAS MOST VISIBLE AND WHEN ALMOST ALL OF THE PROTESTS WERE FILED

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FEDERAL RETIREES REFUNDS FOR 1985-88 (1):

REFUNDS
 INTEREST
 TOTAL

ONE-TIME COST	ANNUAL COST
\$142.7	
101.7	
\$244.4	

- (1) NO LEGAL OBLIGATION TO PAY REFUNDS FOR THESE YEARS

BAILEY CASE (ASSUMING AN ADVERSE RULING IN PENDING LITIGATION ON STATE/LOCAL RETIREE ISSUE):

RESTORE FULL TAX EXEMPTION (1)

\$102.0	
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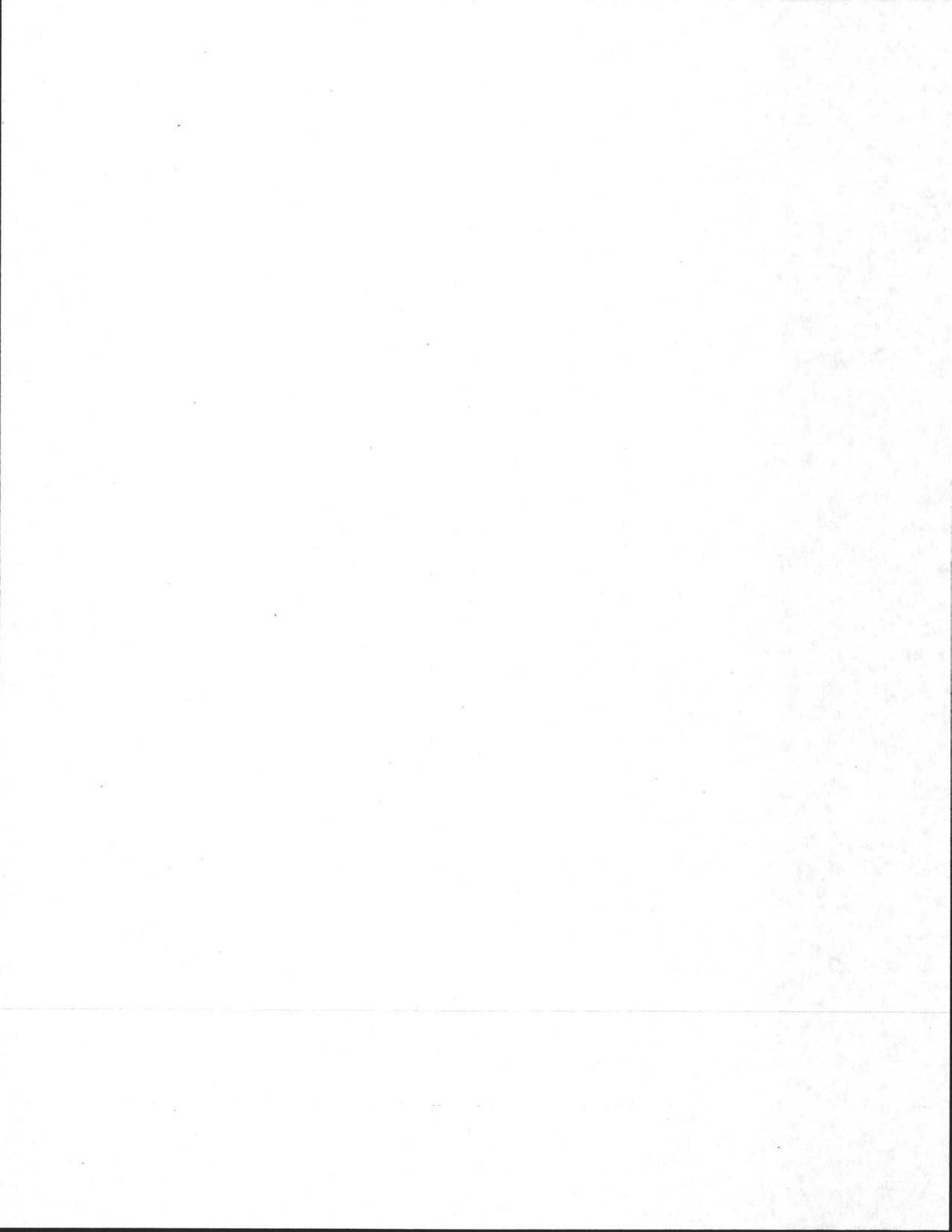
GRANT REFUNDS FOR 1989-95 TAX YEARS (1):

REFUNDS
 INTEREST
 TOTAL

\$575.1	
100.3	
\$675.4	

- (1) COST IS HIGH BECAUSE FULL EXEMPTION FOR STATE AND LOCAL RETIREES WILL REQUIRE SAME EXEMPTION FOR FEDERAL CIVIL SERVICE AND MILITARY RETIREES (DAVIS DECISION)

TABLE 8



LOCAL-OPTION SALES TAXES IN 1971 AND 1983 HAVE ENABLED COUNTIES TO LOWER THE PROPERTY TAX BURDEN*

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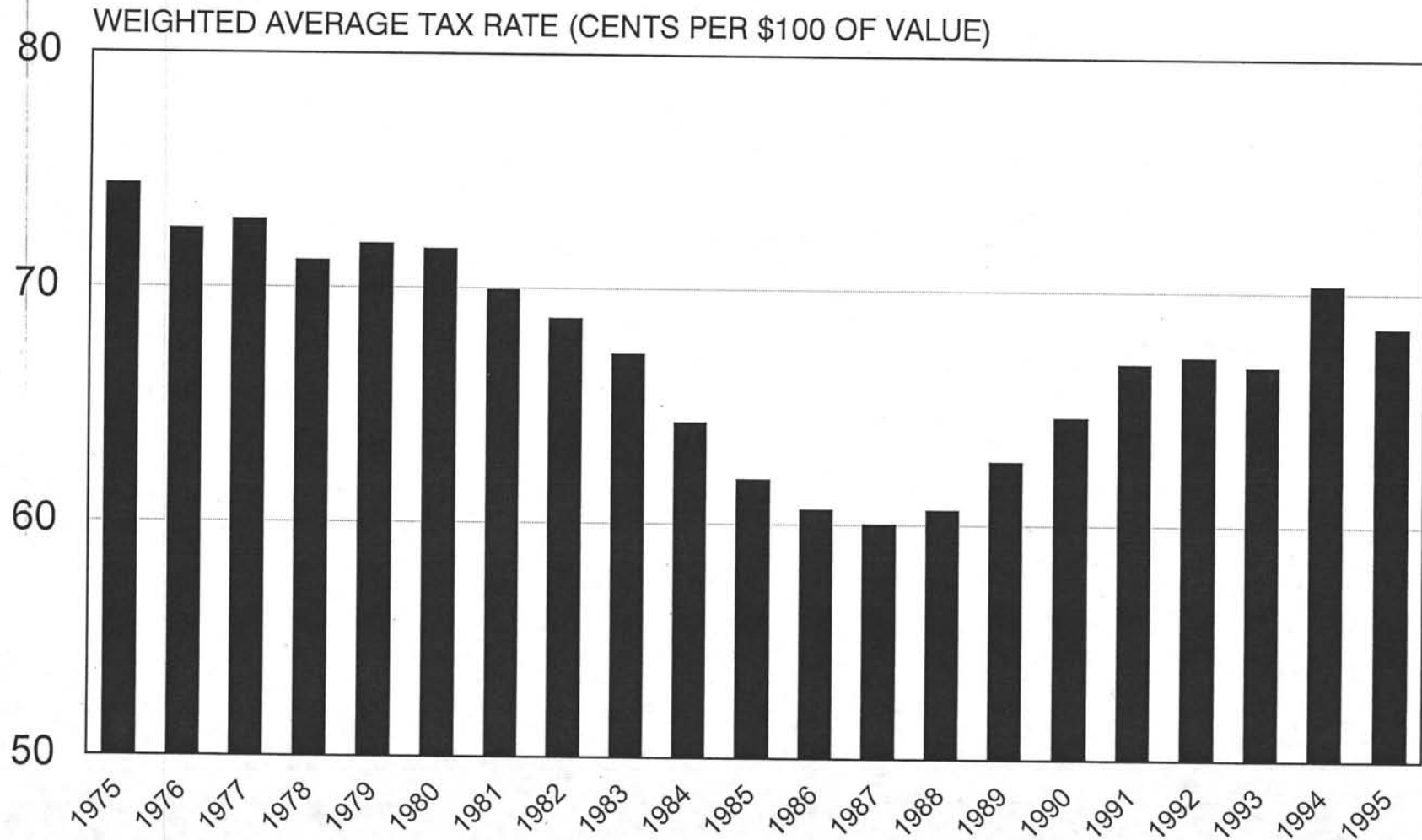


TABLE 9

* THE BENEFIT OF THE 1986 LOCAL-OPTION TAX HAS BEEN UNDERMINED BY MEDICAID, AFDC