House Education Subcommittee Chairs’ Proposed Special Provisions

April 12, 2011
EDUCATION REFORM IN NORTH CAROLINA

SECTION #.(a) It is the intent of the General Assembly that the children of North Carolina are ready to succeed when they start school, learn the appropriate foundational education in the early grades, are prepared for a career or higher education upon graduation, and have job and learning skills appropriate to the global economy.

SECTION #.(b): To implement this, the Joint Education Oversight Committee shall study the following and report to the 2012 Session of the 2011 General Assembly with a comprehensive plan, including implementation dates and schedules, to accomplish this vision.

(1) Elementary and Secondary Education – It is a priority of the General Assembly that by the end of third grade, North Carolina children receive a foundational education in reading and mathematics upon which to build future educational achievement. Further, it is a priority that children in all grades receive quality education from high quality teachers that are ready and able to teach and that children are promoted in an educationally appropriate manner. To that end, the Committee shall study:


b. Teacher pay and its relationship with student performance, including:
   1. Salary supplements for employees with masters degrees and national board certification, and their relationship with student performance.

c. Strategies for reducing teacher paperwork to assist teachers in spending more time with students.

d. Kindergarten as a transition year between pre-K and elementary education, including looking at:
   1. Kindergarten specific class size ratios.
   2. Effectiveness of teacher assistants.

e. Reducing teacher-student ratio to 1:15 in first through third grade. In studying this reduction, the Committee shall consider:
   1. Professional development requirements.
   2. Physical classroom constraints.
   3. Integration of the third grade literacy policy, including third grade reading specialists, including Florida's reading specialist program.

(2) Transition from High School – It is a priority of the General Assembly that high school graduates enter the workforce or higher education fully prepared. To that end, the Committee shall study:
a. Ways to reduce the need for remedial or developmental education in the State's higher education institutions, so that students and the State do not pay repeatedly for the same education, including:

1. Ensuring clear, rigorous secondary school standards, such as using college assessment tests in high school, including reviewing models in Florida and California, and using college assessment tests as entrance requirements for universities.

2. Ways to hold high schools accountable for the higher education performance of their students, including requiring funding for developmental education to come from high schools.

3. The most cost-effective way to provide remedial education in higher education, including funding summer-term developmental courses at community colleges based on successful course completions, focusing remediation at the community colleges, and redirecting university appropriations for remedial education to the community colleges.

b. The most efficient and effective way to give high school students access to higher education, including

1. Career preparation, including the Governor's Career and College Promise recommendation

2. College preparation, including the Governor's Career and College Promise program and existing Learn and Earn programs

3. Revising statutes for high school students in higher education

(3) Higher Education – It is a priority of the General Assembly that the State's higher education system produce college graduates in the most efficient and effective manner possible, to improve productivity and public accountability for performance in postsecondary education, and ultimately to increase the educational level and earning potential of the State. To that end, the Committee shall study:

a. A revised set of accountability measures and performance standards by which to evaluate and measure student progress and student success in the North Carolina Community College System, as described in Section 8.X, including how to incorporate these measures into formula funding.

b. A revised method of projecting and funding UNC enrollment growth, as described in Section 9.X.

c. Ways to increase transparency in the university system spending and revenues

d. Other states' performance funding systems, including efforts in Ohio, Florida, and Washington.

e. Ways to increase college graduation rates, by funding based on performance.

f. The impact of directing more students to the community colleges for their freshman and sophomore years of a four-year degree, including requiring a certificate of transfer from the North Carolina Community College System before transferring to The University of North Carolina System.
SECTION #(c): In all cases, any program implemented needs to be structured so that ongoing, evaluable performance and outcome data is available.

SECTION #.(d): Funds appropriated to implement this section may be used by the Committee to hire one or more external consultants to complete these studies.
Requested by: Representative

**Funds for Children with Disabilities**

SECTION #. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand five hundred ninety-eight dollars and fifty-five cents ($3,598.55) per child. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of its 2011-2012 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.
Funds for Academically Gifted Children

SECTION #. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand one hundred ninety-two dollars and ninety cents ($1,192.90) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2011-2012 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.
USE OF SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES

SECTION #.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II in grades 4 and 7.

SECTION #.(b) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the following:
   a. Anticipated county property tax revenue availability,
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
   c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and
   d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
c. Add to the resulting amount the following:
   1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
   2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
   3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:
   a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
   b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
   c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
   d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
(15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION #.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION #.(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION #.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION #.(f) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only. This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws. If the county documents that it has increased the per student
appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION #.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2011-2013 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if the following apply:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION #.(h) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2012, if it determines that counties have supplanted funds.

SECTION #.(i) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.
LITIGATION RESERVE FUNDS

SECTION #. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2011-2012 and 2012-2013 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to litigation.
UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION #.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2010-2011 fiscal year.

SECTION #.(b) This section becomes effective June 30, 2011.
FOCUSED EDUCATION REFORM PROGRAM FUNDS DO NOT REVERT

SECTION #.(a) Funds appropriated for the Focused Education Reform Pilot Program that are unexpended and unencumbered at the end of the 2010-2011 fiscal year shall not revert but shall remain available for expenditure for that purpose through the 2011-2012 fiscal year.

SECTION #.(b) This section becomes effective June 30, 2011.
DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 7.8.(a) Funds appropriated for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

(1) Provide instructional positions or instructional support positions and/or professional development;
(2) Provide intensive in-school and/or after-school remediation;
(3) Purchase diagnostic software and progress-monitoring tools; and
(4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require districts receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value Added Assessment System in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

SECTION 7.8.(b) Funds appropriated to a local school administrative unit for disadvantaged student supplemental funding shall be allotted based on: (i) the local school administrative unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

(1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 19.9.
(2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
(3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
(4) For LEAs receiving DSSF funds in 2005-2006, a ratio of 1:16. These LEAs shall receive no less than the DSSF amount allotted in 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula.

SECTION 7.8.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's DSSF allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.
REQUESTED BY: Representative

TUITION CHARGE FOR GOVERNOR’S SCHOOL

SECTION #. G.S. 115C-12(36) reads as rewritten:

"(36) Duty to Charge Tuition for the Governor's School of North Carolina. – The State Board of Education shall—may implement a five-hundred-dollar tuition charge for students attending the Governor's School of North Carolina to cover the costs of the School."

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SCHOOL CONNECTIVITY INITIATIVE FUNDS

SECTION #. (a) Section 7.9(b) of S.L. 2010-31 reads as rewritten:

"SECTION 7.9(b) Up to three hundred fifty thousand dollars ($350,000) of the funds for the School Connectivity Initiative may be used for this and subsequent fiscal years—the 2010-2011 fiscal year by the Office of the Governor for education innovation and the education E-learning portal. These funds may be used to provide services to coordinate e-learning activities across all education agencies and to support the operating of the E-learning portal."

SECTION #. (b) Section 7.6(a) of S.L. 2008-107, as rewritten by Section 7.12(b) of S.L. 2009-451, reads as rewritten:

"SECTION 7.6(a) Up to three hundred thousand dollars ($300,000) may be transferred annually through June 30, 2013-2011, to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century Teaching and Learning outcomes approved by the State Board of Education. The Friday Institute shall report annually to the State Board of Education on the evaluation results."
TEXTBOOKS

SECTION #. The State Board of Education shall not adopt any new textbooks prior to July 1, 2013.
SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall do all of the following:

1. Round all fractions of positions to the next whole position.
2. Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.
3. Provide additional program enhancement teachers adequate to offer the standard course of study.
4. Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
5. Provide a base for the consolidated funds allotment of at least seven hundred seventeen thousand three hundred sixty dollars ($717,360), excluding textbooks, for the 2011-2012 fiscal year and a base of seven hundred seventeen thousand three hundred sixty dollars ($717,360) for the 2012-2013 fiscal year.
6. Allot vocational education funds for grade 6 as well as for grades 7-12. If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula also is not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.4.(b) Nonsubplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2011-2013 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds.
State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if the following apply:

1. The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and
2. The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.4.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula because of (i) an increase in the population of the county in which the local school administrative unit is located or (ii) an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be continued for seven years after the unit becomes ineligible.

SECTION 7.4.(d) Definitions. – As used in this section, the following definitions apply:

1. "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.
2. "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.
3. "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
4. "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
5. "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.
6. "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
7. "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.4.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2012, if it determines that counties have supplanted funds.
SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8.
ELIMINATION OF REPORTING REQUIREMENTS

SECTION #.(a) G.S. 115C-12(25) reads as rewritten:

"§ 115C-12. Powers and duties of the Board generally.

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

... Duty to Report to Joint Legislative Education Oversight Committee. – Upon the request of the Joint Legislative Education Oversight Committee, the State Board shall examine and evaluate issues, programs, policies, and fiscal information, and shall make reports to that Committee. Furthermore, beginning October 15, 1997, and annually thereafter, the State Board shall submit reports to that Committee regarding the continued implementation of Chapter 716 of the 1995 Session Laws, 1996 Regular Session. Each report shall include information regarding the composition and activity of assistance teams, schools that received incentive awards, schools identified as low-performing, school improvement plans found to significantly improve student performance, personnel actions taken in low-performing schools, and recommendations for additional legislation to improve student performance and increase local flexibility."

SECTION #.(b) G.S. 115C-47(38) is repealed.

SECTION #. (c) G.S. 115C-84.2(a)(1) reads as rewritten:

"(1) (See notes) A minimum of 180 days and 1,000 hours of instruction covering at least nine calendar months. The local board shall designate when the 180 instructional days shall occur. The number of instructional hours in an instructional day may vary according to local board policy and does not have to be uniform among the schools in the administrative unit. Local boards may approve school improvement plans that include days with varying amounts of instructional time. If school is closed early due to inclement weather, the day and the scheduled amount of instructional hours may count towards the required minimum to the extent allowed by State Board policy. The school calendar shall include a plan for making up days and instructional hours missed when schools are not opened due to inclement weather."

SECTION #. (d) G.S. 115C-84.2(a)(5) reads as rewritten:

"(5) The remaining days scheduled by the local board in consultation with each school's principal for use as teacher workdays, additional instructional days, or other lawful purposes. Before consulting with the local board, each
principal shall work with the school improvement team to determine the 
days to be scheduled and the purposes for which they should be scheduled. 
Days may be scheduled and planned for different purposes for different 
personnel and there is no requirement to schedule the same dates for all 
personnel. In order to make up days for school closing because of inclement 
weather, the local board may designate any of the days in this subdivision as 
additional make-up days to be scheduled after the last day of student 
attendance."

SECTION #.(e) G.S. 115C-98(b2) reads as rewritten:

"(b2) Local boards of education may:

(1)—Select, may select procure, and use textbooks that have not been adopted by the 
State Board of Education for use throughout the local school administrative unit for selected 
grade levels and courses.

(2)—Approve school improvement plans developed under G.S. 115C-105.27 that 
include provisions for using textbooks that have not been adopted by the 
State Board of Education for selected grade levels and courses.

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

SECTION #.(f) G.S. 115C-105.20(b)(5) is repealed.

SECTION #.(g) G.S. 115C-105.25 reads as rewritten:

"§ 115C-105.25. Budget flexibility.

... (b) Subject to the following limitations, local boards of education may transfer and may 
approve transfers of funds between funding allotment categories:

(1) In accordance with a school improvement plan accepted under G.S. 
115C-105.27., State funds allocated for teacher assistants may be transferred 
only for personnel (i) to serve students only in kindergarten through third 
grade, or (ii) to serve students primarily in kindergarten through third grade 
when the personnel are assigned to an elementary school to serve the whole 
school. Funds allocated for teacher assistants may be transferred to reduce 
class size or (iii) to reduce the student-teacher ratio in kindergarten through 
third grade so long as the affected teacher assistant positions are not filled 
when the plan is amended or approved by the building-level staff entitled to 
vote on the plan or the affected teacher assistant positions are not expected 
to be filled on the date the plan is to be implemented. Filled. Any State funds 
appropriated for teacher assistants that were converted to certificated 
teachers before July 1, 1995, in accordance with Section 1 of Chapter 986 of 
the 1991 Session Laws, as rewritten by Chapter 103 of the 1993 Session 
Laws, may continue to be used for certificated teachers.

(2) In accordance with a school improvement plan accepted under G.S. 
115C-105.27, (i) State funds allocated for classroom materials/instructional 
supplies/equipment may be transferred only for the purchase of textbooks; 
(ii) textbooks. State funds allocated for textbooks may be transferred only 
for the purchase of instructional supplies, instructional equipment, or other 
classroom materials; and (iii) materials. State funds allocated for 
noninstructional support personnel may be transferred only for teacher 
positions.

...
Funds allocated for academically or intellectually gifted students may be used only (i) for academically or intellectually gifted students; (ii) to implement the plan developed under G.S. 115C-150.7; or (iii) in accordance with an accepted school improvement plan, for any purpose so long as that school demonstrates it is providing appropriate services to academically or intellectually gifted students assigned to that school in accordance with the local plan developed under G.S. 115C-150.7.

SECTION #.(h) G.S.115C-105.26 reads as rewritten:

.§ 115C-105.26. Waivers of State laws, rules, or policies.

(a) When included as part of a school improvement plan accepted under G.S. 115C-105.27, local boards of education shall submit requests for waivers of State laws, rules, or policies to the State Board of Education. A request for a waiver shall (i) identify the school making the request, (ii) identify the State laws, rules, or policies that inhibit the school's ability to improve student performance, (iii) set out with specificity the circumstances under which the waiver may be used, and (iv) explain how the requested waiver will permit the school to improve student performance. Except as provided in subsection (c) of this section, the State Board shall grant waivers only for the specific schools for which they are requested and shall be used only under the specific circumstances for which they are requested.

(b) When requested as part of a school improvement plan, the State Board of Education may grant waivers of:

(1) State laws pertaining to class size and teacher certification; and

(2) State rules and policies, except those pertaining to public school State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-287.1 and G.S. 115C-325, health and safety codes, compulsory attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.

SECTION #.(i) G.S. 115C-105.27 is repealed.

SECTION #.(j) G.S. 115C-105.30 is repealed.

SECTION #.(k) G.S. 115C-105.31(b)(3) is repealed.

SECTION #.(l) G.S. 115C-105.32 is repealed.

SECTION #.(m) G.S. 115C-105.33 reads as rewritten:

.§ 115C-105.33. Safe and orderly schools.

A school improvement team or a parent organization at a school may ask the local board of education to provide assistance in promoting or restoring safety and an orderly learning environment at a school. The school improvement team or parent organization shall file a copy of this request with the State Board. If the local board fails to provide adequate assistance to the school, then the school improvement team or parent organization may ask the State Board to provide an assistance team to the school.

The State Board may provide an assistance team, established under G.S. 115C-105.38, to a school in order to promote or restore safety and an orderly learning environment at that school if one of the following applies:

(1) The local board of education or superintendent requests that the State Board provide an assistance team to a school and the State Board determines that the school needs assistance.

(2) The State Board determines within 10 days after its receipt of the request for assistance from a school improvement team or parent organization of a
school that the school needs assistance and that the local board has failed to
provide adequate assistance to that school.

If an assistance team is assigned to a school under this section, the team shall spend a
sufficient amount of time at the school to assess the problems at the school, assist school
personnel with resolving those problems, and work with school personnel and others to develop
a long-term plan for restoring and maintaining safety and an orderly learning environment at
the school. The assistance team also shall make recommendations to the local board of
education and the superintendent on actions the board and the superintendent should consider
taking to resolve problems at the school. These recommendations shall be in writing and are
public records. If an assistance team is assigned to a school under this section, the powers given
to the State Board and the assistance team under G.S. 115C-105.38 and G.S. 115C-105.39 shall
apply as if the school had been identified as low-performing under this Article."

SECTION #. (n) G.S. 115C-105.37A(a) reads as rewritten:

"(a) Definition of Continually Low-Performing Schools. – A continually low-performing
school is a school that has received State-mandated assistance and has been designated by the
State Board as low performing for at least two of three consecutive years. If the State Board
identifies a school as continually low performing:

1. The school improvement team at that school shall review its school
improvement plan to ensure consistency with the plan adopted pursuant to
G.S. 115C-105.38(b)(3), and

2. The plan must be reviewed and approved by the State Board of Education."

SECTION #. (o) G.S. 115C-105.38(b)(6) reads as rewritten:

"(6) Report, as appropriate, to the local board of education, the community, and
the State Board on the school's progress. If an assistance team determines
that an accepted school improvement plan developed under G.S.
115C-105.27 is impeding student performance at a school, the team may
recommend to the local board that it vacate the relevant portions of that plan
and direct the school to revise those portions."

SECTION #. (p) G.S. 115C-105.47(b)(13) is repealed.

SECTION #. (q) G.S. 115C-174.12(a)(3) reads as rewritten:

"(3) No school shall participate in more than two field tests at any one grade level
during a school year unless that school volunteers, through a vote of its
school improvement team, to participate in an expanded number of field
tests without the approval of the principal of the school."

SECTION #. (r) G.S. 115C-238.31(a) reads as rewritten:

"(a) Local school administrative units are encouraged to implement extended services
programs that will expand students' opportunities for educational success through high-quality,
integrated access to instructional programming during nonschool hours. Extended services
programs may be incorporated into school improvement plans developed in accordance with
G.S. 115C-105.27. Calendar alternatives include, but are not limited to, after-school hours,
before-school hours, evening school, Saturday school, summer school, and year-round school.
Instructional programming may include, but is not limited to, tutoring, direct instruction,
enrichment activities, study skills, and reinforcement projects.

SECTION #. (s) G.S. 115C-288(h) reads as rewritten:

"(h) To Make Available School Budgets and School Improvement Plans. – Budgets. –
The principal shall maintain a copy of the school's current budget and school improvement
plan, including any amendments to the plan, budget and shall allow parents of children in the
school and other interested persons to review and obtain such documents in accordance with
Chapter 132 of the General Statutes."

SECTION #. (t) G.S. 115C-288(l) is repealed.
SECTION #.(u) G.S. 143B-146.6(b)(6) reads as rewritten:

"(6) Report, as appropriate, to the Secretary, the State Board, and the parents on the school's progress. If an assistance team determines that an accepted school improvement plan developed under G.S. 143B-146.12 is impeding student performance at a school, the team may recommend to the Secretary that he vacate the relevant portions of that plan and direct the school to revise those portions.

SECTION #.(v) G.S. 143B-146.12. is repealed.

SECTION #.(w) G.S. 115C-47(32a) reads as rewritten:

"(32a) To Establish Alternative Learning Programs and Develop Policies and Guidelines. – Each local board of education shall establish at least one alternative learning program and shall adopt guidelines for assigning students to alternative learning programs. These guidelines shall include (i) a description of the programs and services to be provided, (ii) a process for ensuring that an assignment is appropriate for the student and that the student's parents are involved in the decision, and (iii) strategies for providing alternative learning programs, when feasible and appropriate, for students who are subject to long term suspension or expulsion. In developing these guidelines, local boards shall consider the State Board's standards developed under G.S. 115C-12(24). Upon adoption of policies and guidelines under this subdivision, local boards are encouraged to incorporate them in their safe school plans developed under G.S. 115C-105.47.

The General Assembly urges local boards to adopt policies that prohibit superintendents from assigning to any alternative learning program any professional public school employee who has received within the last three years a rating on a formal evaluation that is less than above standard.

Notwithstanding this subdivision, each local board shall adopt policies based on the State Board's standards developed under G.S. 115C-12(24). These policies shall apply to any new alternative learning program or alternative school that is implemented beginning with the 2006-2007 school year. Local boards of education are encouraged to apply these standards to alternative learning programs and alternative schools implemented before the 2006-2007 school year.

Local boards shall assess on a regular basis whether the unit's alternative schools and alternative learning programs comply with the State Board's standards developed under G.S. 115C-12(24) and whether they incorporate best practices for improving student academic performance and reducing disruptive behavior, are staffed with professional public school employees who are well trained and provided with appropriate staff development, are organized to provide coordinated services, and provide students with high quality and rigorous academic instruction."

SECTION #.(x) G.S. 115C-105.27(b)(2) reads as rewritten:

"(2) Shall include a plan to address school safety and discipline concerns in accordance with the safe school plan developed under Article 8C of this Chapter: concerns.

SECTION #.(y) G.S. 115C-105.46 reads as rewritten:

"§ 115C-105.46. State Board of Education responsibilities.

In order to implement this Article, the State Board of Education:

(1) Shall adopt guidelines for developing local plans under G.S. 115C-105.47.
(2) Shall provide, in cooperation with the Board of Governors of The University of North Carolina, ongoing technical assistance to the local school administrative units in the development, implementation, and evaluation of their local plans under G.S. 115C-105.47.

(3) May require a local board of education to withhold the salary of any administrator or other employee of a local school administrative unit who delays or refuses to prepare and implement local safe school plans in accordance with G.S. 115C-105.47.

(4) May revoke the certificate of the superintendent, pursuant to G.S. 115C-274(c), for failure to fulfill the superintendent's duties under a local safe school plan.

(5) Shall adopt policies that define who is an at-risk student."

SECTION #.(z) G.S. 115C-105.47 is repealed.

SECTION #.(aa) G.S. 115C-102.6C is repealed.

SECTION #.(bb) G.S. 115C-102.6D(d) is repealed.

SECTION #.(cc) G.S. 115C-102.7 reads as rewritten:

"§ 115C-102.7. Monitoring and evaluation of State and local school system technology plans; reports.

(a) The Department of Public Instruction shall monitor and evaluate the development and implementation of the State and local school system technology plans. The evaluation shall consider the effects of technology on student learning, the effects of technology on students' workforce readiness, the effects of technology on teacher productivity, and the cost-effectiveness of the technology.

(a1) Repealed by Session Laws 1997-18, s. 15(k).

(b) Repealed by Session Laws 2009-451, s. 7.31, effective July 1, 2009.

(c) The Department of Public Instruction shall randomly check local school system technology plans to ensure that local school administrative units are implementing their plans as approved. The Department shall report to the State Board of Education on which local school administrative units are not complying with their plans. The report shall include the reasons these local school administrative units are out of compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans."

SECTION #.(cc) G.S. 115C-150.6 and 115C-150.7 are repealed.

SECTION #.(dd) G.S. 115c-150.8 reads as rewritten:

"§ 115C-150.8. Review of Disagreements.

In the event that the parents or guardians of a child and the local school administrative unit disagree when a child is not identified as an academically or intellectually gifted student or concerning the appropriateness of services offered to the academically or intellectually gifted student, the parents and guardians and the local school administrative unit shall attempt to resolve the disagreement in accordance with local board policy. In the event that the procedure developed under G.S. 115C-150.7(b)(7) fails to resolve a disagreement, they fail to resolve the disagreement, the parent or guardian may file a petition for a contested case hearing under Article 3 of Chapter 150B of the General Statutes. The scope of review shall be limited to (i) whether the local school administrative unit improperly failed to identify the child as an academically or intellectually gifted student, or (ii) whether the local plan developed under G.S. 115C-150.7 has been implemented appropriately with regard to the child. Following the hearing, the administrative law judge shall make a decision that contains findings of fact and conclusions of law. Notwithstanding the provisions of Chapter 150B of the General Statutes, the decision of the administrative law judge becomes final, is binding on the parties, and is not subject to further review under Article 4 of Chapter 150B of the General Statutes."
SECTION #.(ee)  Section 7.61(b) of S.L. 2005-76, as rewritten by Section 7.22(d) of S.L. 2010-3, is repealed.
ALLOTMENT OF PRINCIPALS

SECTION #.(a) A school with less than 100 students in final ADM is not entitled to twelve months of employment for a principal.

SECTION #.(b) This section applies only to schools created after July 1, 2011.
Section 2. Transfer of Federal Agricultural Education Funds

The Agricultural Education Program in the Department of Agricultural and Extension Education at North Carolina State University shall develop the corresponding agricultural education curricula. The Program shall recommend the curricula and corresponding assessment instruments to the State Board of Education, which shall adopt the curricula for inclusion in the Standard Course of Study. This curricula shall include as part of its core content the Future Farmers of America (FFA) student youth organization and the Supervised Agricultural Experience learning program.

Effective with the 2011 federal grant, the State Board of Education shall transfer a prorated share of funds from all federal Career and Technical Education funds available for State-level usage to the Agricultural Education and FFA Program housed in the Department of Agricultural and Extension at North Carolina State University. The transfer of funds shall be a percentage of the total based upon the grades 9-12 duplicated agricultural education enrollment as compared to the total career and technical education grades 9-12 duplicated enrollment. These funds shall be used to support the secondary Agricultural Education Program State-level administration, leadership, curriculum and professional development, operations, innovations and expansions, and the FFA and the Supervised Agricultural Education learning program.
ALLOTMENT OF TEACHERS FOR GEOGRAPHICALLY ISOLATED SCHOOLS

SECTION #. Section 7.26 of S.L. 2009-451 is repealed.
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2011

DRAFT
SPECIAL PROVISION

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

SCHOOL CALENDAR PILOT PROGRAM

SECTION #. The State Board of Education shall establish a school calendar pilot program in the Wilkes County Schools and the Stanly County Schools. The purpose of the pilot program is to determine whether and to what extent a local school administrative unit can save money during this extreme fiscal crisis by consolidating the school calendar.

Notwithstanding G.S. 115C-84.2(a)(1), the school calendar for the 2011-2012 calendar years for the pilot school systems shall include a minimum of 180 days or 1,000 hours of instruction covering at least nine calendar months. Notwithstanding G.S. 115C-84.2(d), the opening date for students shall not be before August 24.

If the local board of education in a pilot school system adds instructional hours to previously scheduled days under this section, the local school administrative unit is deemed to have a minimum of 180 days of instruction and teachers employed for a 10-month term are deemed to have been employed for the days being made up and shall be compensated as if they had worked the days being made up.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee by March 15, 2012, on the administration of the pilot program, cost-savings realized by it, and its impact on student achievement.
Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

2 PERFORMANCE PAY MODEL PROGRAM

SECTION #. The State Board of Education shall establish a performance pay model program. A local school administrative unit that is approved by the State Board of Education as a performance pay model unit may use State funds, except for funds allotted for salaries, to implement a performance pay model.
Requested by: Representative

2 BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION

9 SECTION #.(a) Notwithstanding G.S. 143C-6-4 or Section 7.14 of S.L. 2009-451, the Department of Public Instruction may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize if necessary to implement the budget reductions set out in this act. This consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The Department shall provide a current organization chart in the consultation process. The Department shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

9 SECTION #.(b) The Department of Public Instruction shall not increase the number of State-funded positions in any Department of Public Instruction divisions identified for reductions in this Act.
LEA BUDGET ADJUSTMENT

SECTION #.(a) Within 14 days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit and charter school of the amount the unit or charter school must reduce from the State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit and charter school on the basis of average daily membership.

SECTION #.(b) Each unit or charter school shall report to the Department of Public Instruction on the flexibility budget reductions it has identified for the unit within 30 days of the date this act becomes law. In identifying reductions, a unit or charter school shall not reduce the allotment for classroom teachers more for the 2011-2012 school year than it was reduced for the 2010-2011 school year.
LEA BUDGETARY FLEXIBILITY

SECTION #. For fiscal years 2011-2012 and 2012-2013, the State Board of Education is authorized to extend its emergency rules, in accordance with G.S. 150B-21.1A, granting maximum flexibility to local school administrative units regarding the expenditure of State funds. These rules shall not be subject to the limitations on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These rules shall not permit the transfer of funds into central office administration.

SECTION #.(b) For fiscal years 2011-2012 and 2012-2013, local school administrative units shall make every effort to reduce spending whenever and wherever such budget reductions are appropriate with the goal of protecting direct classroom services. Notwithstanding G.S. 115C-301 or any other law, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement in grades 4-12. Allocation of teachers and class size requirements in grades K-3 shall remain unchanged.
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2011
DRAFT
SPECIAL PROVISION
2011-DPI-H26

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS ALLOTMENT FORMULA

SECTION #. (a) The State Board of Education shall implement an allotment formula for the North Carolina Virtual Public Schools (NCVPS) beginning with the 2011-2012 school year. In accordance with Section 7.16 of S.L. 2006-66, the allotment formula shall create a sustainable source of funding that increases commensurate with student enrollment and recognizes "the extent to which projected enrollment in e-learning courses affects funding required for other allotments that are based on ADM."

SECTION #. (b) The State Board shall use only funds provided through the North Carolina Virtual Public Schools Allotment Formula to fund NCVPS.

SECTION #. (c) The Department of Public Instruction shall take the following steps to implement the North Carolina Virtual Public Schools Allotment Formula:

1. Project NCVPS student enrollment by semester and year-long course types for each local school administrative unit and charter school.
2. Establish a per course fee for each course type.
3. Multiply the projected NCVPS student enrollment by semester and year-long course for each local school administrative unit and charter school type by the per course fees to determine the total NCVPS cost for each local school administrative unit and charter school.
4. Transfer a dollar amount equal to the local school administrative unit's or charter school's total NCVPS cost to NCVPS. For local school administrative units, funds shall be transferred from the classroom teacher allotment to NCVPS. For charter schools, the allotment of state funds will be reduced and transferred to NCVPS.

SECTION #. (d) NCVPS shall use the funds transferred to it to provide the NCVPS program at no cost to all students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

SECTION #. (e) NCVPS shall provide only high school courses and shall not provide any courses in physical education.

SECTION #. (f) The State Board shall establish a separate per student fee structure for out-of-state students, private school students, and home-schooled students. For the 2011-2012 school year, NCVPS shall provide specific instructions on its website, describing the steps required for such students to enroll in NCVPS courses and all applicable fees.

Beginning with the 2012-2013 school year, NCVPS shall provide an online process by which such students can enroll in NCVPS courses online.

SECTION #. (g) The Board shall direct NCVPS to develop a plan to generate revenue from the sale of courses to out-of-state educational entities. NCVPS shall submit its plan to the Board by September 15, 2011.

SECTION #. (h) The Director of NCVPS shall continue to ensure that:

1. Course quality standards are established and met.
(2) All e-learning opportunities offered by State-funded entities [other than charter schools] to public school students are consolidated under the North Carolina Virtual Public School program, eliminating course duplication.

(3) All courses offered through NCVPS are aligned to the North Carolina Standard Course of Study.

SECTION #.(i) Funds for the administration of NCVPS shall be capped at a maximum of fifteen percent (15%) per year of the funds transferred to NCVPS.
REQUESTED BY: Representative

PERFORMANCE-BASED REDUCTIONS IN FORCE

SECTION #.(a) The State Board of Education shall adopt a Reduction in Force policy that is consistent across all local school administrative units. Under the policy, the following criteria shall apply to local school administrative units conducting any necessary reductions in force:

1. In determining which positions shall be subject to a reduction in force, a local school administrative unit shall consider the following:
   a. Structural considerations, such as identifying positions, departments, courses, programs, operations and other areas where there are: (i) less-essential, duplicative, or excess personnel; (ii) job responsibility and/or position inefficiencies; (iii) opportunities for combined work functions; and/or (iv) decreased student or other demands for curriculum, programs, operations or other services.
   b. Organizational considerations, such as anticipated organizational needs of the school system and program/school enrollment.

2. In determining which employees in similar positions shall be subject to a reduction in force, a local school administrative unit shall consider work performance.

The State Board of Education shall have this policy in place on or before July 15, 2011.

SECTION #.(b) G.S. 115C-325(3)(2) reads as rewritten:

'(2) Reduction in Force. – Before recommending to a board the dismissal or demotion of the career employee pursuant to G.S. 115C-325(e)(1), the superintendent shall give written notice to the career employee by certified mail or personal delivery of his intention to make such recommendation and shall set forth as part of his recommendation the grounds upon which he believes such dismissal or demotion is justified. The notice shall include a statement to the effect that if the career employee within 15 days after receipt of the notice requests a review, he shall be entitled to have the proposed recommendations of the superintendent reviewed by the board. Within the 15-day period after receipt of the notice, the career employee may file with the superintendent a written request for a hearing before the board within 10 days. If the career employee requests a hearing before the board, the hearing procedures provided in G.S. 115C-325(j3) shall be followed. If no request is made within the 15-day period, the superintendent may file his recommendation with the board. If, after considering the recommendation of the superintendent and the evidence adduced at the hearing if there is one, the board concludes that the grounds for the recommendation are true and substantiated by a preponderance of the evidence, the board, if it sees fit, may by resolution order such dismissal. Provisions of this section which permit a hearing by a case manager shall not

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apply to a dismissal or demotion recommended pursuant to G.S. 115C-325(e)(1). When a career employee is dismissed pursuant to G.S. 115C-325(e)(1) above, his name shall be placed on a list of available career employees to be maintained by the board. Career employees whose names are placed on such a list shall have a priority on all positions in which they acquired career status and for which they are qualified which become available in that system for the three consecutive years succeeding their dismissal. However, if the local school administrative unit offers the dismissed career employee a position for which he is certified and he refuses it, his name shall be removed from the priority list."
Requested by: Representative

REORGANIZATION OF THE COMMUNITY COLLEGES SYSTEM OFFICE

SECTION #.(a) Notwithstanding any other provision of law, and consistent with
the authority granted in G.S. 115D-3, the President of the North Carolina Community College
System may reorganize the System Office in accordance with recommendations and plans
submitted to and approved by the State Board of Community Colleges.

SECTION #.(b) This section expires June 30, 2012.
REPEAL OBSOLETE REPORTING REQUIREMENTS

SECTION #.(a) G.S. 115D-4.1(e) reads as rewritten:

"(e) The State Board of Community Colleges shall develop appropriate criteria and standards to regulate the operation of college transfer programs. The criteria and standards shall require all college transfer programs to continue to meet the accreditation standards of the Southern Association of Colleges and Schools. The State Board of Community Colleges shall report annually to the General Assembly on compliance of the community colleges with these criteria and standards."

SECTION #.(b) G.S. 115D-5(j) reads as rewritten:

"(j) The State Board of Community Colleges shall use its Board Reserve Fund for feasibility studies, pilot projects, start-up of new programs, and innovative ideas. The State Board shall report to the Joint Legislative Education Oversight Committee on expenditures from the State Board Reserve Fund on January 15 and June 15 each year."
IMPLEMENT ALTERNATIVE FORMULA MODEL

SECTION #. (a) The State Board of Community Colleges shall consolidate the Health Sciences Allotment, the Technical Education Allotment, and the Special High Cost Allotment for Heavy Equipment with formula funds to support curriculum instruction.

SECTION #. (b) The State Board of Community Colleges shall allocate formula funds appropriated to support curriculum instruction and the occupational education component of continuing education through a formula that provides an instructional base allocation to all colleges and allocates remaining funds on a weighted full-time equivalent (FTE) basis. In determining the appropriate weighting, the State Board of Community Colleges shall weigh curriculum courses in high cost areas such as healthcare, technical education, and lab-based science courses more heavily than other curriculum courses. The State Board shall also weigh continuing education courses that lead to a third-party credential or certification and courses providing an industry-designed curriculum more heavily than other occupational extension courses.
USE OF OVERREALIZED RECEIPTS TO SUPPORT ENROLLMENT GROWTH RESERVE RATHER THAN EQUIPMENT RESERVE

SECTION 8.4. G.S. 115D-31(e) reads as rewritten:

"(e) If receipts for community college tuition and fees exceed the amount certified in General Fund Codes at the end of a fiscal year, the State Board of Community Colleges shall transfer the amount of receipts and fees above those budgeted to the Equipment Reserve Fund-Enrollment Growth Reserve. Funds in the Enrollment Growth Reserve shall not revert to the General Fund and shall remain available to the State Board until expended. The State Board may allocate funds in this reserve to colleges experiencing an enrollment increase greater than five percent (5%) of budgeted enrollment levels."
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2011

DRAFT
SPECIAL PROVISION

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

BASIC SKILLS PLUS

SECTION #.(a) Notwithstanding any other provision of law, the State Board may authorize a local community college to use up to twenty percent (20%) of the State Literacy Funds allocated to it to provide employability skills, job-specific occupational and technical skills, and developmental education instruction to students concurrently enrolled in a community college course leading to a high school diploma or equivalent certificate.

SECTION #.(b) Notwithstanding any other provision of law, if a community college is authorized by the State Board to provide employability skills, job-specific occupational or technical skills, or developmental education instruction, to students concurrently enrolled in a community college course leading to a high school diploma or equivalent certificate, the college may waive the tuition and registration fees associated with this instruction.
Request by: Representative

**CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS**

**SECTION 8.1.** Of the funds appropriated to the Community Colleges System Office for the 2011-2013 fiscal biennium for the College Information System, up to one million two hundred fifty thousand dollars ($1,250,000) shall not revert at the end of each fiscal year but shall remain available until expended. These funds may only be used to purchase periodic system upgrades.
STATE BOARD AUTHORITY TO ESTABLISH GED TESTING FEES

SECTION #. G.S. 115D-5(s) reads as rewritten:

"(s) The State Board of Community Colleges may establish, retain and budget fees charged to students taking the General Education Development (GED) test, including fees for retesting. Fees collected for this purpose shall be used only to (i) offset the costs of the GED test, including the cost of scoring the test, (ii) offset the costs of printing GED certificates, and (iii) meet federal and State reporting requirements related to the test."
EQUIPMENT FUNDING

SECTION #.(a) For the 2011-13 fiscal biennium, community colleges may expend regular equipment allocations on equipment, repairs and renovations of existing facilities, and new construction. Colleges must match funds expended on new construction on an equal matching-fund basis in accordance with G.S. 115D-31,, Notwithstanding any other provision of law, community colleges are not required to match funds expended on repairs and renovations of existing facilities.

Colleges must have capital improvement projects approved by the State Board of Community Colleges and any required matching funds identified by June 30, 2013.

SECTION #.(b) Of the funds appropriated to the Community Colleges System Office for the 2011-2012 fiscal year for equipment, the State Board of Community Colleges shall allocate the sum of two hundred fifty thousand dollars ($250,000) to Forsyth Technical Community College. These funds shall be used only for the purpose of building and equipping the Stokes County multicampus site. These funds shall not be considered for a management flexibility reduction.
General Assembly of North Carolina
Session 2011

Draft
Special Provision

North Carolina Community Colleges Systems Office
Appropriations Subcommittee on Education

Requested by: Representative

Clarification Regarding Equipment Titled to State Board

Section #. G.S. 115D-15(a) reads as rewritten:

"(a) The board of trustees of any institution organized under this Chapter may, with the
prior approval of the North Carolina Community Colleges System Office, convey a
right-of-way or easement for highway construction or for utility installations or modifications.
When in the opinion of the board of trustees the use of any other real property owned or held
by the board of trustees is unnecessary or undesirable for the purposes of the institution, the
board of trustees, subject to prior approval of the State Board of Community Colleges, may
sell, exchange, or lease the property. The board of trustees may dispose of any personal
property owned or held by the board of trustees without approval of the State Board of
Community Colleges. Personal property titled to the State Board of Community Colleges
consistent with G.S. 115D-14 and G.S. 115D-58.5 may be transferred to another community
college at no cost and without the approval of the Department of Administration, Division of
Surplus Property.

Article 12 of Chapter 160A of the General Statutes shall apply to the disposal or sale of any
real or personal property under this subsection. Personal property also may be disposed of
under procedures adopted by the North Carolina Department of Administration. The proceeds
of any sale or lease shall be used for capital outlay purposes, except as provided in subsection
(b) of this section."
NO STATE FUNDS FOR INTERCOLLEGIATE ATHLETICS

SECTION #. Article 3 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"§ 115D-42.1. Funds for an intercollegiate athletics program. No State funds, student tuition receipts or student aid funds shall be used to create, support, maintain, or operate an intercollegiate athletics program at a community college."
Request by: Representative

**MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES**

SECTION #. The management flexibility reduction for the North Carolina Community College System shall be allocated by the State Board of Community Colleges in a manner that accounts for the unique needs of each college and provides for the equitable distribution of funds to the institutions consistent with G.S. 115D-5(a). Before taking reductions to instructional budgets, the community colleges shall consider reducing budgets for senior and middle management personnel and for programs that have both low-enrollment and low-postgraduate success. Colleges may, however, reduce funds from basic skills, curriculum, and continuing education programs. Colleges shall minimize the impact on student support services and on the retraining of dislocated workers. The community colleges shall also review their institutional funds to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets.
COMMUNITY COLLEGE TUITION WAIVERS

SECTION #.(a)  G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for the following:

(1) Persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate;

(2) Training courses for:
   a. (i) volunteer firemen;
   b. (ii) local fire department personnel;
   c. (iii) volunteer rescue and lifesaving department personnel;
   d. (iv) local rescue and lifesaving department personnel;
   e. (v) Radio Emergency Associated Citizens Team (REACT) members;
   f. (vi) municipal, county, or State law-enforcement officers;
   g. (vii) all full-time custodial employees of the Department of Correction and the Department of Correction for the training of full time custodial employees and employees of the Department's Division of Community Corrections required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission;

(3) Patients in State alcoholic rehabilitation centers;
(4) Trainees enrolled in courses conducted under the Customized Training Program;
(5) Clients of sheltered workshops;
(6) Clients of adult developmental activity programs;
(7) Students in Health and Human Services Development Programs;
(8) Juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction;
(9) Members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General Statutes;
(10) Elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation (CPR).
(11) Up to six hours of credit instruction and one course of noncredit instruction per academic semester for senior citizens age 65 or older who are qualified as legal residents of North Carolina;
(12) All curriculum courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this section.
(13) Human resources development courses for any individual who (i) is unemployed; (ii) has received notification of a pending layoff; (iii) is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or (iv) is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines.
(14) Prison inmates.

The State Board of Community Colleges shall not waive tuition and registration fees for other individuals."

SECTION #.(b)  G.S. 115D-5 is amended by adding a new subsection to read:
"(b1) The State Board of Community Colleges shall not waive tuition and registration fees for community college faculty or staff members. Community colleges may, however, use State or local funds to pay tuition and registration fees for one course per semester for full-time community college faculty or staff members employed for a nine-, ten-, eleven-, or twelve-month term."

SECTION #.(c) The Community Colleges System Office shall transfer funds appropriated for curriculum and continuing education instruction to the Department of Correction. The Department of Correction shall use these funds to pay tuition and fees for prisoners.

The amount transferred shall be calculated by multiplying the number of curriculum and continuing education FTE served in prisons in the 2010-2011 fiscal year by the per capita budgeted receipts for curriculum and continuing education.

This section is projected to result a reduction of up to forty-three percent (43%) reduction in the number of curriculum and continuing education courses provided to prisoners.
FUNDING FOR MULTICAMPUS CENTERS

SECTION #. G.S. 115D-5(o) reads as rewritten:

"(o) The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by December 1 of each year.

All multicampus centers approved by the State Board of Community Colleges shall receive funding under the same formula. The State Board of Community Colleges shall not approve any additional multicampus centers without identified recurring sources of funding."
COMMUNITY COLLEGE AUDITS

SECTION #.  Article 4A of Chapter 115D of the General Statutes is amended by adding a new section to read:


(a) Each community college shall be audited a minimum of once every two years. Community colleges may use State funds to contract with the State Auditor or with a certified public accountant to perform the audits.

(b) Notwithstanding the provisions of Chapter 143D of the General Statutes, a community college shall not be subject to the EAGLE program administered by the Office of the State Controller unless there was a finding of internal control problems in the most recent financial audit of the college."
ENROLLMENT GROWTH

SECTION #.(a) It is the intent of the General Assembly to ensure that there is an increase in funding for community college technology and equipment when enrollment increases; therefore, the continuation budget requirements proposed by the Director of the Budget in accordance with G.S. 143C-3-5 to fund the community college enrollment growth shall include adjustments necessary to fund additional equipment FTE at the prior year’s rate.

SECTION #.(b) Beginning with any adjustments to the 2011-2012 fiscal year budget, and annually thereafter, the State Board of Community Colleges' requests for funding enrollment growth shall provide a detailed description of the costs of educating community college students. This request shall be based on the current year's enrollment, listed by college and aggregated for the System as a whole.

SECTION #.(c) Enrollment requests shall include the following information for each community college:

1. The budgeted enrollment for the current year, divided between the categories of instruction: curriculum, continuing education, and Basic Skills.
2. The budgeted enrollment for the current year, divided between tiers of instruction, as set forth in Section 8.6 of this act.
3. The actual enrollment for the two years prior to the current year.
4. A 5-year enrollment projection at each community college by category and tier of instruction.
5. The projected requirements and anticipated tuition receipts for the growth in regular-term enrollment.
6. The costs per FTE in each category and tier of instruction, to include the following component parts:
   a. Instructional costs, including faculty salaries and other costs.
   b. Student support services and other college administrative costs.
STUDY COMMUNITY COLLEGE PERFORMANCE MEASURES

SECTION #. The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee by December 31, 2011 on a revised set of accountability measures and performance standards by which to evaluate and measure student progress and student success, including measures of graduation rates and course completions. The report shall include a plan to incorporate these revised accountability measures and performance standards into regular formula funding. These revised accountability measures and performance standards shall also be the basis for the allocation of performance funding, in accordance with G.S. 115D-31.3(g) and (h).
LIMITATION ON COMMUNITY COLLEGE TUITION

SECTION #. Notwithstanding G.S. 115D-5 or G.S. 115D-39, the tuition for community college curriculum courses and the fees for community college continuing education courses for the 2011-2013 fiscal biennium shall not exceed the amounts provided for in this act.
The Board of Trustees and the Board of Governors shall submit a written report to the Education Appropriations Committees of the Senate and House of Representatives no later than March 31, 2012. The written report shall include the information listed in subsection (b) of this section.

SECTION #(b) The report required in this section shall include the following information:

1. A brief description of the services provided by the Center for Public Television.
2. Budgeted and actual revenues and expenditures from all funding sources for the 2009-2010 fiscal year, 2010-2011 fiscal year, and 2011-2012 fiscal year if available.
3. A detailed plan by which the Center for Public Televisions could operate without State funds by the 2014-2015 fiscal year.
DOCUMENTATION AND ACCOUNTABILITY FOR ENROLLMENT GROWTH

FUNDING MODEL

SECTION #. In order to improve the accuracy and effectiveness of enrollment growth funding, the General Administration of The University of North Carolina shall modify the existing student credit hour enrollment (SCH) change funding model. Modifications shall include, but are not limited to, the following:

1. Simplification of the enrollment projection process through use of weighted cost factors applied to projected total growth in SCH by campus.
2. Justification and adjustment, if necessary, of funding factors for libraries and general institutional support.
3. A performance-based funding component that will do the following:
   a. Incorporate key performance indicators including, but not limited to, retention and graduation rates.
   b. Establish minimum outcomes necessary to receive enrollment growth funding.
   c. Provide incentive funding for campuses that exceed target outcomes.
4. Methodology to account for prior years' projection errors and adjust funding accordingly.

SECTION #.(b) The General Administration of The University of North Carolina shall provide the revised enrollment projection process, revised cost factors, and resulting weighted cost per SCH to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division by February 1, 2012. The Joint Legislative Education Oversight Committee is encouraged to fully examine the revised model submitted under this section and to ensure that the model aligns with the modifications directed under subsection (a) of this section.

SECTION #.(c) The Board of Governors of The University of North Carolina, with the assistance of General Administration, shall develop written policies for enrollment change funding decisions. The written policies shall address (i) procedures for developing campus enrollment projections, calculating tuition offset, and calculating funding for multiple elements and cost factors and (ii) criteria for granting hold harmless status. Policies and procedures shall be made available to constituent institutions, the Office of State Budget and Management, and the Fiscal Research Division by February 15, 2012.

SECTION #.(d) By March 15, 2012, the Board shall report on the accuracy of enrollment growth projections and key performance indicators pursuant to G.S. 116-11(9a) as enacted by subsection (e) of this section.

SECTION #.(e) G.S. 116-11 is amended by adding a new subdivision to read:

"(9a) The Board of Governors shall report on the accuracy of enrollment growth projections at each campus and shall establish key performance indicators meaningful to enrollment growth planning. By March 15 each year, the"
Board of Governors shall submit this report to the Joint Legislative Education Oversight Committee, publish this report on its website, and make printed copies available upon request. The report shall include all of the following:

a. Key performance indicators, including retention and graduation rates and other pertinent measures such as faculty productivity, student learning outcomes, or employee diversity.

b. Trends in student credit hours, number of students served, number of new faculty and staff positions by area of responsibility, and other relevant data.

c. Analysis of variance between actual fall SCH growth and anticipated SCH growth inputs to the enrollment growth planning model used to project enrollment growth requirements.

d. Analysis of variance, by category, between actual fall student full-time equivalency (FTE) growth and anticipated student FTE growth used in the enrollment growth planning model to project changes in tuition receipts attributed to enrollment growth.

e. Analysis of variance between actual fall student FTE growth and anticipated student FTE growth used in the FTE funding formulas to project enrollment growth requirements and tuition receipts for specialized campuses and professional schools.

f. Planned follow-up actions where variances of greater than five percent (5%) exist between actual and projected student credit hours or student FTE.

SECTION #.(f) G.S. 116-11(9) reads as rewritten:

"(9) a. The Board of Governors shall develop, prepare and present to the Governor and the General Assembly a single, unified recommended budget for all of the constituent institutions of The University of North Carolina. The recommendations shall consist of requests in three general categories: (i) funds for the continuing operation of each constituent institution, (ii) funds for salary increases for employees exempt from the State Personnel Act and (iii) funds requested without reference to constituent institutions, itemized as to priority and covering such areas as new programs and activities, expansions of programs and activities, increases to accommodate internal shifts and categories of persons served, capital improvements, improvements in levels of operation and increases to remedy deficiencies, as well as other areas. The president may present to the General Assembly an updated estimate of tuition, fees, and other receipts by June 15 of each year to be included in the budget for the following fiscal year.

a1. Enrollment change funding shall be based on the performance of each constituent institution and shall be contingent on the attainment of the constituent institution's target as determined by the Board of Governors. A constituent institution that fails to achieve the target shall not receive enrollment change funding.

The Board of Governors shall provide full documentation and justification of any enrollment change funding request at the time it is recommended, including hold harmless status requests. This documentation and justification shall include the most
recent academic year’s actual enrollment numbers in the same format in which the growth increase request is made. The actual enrollment numbers shall be the actual student credit hours (SCH) or full-time equivalencies (FTE). This documentation and justification shall also include an explanation of how a constituent institution’s request for hold harmless status meets established criteria and a history of the hold harmless requests granted to the constituent institution.

b. Funds for the continuing operation of each constituent institution shall be appropriated directly to the institution. Funds for salary increases for employees exempt from the State Personnel Act shall be appropriated to the Board in a lump sum for allocation to the institutions. Funds for the third category in paragraph a of this subdivision shall be appropriated to the Board in a lump sum for allocation to the institutions. The Board shall make allocations among the institutions in accordance with the Board’s schedule of priorities and any specifications in the Current Operations Appropriations Act. When both the Board and the Director of the Budget deem it to be in the best interest of the State, funds in the third category may be allocated, in whole or in part, for other items within the list of priorities or for items not included in the list. Provided, nothing herein shall be construed to allow the General Assembly, except as to capital improvements, to refer to particular constituent institutions in any specifications as to priorities in the third category.

c. The Director of the Budget may, on recommendation of the Board, authorize transfer of appropriated funds from one institution to another to provide adjustments for over or under enrollment or may make any other adjustments among institutions that would provide for the orderly and efficient operation of the institutions.

d. Repealed by Session Laws 1987, c. 795, s. 27."
FISCAL ACCOUNTABILITY AND FLEXIBILITY

SECTION #. Notwithstanding G.S. 116-30.2, a special responsibility constituent institution shall not increase the State appropriation for any program or line item reduced by this Act.
UNIVERSITY CANCER RESEARCH FUND REPORTING REQUIREMENT

SECTION #.  G.S. 116-29.1 is amended by adding a new subsection to read:

"(g) Report.-- By November 1 of each year, the Cancer Research Fund Committee shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management an annual financial report which shall include the following components:

(1) Accounting of expenditures of State funds related to strategic initiatives, development of infrastructure, and ongoing administrative functions.

(2) Accounting of expenditures of extramural funds related to strategic initiatives, development of infrastructure, and ongoing administrative functions.

(3) Measures of impact to the State's economy in the creation of jobs, intellectual property, and start-up companies.

(4) Other performance measures directly related to the investment of State funds.

(5) Accounting of any fund balances retained by the Fund, along with information about any restrictions on the use of these funds."
UNC BOARD OF GOVERNORS REVIEW OF FACULTY RECRUITMENT AND RETENTION

SECTION #. The Board of Governors of The University of North Carolina shall review its current policies regarding financial incentives to retain faculty. The review shall focus on the prioritization of recruitment and retention funds and the identification of key metrics to measure overall program effectiveness. The Board of Governors shall report its findings and recommendations for changes to the policies, if any, to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division by April 1, 2012.
UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION #. The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method, but in a manner that recognizes the importance of the academic mission and differences among The University of North Carolina entities.

Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider all of the following:

1. Reducing State funding for centers and institutes, speaker series, and other nonacademic activities.
2. Faculty workload adjustments.
3. Restructuring of research activities.
4. Implementing cost-saving span of control measures.
5. Reducing the number of senior and middle management positions.
6. Eliminating low-performing, redundant, or low-enrollment programs.

The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs.

In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification.

When implementing personnel reductions, the Board of Governors and the campuses shall make every effort to abolish vacant positions first.

In allocating the management flexibility reduction, no reduction shall be made to funding for the Hickory Metro Higher Education Center, to need-based financial aid, or to aid for private colleges.
SECTION #. (a) Notwithstanding any other provision of law, no campus-initiated tuition increase shall be approved by the Board of Governors of The University of North Carolina or implemented for the 2011-12 or 2012-13 academic years except as provided otherwise by this section.

SECTION #. (b) Any campus-initiated increases for the 2011-2012 academic year that were approved by the Board of Governors of The University of North Carolina in February 2011 may be implemented for the 2011-2012 academic year.
USE OF ESCHEAT FUND FOR UNC NEED-BASED FINANCIAL AID PROGRAMS

SECTION #.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of thirty-two million one hundred twenty-two thousand two hundred forty-two dollars ($32,122,242) for the 2011-2012 fiscal year and the sum of thirty-two million one hundred twenty-two thousand two hundred forty-two dollars ($32,122,242) for the 2012-2013 fiscal year to be used for need-based student financial aid.

SECTION #.(b) In addition to the appropriation in subsection (a) of this section, there is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of ninety-five million two hundred thirty-one thousand nine hundred twelve dollars ($95,231,912) for the 2011-2012 fiscal year to be used for need-based student financial aid.

SECTION #.(c) There is appropriated from the Escheat Fund income to the State Board of Community Colleges the sum of sixteen million five hundred thousand dollars ($16,500,000) for the 2011-2012 fiscal year and the sum of sixteen million five hundred thousand dollars ($16,500,000) for the 2011-2013 fiscal year to be used for community college grants.

SECTION #.(d) There is appropriated from the Escheat Fund income to the Department of Administration, Division of Veterans Affairs the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for the 2011-2012 fiscal year and the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for the 2012-2013 fiscal year to be used for need-based student financial aid.

SECTION #.(e) The funds appropriated by this section shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated under this section remain uncommitted for need-based financial aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION #.(f) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the scholarship programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, and the President of the University of North Carolina.
Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION #.(g) The Office of State Budget and Management shall transfer the cash balance of the community college grant program remaining in Budget Code 66801, Fund 6102 to the Escheat Fund.
UNC NEED-BASED GRANT FUNDING SCHEDULE

SECTION #.(a) Of the funds appropriated by this act for the 2011-2012 fiscal year
The University of North Carolina need-based student financial aid, the sum of eighty-nine
million dollars ($89,000,000) shall not be used for expenditures in the 2011-2012 fiscal year,
but shall be carried forward and held in reserve by the State Education Assistance Authority.
The funds carried forward and held in reserve pursuant to this subsection may be allocated by
the State Education Assistance Authority after March 1, 2013, for need-based student financial
aid in accordance with G.S. 116B-7.

SECTION #.(b) Of the funds appropriated by this act for the 2012-2013 fiscal
year The University of North Carolina need-based student financial aid, the sum of eighty-nine
million dollars ($89,000,000) shall not be used for expenditures in the 2012-2013 fiscal year,
but shall be carried forward and held in reserve by the State Education Assistance Authority.
The funds carried forward and held in reserve pursuant to this subsection may be allocated by
the State Education Assistance Authority after March 1, 2014, for need-based student financial
aid in accordance with G.S. 116B-7.
CONSOLIDATE ASSETS OF MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM AND PROSPECTIVE TEACHERS SCHOLARSHIP LOAN FUND

SECTION #. (a) The Millennium Teaching Scholarship Loan Program is abolished.

SECTION #. (b) All financial obligations to any student awarded a scholarship loan from the Millennium Teaching Scholarship Loan Program before July 1, 2011, shall be fulfilled with funds from the Scholarship Loan Fund for Prospective Teachers established under G.S. 116-209.33 provided the student remains eligible under the provisions of the Millennium Teaching Scholarship Loan Program. All contractual agreements between a student awarded a scholarship loan from the Millennium Teaching Scholarship Loan Program before July 1, 2011, and the State Education Assistance Authority regarding the loan remain enforceable.

SECTION #.(c) The assets and liabilities for the Millennium Teaching Scholarship Loan Program shall be transferred as follows:

1. Five hundred thousand dollars ($500,000) shall be transferred to the Escheat Fund.
2. The remaining balance of the assets and liabilities shall be transferred to the Scholarship Loan Fund for Prospective Teachers established under G.S. 116-209.33
LIMIT CERTAIN FINANCIAL AID GRANTS TO THE TRADITIONAL TIME PERIOD REQUIRED TO EARN A BACCALAUREATE DEGREE.

SECTION #.(a) A student shall not receive a grant from The University of North Carolina Need Based Grant Program for more than nine full academic semesters, unless the student is enrolled in a program officially designated by the Board of Governors as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a need based grant from The University of North Carolina Need Based Grant program for more than eleven full academic semesters.

SECTION #.(b) G.S. 116-21.3(d) reads as rewritten:

"(d) A legislative tuition grant authorized under G.S. 116-21.2(a) shall be reduced by twenty-five percent (25%) for any individual student who has completed 140 semester credit hours or the equivalent of 140 semester credit hours. No student shall receive a legislative tuition grant under G.S. 116-21.2(a) for more than nine full academic semesters, unless the student is enrolled in a program officially designated by the institution as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a legislative tuition grant under G.S. 116-21.2(a) for more than eleven full academic semesters."

SECTION #.(c) G.S. 116-43.5(f) reads as rewritten:

"(f) Reduction of Grant Amount for Certain Students.— A State grant authorized by this act shall be reduced by twenty-five percent (25%) for any individual student who has completed 140 semester credit hours or the equivalent of 140 semester credit hours.

Limit Grant Amount To Standard Graduation Time Period.—No student shall receive a State grant under this section for more than four full academic years, unless the student is enrolled in a program officially designated by the institution as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a State grant under this section for more than five full academic years."

SECTION #.(d) The Fiscal Research Division of the General Assembly, in cooperation with The University of North Carolina, the North Carolina Community College System, the North Carolina Independent Colleges and Universities Association, and the State Education Assistance Authority shall study how to track and document the receipt of The University of North Carolina and North Carolina Community College need-based grants, legislative tuition grants, and State grants under G.S. 116-43.5 by students who enroll in both public and private institutions of higher education while pursuing a baccalaureate or associate degree so that no student receives a combination of these grants that exceeds a cumulative total of nine full academic semesters or eleven full academic semesters as appropriate.

SECTION #.(e) Subsections (a), (b), and (c) of this section become effective for the 2012-2013 fiscal year and each subsequent fiscal year.
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2011
DRAFT
SPECIAL PROVISION
University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

1 ACADEMIC COMMON MARKET
2 SECTION #. (a) Notwithstanding G.S. 116-43.10, the Board of Governors of The
3 University of North Carolina shall not participate in the Academic Common Market for the
4 purpose of accepting new students for the 2012-2013 academic year, and no new students shall
5 be allowed to enroll through the Academic Common Market program into The University of
6 North Carolina graduate programs for the 2012-2013 academic year.
7 SECTION #. (b) This section does not affect a student enrolled in The University
8 of North Carolina System under the Academic Common Market program prior to the 2012-
9 2013 academic year; that student may continue to pay in-state tuition as long as the student is
10 enrolled in that graduate program.
ELIMINATE CERTAIN UNC TUITION WAIVERS FOR NONRESIDENT STUDENTS

SECTION #. (a) G.S. 116-143.6 is repealed.

SECTION #. (b) G.S. 116-143 reads as rewritten:

"(c) Inasmuch as the giving of tuition and fee waivers, or especially reduced rates, represent in effect a variety of scholarship awards, the said practice is hereby prohibited except when expressly authorized by statute or by the Board of Governors of The University of North Carolina; and, furthermore, it is hereby directed and required that all budgeted funds expended for scholarships of any type must be clearly identified in budget reports. The Board of Governors of The University of North Carolina shall not authorize a reduced rate of tuition for the special talent of athletes. The practice of giving tuition and fee waivers, or especially reduced rates is prohibited."

SECTION #. (c) G.S. 116-143.5 is repealed.

SECTION #. (d) The Prospective Teacher Scholars program that was begun as a pilot program in Section 9.9 of S.L. 2002-126 is abolished.
ELIMINATE PRIVATE MEDICAL SCHOOL AID

SECTION #. G.S. 116-21.6 is repealed.