

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 728 (2nd Edition)

**SHORT TITLE:** Teacher Education Enrollment Funds

**SPONSOR(S):** Senators Clodfelter, Jenkins; and Moore

<b>FISCAL IMPACT</b>					
	<b>Yes (x)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>
<b>REVENUES</b>					
<b>EXPENDITURES</b>	<b>0</b>	<b>\$1,730,000</b>	<b>\$1,903,000</b>	<b>\$2,093,300</b>	<b>\$2,302,630</b>
<b>POSITIONS: (cumulative) unknown due to UNC management flexibility statute</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> University of North Carolina					
<b>EFFECTIVE DATE:</b> July 1, 2003 for the enrollment growth beginning with 2004-05 academic year.					

**BILL SUMMARY:** In Senate Bill 728, the General Assembly makes direct modifications to the university enrollment growth funding formula. It requires the UNC Board of Governors to change the enrollment growth funding formula by changing the calculation for all Student Credit hours in teacher education programs for 2004-05 and thereafter by calculating a new growth rate using the highest "instructional-position salary rate" among the constituent institutions, (which is the rate of UNC-Chapel Hill, a Research Extensive university). In addition, the bill requires that the "highest instructional-position salary rate" (i.e., the rate used at UNC-CH) be multiplied by any applicable "undergraduate cost factor", which adds an additional amount of money to the formula's cost. The bill becomes effective July 1, 2003, beginning with the 2004-05 academic year funding formula and for all subsequent years.

**ASSUMPTIONS AND METHODOLOGY:** The estimate was determined in two parts. One part multiplied instructional positions generated by the student credit hours for teacher education at all levels of degree programs at the UNC-Chapel Hill instructional position salary rate, which ranges from \$4,050 to \$19,833 more per position. The appropriation required for this part of the cost for the first year of implementation using current levels of data would be approximately \$1.6 million. The other cost is added by the inclusion of "any applicable" Undergraduate Cost Factors, as required by the bill. This portion of the cost is estimated to be approximately \$130,000. Together, this brings the cost estimate for 2004-05 to a total of \$1,730,000. It is hard to estimate the average position salary rate at UNC-Chapel Hill over the next three years, since it

has raised campus-initiated tuition for the purpose of increasing faculty salaries above any amounts granted by the General Assembly. Therefore, when combining the two elements of the cost variables, a growth figure of 10% in the yearly cost estimate is used as a combined measure of salary and student credit hour growth.

**SOURCES OF DATA:** University of North Carolina General Administration

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**DATE:** April 23, 2003



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