

# CIVITAS INSTITUTE

# Legislative Recap

## 2007 GENERAL ASSEMBLY

August 14, 2007

## Education Recap: Spending Increases and Program Expansions Mark Legislative Session

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As might be expected, education remained a top priority for lawmakers during the 2007 long session. What is perhaps more surprising is that even as education spending increased by 15 percent over the previous year's budget, the General Assembly neglected to pass legislation aimed at fundamental reform. While the rise in spending is disturbing, progress was made in some areas. The legislature did allow school districts to pilot alternative pay plans for teachers and also called for the development of lateral entry teacher education programs. But all in all, there was little real innovation. Unlike more recent legislative sessions, lawmakers failed to pass any signature pieces of education legislation. The bills that did pass proved limited in scope and financial impact. Many programs funded via the budget also represented a continuation of the same old themes.

What is, perhaps, most noteworthy is the legislation that was left out. The General Assembly failed to pass legislation lifting the cap on charter schools and legislation making charter schools eligible for revenue from the North Carolina Education Lottery. Other bills that failed to pass included: legislation to use nationally-normed achievement tests (SB 1322/HB 494); a bill to create model vocational education legislation (HB 1539); and legislation to return sales tax exemption to schools (HB 67).

### FY2007-08 STATE BUDGET AND EDUCATION

With a budget surplus of nearly \$1.4 billion, state funding for many education programs hit record levels. In particular, funding for the More at Four program was increased by \$56 million. The new EARN Scholars program received \$27.6 million in FY2007-08 and another \$60 million the following year. Teachers were awarded a 5 percent salary increase. In addition, significant budget increases were provided for at-risk, class size reduction, teacher bonuses, student assistance and work-to-school programs.

Education budget (HB 1473/S.L. 2007-323) highlights included:

- \$11.2 billion for K-12 and higher education. This figure represented a nearly 15 percent increase over FY2006-07, when the state spent \$9.8 billion on education programs.
- K-12 public education remained the single largest component of all education appropriations, accounting for 68 percent of all education appropriations.
- Since 2006, K-12 appropriations have increased from \$6.7 billion to \$7.7 billion. Meanwhile, K-12 student enrollment increased only 2 percent.
- Budgets for higher education mirrored spending levels for K-12 education, where spending increased 15 percent. Community colleges and the UNC System received significant budget increases of 13 percent and 17 percent, respectively.

### SELECTED K-12 EDUCATION PROVISIONS IN THE BUDGET

**Fiscal Impact: Overall K-12 Spending Increased by 15 percent**

**North Carolina Education Lottery:** Amended language gives lottery commissioners more freedom to increase lottery

prize money to attract more revenue. Statutory provisions regarding prize payout, percentage of revenue devoted to education, and advertising limitations are now only “guidelines.” The new changes instruct the Lottery Commission to follow the guidelines to the “extent practicable.”

**More at Four:** Provided \$56 million to expand More at Four, Governor Mike Easley’s (D) prekindergarten daycare program for at-risk four-year-olds. More than half the money (\$37.5 million) allocated to More at Four is to backfill shortfalls in lottery revenue. The remaining funds (\$18.5 million) will be used to expand the program by 10,000 students. Over the past year, More at Four per student expenditures have increased by \$400 per pupil to reach \$4,350.

**ABC Bonuses:** Allocated \$70 million in ABC bonuses to teachers and school personnel who met or exceeded expected student achievement growth targets in 2006-07 under the ABC program. While popular with teachers, this program has become increasingly controversial because of costs and how bonuses are distributed. Bonuses are awarded, not at the classroom level, but to all teachers and principals in the school. And in 2005, more than six Guilford County high schools qualified for more than \$500,000 in teacher pay bonuses despite being on the governor’s watch list of low-performing schools. Since 1997, ABC bonuses have cost the state nearly \$1 billion.

**Class Size Reduction:** Furnished \$37.5 million in FY2007-08 for K-3 teachers to maintain student/teacher ratios at 18:1. The Education Lottery Fund also allocated \$90.3 million in FY2007-08 for smaller classes. While millions continue to be spent on class size reduction, research results are inconclusive as to whether smaller class sizes contribute to academic success.

**Disadvantaged Student Supplemental Funding (DSSF):** Provided an additional \$17.5 million to local education agencies (LEAs) to help meet the needs of disadvantaged students not achieving grade level proficiency. DSSF was developed in the wake of the Leandro court case that found that all children in North Carolina have a constitutional right to a “sound, basic education,” and that current state funding was inadequate for the task of educating disadvantaged students. DSSF started out as a pilot in FY2003-04 with 16 schools and a budget of \$23 million. Every school in the district now receives DSSF, and in 2007-08 total spending will reach \$67.5 million.

**Dropout Prevention:** Allocated \$7 million for school districts to compete for grants to develop dropout prevention programs. Grants, along with other existing funding streams such as DSSF, will provide assistance to potential dropout students. The aim here is to somehow improve North Carolina’s four-year high school graduation rate of 68 percent.

**Education Reform:** Allocated \$4 million in 2007-08 and \$7 million in 2008-09 for an education reform pilot program to be administered by the N.C. Public School Forum. The program “will incorporate targeted professional development, after-school programming, teacher recruitment and retention bonuses, principal achievement bonuses, teacher mentoring, and science and math instructional assistance.”

**Teacher and Faculty Pay Increase:** The budget provided 5 percent pay raises to public school teachers, judges, community college instructors, and UNC faculty; principals received average increases of 4.4 percent. Also included in the compensation package is \$1 million for additional salary increases for teacher assistants and \$10 million to add another step to the top of the teacher salary schedule. Most other state employees will receive a 4 percent pay increase.

**Learn & Earn:** The budget provided \$6.4 million to create 12 new Learn & Earn (L&E) high schools over the next two years and make available planning grants for 15 more L&E schools. The Learn & Earn program enables high school students to concurrently enroll in classes in the University of North Carolina or N.C. Community College systems while taking high school courses in an integrated program on a college campus. Students do not pay tuition for the college classes, and they can earn an associate’s degree or two years of transferable credit with just one additional year of school. L&E programs are increasingly attracting traditional students who would attend college anyway, prompting critics of the program to wonder if L&E schools have strayed from their original mission of providing career training for low income students.

**Learn & Earn Online:** The budget allocates \$21.6 million over the next two years for Learn & Earn Online, a new initiative that allows students to take online college courses through the University of North Carolina or community college systems. L&E Online students receive free tuition for online courses at community colleges or designated online universities. Administrators for L&E Online estimate 6,000 students will enroll this fall in community college courses and approximately 4,000 students will enroll in online courses offered by four-year colleges. The estimated cost is about \$150 per community college course and \$300 per college course.

## HIGHER EDUCATION PROVISIONS IN THE BUDGET

### Fiscal Impact: University Spending Increased by 17 percent; Community College Spending by 13 percent

**EARN Scholars and Tuition Subsidies:** The budget appropriates \$127.6 million over the next two years for Governor Easley's new EARN (Education Access Rewards North Carolina Scholars) Fund. The EARN Scholars Program grants tuition subsidies to families of four earning up to \$41,300 per year – in effect, the lower middle class. The scholarships will be funded by \$27.6 million from the General Fund for FY2007-08, with another \$60 million the following year. In FY2008-09, the fund will be supplemented with another \$40 million from the Escheat (unclaimed property) Fund.

**Community College Tuition Increase:** New budget provisions allow community colleges to increase tuition 6.3 percent. The changes will bring in \$7.5 million for community colleges in each of the next two years. The General Assembly took a corresponding \$7.5 million reduction to the Community Colleges' General Fund budget, effectively freeing up \$7.5 million of community college money to spend elsewhere.

**UNC Cancer Research:** UNC-Chapel Hill will receive \$5.6 million in FY2007-08 and \$15.5 million in FY2008-09 to distribute to UNC hospitals for cancer research. In addition, the cancer research fund will receive monies (\$11.4 million in FY2007-08 and \$16.5 million in FY08-09) from an increase in the tax rate from 3 percent to 10 percent for non-cigarette tobacco products.

**Capital Building Projects:** The budget authorizes \$481 million in certificates of participation (COPs) special indebtedness for UNC building projects. Unlike general obligation bonds, the state's traditional method for financing capital improvement projects, COPs do not require voter approval.

## SIGNIFICANT K-12 LEGISLATION PASSED BY THE GENERAL ASSEMBLY

### False Report of School Violence (HB 134/S.L.2007-196)

*Primary Sponsors: Representatives Brian Holloway (R-Stokes), Bill Faison (D-Orange) and Dale Folwell (R-Forsyth)*

*Status: Signed by Governor Easley on July 8, 2007*

*Cost: Limited fiscal impact expected*

This law makes it a felony to knowingly make a false report regarding an act of mass violence on school property or at a school-sponsored activity.

### Every Child Ready to Learn (HB 150/S.L. 2007-173)

*Primary Sponsors: Representatives, Dale Folwell (R-Forsyth), Earline Parmon (D-Forsyth), Louis M. Pate, Jr. (R-Wayne) and Rick Glazier (D-Cumberland)*

*Status: Signed by Governor Easley on July 4, 2007*

*Cost: Small net savings to state and counties for the first 13 years, particularly after the first year*

According to this legislation all children entering the public school system as kindergarteners must reach the age of five on or before August 31st. Previously, children could enroll in kindergarten if they reached their 5th birthday by October 16th. Changes in admission requirements would not take effect until the 2009-10 school year.

### School Bus Drivers and Cell Phone Use (HB 183/S.L. 2007-261)

*Primary Sponsor: Representative Raymond R. Rapp (D-Madison)*

*Status: Signed by Governor Easley on July 23, 2007*

*Cost: Minimal fiscal impact*

This bill prohibits public and private school bus drivers – or anyone transporting children for hire – from using cell phones or additional technology while operating a vehicle to transport children.

### Retired Teachers Allowed To Return to Classroom (HB 956/S.L. 2007-326)

*Primary Sponsors: Representatives Douglas Young ((D-Scotland), Joe Tolson (D-Edgecombe), Louis Pate Jr. (R-Wayne) and Becky Carney (R-Mecklenburg)*

*Status: Signed by Governor Easley on July 31, 2007*

*Cost: \$1.2 million to \$3.0 million per year (estimated)*

This legislation changes provisions governing teachers' post-retirement earnings to allow teachers to return to the classroom without a loss of retirement benefits. The House and Senate approved different versions, but agreed upon the bill in conference committee.

**Pilot Program for Alternative Teacher Salary Plans (HB 966)**

Primary Sponsors: Representatives Martha Alexander (D-Mecklenburg), Beverly Earle (D-Mecklenburg) and Becky Carney (D-Mecklenburg)

Status: Presented to Governor Easley on August 1, 2007

Cost: No fiscal note available

Introduced by Representatives Martha Alexander (D-Mecklenburg), Beverly Earle (D-Mecklenburg) and Becky Carney (D-Mecklenburg). Mandates that the State Board of Education authorize up to five local administrative units to implement pilot alternative pay plans. The new pay plans are designed to improve student performance by financially rewarding teachers through performance pay, assisting in recruiting teachers for specific schools and facilitating the recruitment of hard-to-fill positions.

**Military Children and Public Schools (HB 1357/S.L. 2007-283)**

Primary Sponsors: Representatives Leo Daughtry (R-Johnston) and Ric Killian (R-Mecklenburg)

Status: Signed by Governor Easley on July 27, 2007

Cost: Limited fiscal impact

Allows children of North Carolina National Guard members whose parents are called to active duty to attend public schools, without payment of tuition, where the adult parent or guardian resides.

**Charter School Employment Benefits (HB1471)**

Primary Sponsor: Representative Bill Faison (D-Orange)

Status: Presented to Governor Easley on July 26, 2007

Cost: Estimated small (\$190,000) financial impact on state in FY2007-09

Legislation allows three charter schools in his district to participate in the Teachers and State Employees retirement system and the North Carolina Teachers and State Employees Comprehensive Major Medical Plan.

**Schools and Information on Cervical Cancer (SB 260/ S.L. 2007-59)**

Primary Sponsor: Katie Dorsett (D-Guilford)

Status: Signed by Governor Easley on May 31, 2007

Cost: No fiscal note available

Legislation requires educational materials regarding cervical cancer, the human papillomavirus (HPV), and the vaccines available to treat HPV to be provided to parents of children in grades 5 through 12 in public, nonpublic, charter and home schools.

**Teachers Convert Personal Leave to Sick Leave (SB 914)**

Primary Sponsor: Senator Martin Nesbitt (D-Buncombe)

Status: Presented to Governor Easley on August 2, 2007

Cost: No cost to the state; local costs approach \$5 million annually by FY2011-12.

This new law allows teachers to convert personal leave (above five days) to sick leave at the end of each year and also convert remaining personal leave to sick leave at retirement. The bill also makes the request for personal leave automatic, if the request is made five days in advance and a substitute teacher is available. According to the legislation, no reason need be specified for requesting leave.

**Pilot Program for Lateral Entry of Teachers (SB 1115)**

Primary Sponsor: Representative Kay Hagan (D-Guilford)

Status: Presented to Governor Easley on July 31, 2007

Cost: No fiscal note available

The bill directs the State Board of Education to work with local administrative units, community colleges, or colleges and universities to develop pilot programs for the lateral entry of professionals in other fields who wish to become teachers.

**SIGNIFICANT HIGHER EDUCATION LEGISLATION PASSED BY THE GENERAL ASSEMBLY****UNC Smoke-Free (SB 862/S.L. 2007-114)**

Primary Sponsor: Representative William R. Purcell (D-Scotland)

Status: Signed by Governor Easley on June 27, 2007

Cost: No fiscal note available

The legislation allows UNC campuses, the UNC Health Care System and ECU Medical School to regulate smoking in buildings, grounds, and associated facilities. The legislation effectively bans smoking in UNC facilities as of July 1, 2007.

### **Community College Surcharge and Scholarships (SB 1065)**

*Primary Sponsor: Senator Walter Dalton (D-Rutherford)*

*Status: Presented to Governor Easley on July 28, 2007*

*Cost: No fiscal impact on state*

Legislation allows community colleges to charge a tuition surcharge of up to 33 percent to fund scholarships and instructional programs designed to attract new industry to the area. Tuition surcharges at community colleges could increase tuition on some campuses by up to \$475 dollars.

## **SELECT EDUCATION LEGISLATION NOT RATIFIED BY THE GENERAL ASSEMBLY**

### **Raise Cap on Charter Schools (1<sup>st</sup> Ed.) /Study Performance of Charter Schools (3<sup>rd</sup> Ed.) (HB30)**

*Primary Sponsors: Representatives Jim Gulley (R-Mecklenburg), Ric Killian (R-Mecklenburg), Thom Tillis (R-Mecklenburg) and Mitchell Setzer (R-Catawba)*

*Status: Passed the House; referred to Senate Education Committee*

*Cost: \$25,000 appropriated for study*

As originally written, this bill would have raised the cap on charter schools from 100 to 125 schools. The House approved a substitute amendment eliminating provisions to remove the charter school cap and instead created a legislative special committee to study charter schools and issues related to performance. Representative Gulley (R-Mecklenburg) proposed an amendment on the House floor to add a charter schools study to the omnibus 2007 Studies Bill (SB 1256). The amendment was defeated 46 to 57 after Representative Owens (D-Pasquotank) stated during debate that the Senate would not agree to the inclusion of the charter schools study.

### **Sales and Use Tax Exemption for Local School Administrative Units (HB 67)**

*Primary Sponsors: Representatives Douglas R. Youngue (D-Scotland), Linda P. Johnson (R-Cabarrus), Earl Jones (D-Guilford) and Marvin W. Lucas (D-Cumberland)*

*Status: Referred to House Committee on Finance*

*Cost: No fiscal note available*

Legislation would have allowed a sales and use tax exemption for local school administrative units and re-established the sales and use tax refund for local school administrative units.

### **School Construction Capital Formula (HB 175)**

*Primary Sponsors: Representatives Mark K. Hilton (R-Catawba), Mitchell S. Setzer (R-Catawba), Philip Frye (R-Mitchell) and Nelson Dollar (R-Wake)*

*Status: Referred to Committee on Rules, Calendar, Operations of the House*

*Cost: No fiscal note requested*

Legislation changes allocation of school capital construction formula to be based entirely on average daily membership. This legislation would greatly benefit school districts with larger enrollments.

### **Restore Flexibility to the School Calendar (HB 359)**

*Primary Sponsors: Representatives Larry Bell (D-Sampson) and Marvin Lucas (D-Cumberland),*

*Status: Passed the House, Referred to Senate Committee on Education and Public Instruction; Under consideration for Legislative Short Session*

*Cost: No state fiscal impact; local districts starting school earlier could incur higher electrical bills due to the greater use of air conditioning in the summer months*

This bill would have permitted the State Board of Education to grant waivers to local boards of education who wish to set their school calendars differently from the opening and closing dates specified in G.S. 115C-84.2(d). Waivers would be granted for: (1) schools to align their calendar with a local community college or university; (2) to benefit student examination schedules; or (3) to accommodate the implementation of block schedules.

### **Tax Credits for Children with Special Needs (HB 388)**

*Primary Sponsors: Representatives Rick Glazier (D-Cumberland), Marvin Lucas (D-Cumberland), Paul Stam (R-Wake) and Laura Wiley (R-Guilford)*

*Status: Referred to Finance Committee*

*Cost: Average net fiscal impact of \$1.2 million to \$2.5 million*

Introduced by Representatives Rick Glazier (D-Cumberland), Marvin Lucas (D-Cumberland), Paul Stam (R-Wake) and Laura Wiley (R-Guilford). This legislation would have provided taxpayers with a state tax credit of up to \$3,000 for children with special needs who require special education and related services outside the regular classroom. The bill also called on counties to appropriate funds for the educational expenses of resident children under the age of 21 with special needs who require special education and related services and are educated at nonpublic schools. If counties appropriated funds for this

purpose, funds would be paid to the individual who would then be entitled to deduct a personal exemption. The amount appropriated by the county could not exceed \$500 per child per year.

#### **Tax Credits for Non-public Schools (HB 421)**

*Primary Sponsors Representatives Paul Stam (R-Wake) and Daniel McComas (R-New Hanover)*

*Status: Referred to House Committee on Education*

*Cost: No fiscal note available*

This legislation would have provided a tax credit of \$1,250 for each child in a nonpublic school or a public school that charges tuition (credit is not to exceed tuition expenses). The tax credit would be subject to an income cap. The legislation would have also authorized counties to appropriate up to \$500 per child per year to families whose children attend nonpublic schools.

#### **Schools to Use Nationally Standardized Tests (HB 494)**

*Primary Sponsor: Representative George Cleveland (R-Onslow)*

*Status: Referred to House Committee on Education*

*Cost: No fiscal note available*

Legislation requires state testing program to use nationally standardized tests to facilitate comparison of North Carolina to student performance nationally.

#### **New Public School Sex Education Curriculum (HB 879)**

*Primary Sponsor: Representatives Susan Fisher (D-Buncombe), Linda Coleman (D-Wake), Maggie Jeffus (D-Guilford), Melanie Wade Goodwin (D-Richmond)*

*Status: Passed House, Referred to House Committee on Education; Under Consideration for Legislative Short Session*

*Cost: No fiscal note available*

HB 879 would have eliminated North Carolina's abstinence until marriage education law and replaced it with a comprehensive sex education program that presumes sex outside of marriage, and requires that instruction and materials "be appropriate for use with students of all...sexual orientations." The legislation would force all local schools to comply with requirements from a standard state-approved comprehensive sex education curriculum. Under the legislation, teachers would be required to use instructional materials that do not "reflect or promote bias or judgment against any person on the basis of...sexual orientation, gender identity..."

#### **No Penalty for Teachers Taking Personal Leave (HB 906/SB 742)**

*Primary Sponsors: Introduced in the House by Representatives Martha Alexander (D-Mecklenburg), Ty Harrell (D-Wake), Marion McLawhorn (D-Pitt), and Ray Rapp (D-Madison) and in the Senate by Senator Rand (D-Cumberland).*

*Status: HB 906 referred to House Appropriations; SB 742 referred to Senate Appropriations*

*Cost for HB 906: Up to \$12 million annually; unclear whether costs would be borne by the state or local schools*

*Cost for SB 742: Up to \$26 million in the first year and \$13 million annually in other years; unclear whether costs would be borne by the state or local schools*

During the school year, in addition to state holidays, teachers are allotted 10 hours of sick time, which may be taken anytime, and 10 to 21.5 hours of vacation time annually (depending on longevity), which must be taken when students are not in school. They also receive two days of personal leave each year, which can be taken at any time – including when students are scheduled to be in class. Up to five unused personal leave days can be carried over to the next year. When personal leave is taken, a teacher is paid in full for the day, but must pay \$50 to partially offset the cost of a substitute teacher. The intent of the fee is to encourage teachers to take non-sick time off after school hours or on days when students are not in class. As filed, both bills would have waived the \$50 fee for all personal days taken. The third edition of HB 906 would have limited the fee waiver to two personal days taken each year.

#### **School Violence Protection Act (HB 1366)**

*Primary Sponsors: Representatives Rick Glazier (D-Cumberland) and Susan Fisher (D-Buncombe)*

*Status: Passed both chambers, bill in conference committee; Under consideration for Legislative Short Session*

*Cost: No fiscal impact*

The School Violence Protection Act would have required local school boards to adopt policies to protect children from bullying and to establish homosexuals as a protected class. The bill, with provisions establishing homosexuality as a protected class, passed the House. After the Senate eliminated the protected class provisions, the House adjourned without taking further action on the bill.

#### **Raise Compulsory School Attendance Age (HB 1474)**

*Primary Sponsor: Daniel Blue (D-Wake)*

*Status: Referred to House Committee on Education; Under consideration for Legislative Short Session*

*Cost: No fiscal note available*

Legislation raises compulsory school attendance age from sixteen to eighteen. North Carolina is among a slim majority of states with a compulsory schooling age of 16, meaning that a student can choose to leave school on their 16th birthday. Legislation to raise the compulsory schooling age was discussed as a means of reducing dropouts. While studies indicate that dropout rates do not tend to change after the compulsory age is raised, there are other arguments for and against the proposal, including changing societal expectations (for) and increasing classroom disruption (against).

#### **School Board Fiscal Accountability Act (HB 1740)**

*Primary Sponsors: Representatives, Rick Glazier (D-Cumberland), Earl Jones (D-Guilford), Bob England (D-Rutherford) and Linda Johnson (R-Carrabus)*

*Status: Referred to House Committee on Finance; Under consideration for Legislative Short Session.*

*Cost: No fiscal note available. Significant impact expected on local level.*

Legislation authorizes local school boards to raise revenue like local units of government in support of public education. A local board of education would have authority to levy and collect taxes in support of adoption of a budget.

#### **Task Force to Study Raising Compulsory School Age and Graduation Rate of One Hundred Percent (HB 1790)**

*Primary Sponsors: Representatives Angela Bryant (D-Nash), Alice Bordsen (D-Alamance), William Wainwright (D-Craven) and Earl Jones (D-Guilford)*

*Status: Passed the House, Referred to Senate Committee on Rule and Operations; Under consideration for Legislative Short Session*

*Cost: No fiscal note available*

Legislation would seek to establish a task force to study whether to raise the compulsory school attendance age to eighteen and to develop a plan to raise the graduation rate to 100 percent. Task Force is charged with reporting its findings back to the Legislature by January 15, 2009.

#### **Study/DPI & State Board of Education (HB 1955)**

*Primary Sponsors: Representatives Douglas Youngue (D-Scotland), Becky Carney (D-Mecklenburg), Linda Coleman (D-Wake) and Linda Johnson (R-Cabarrus)*

*Status: Referred to House Committee on Appropriations*

*Cost: \$100,000 provided for Commission expenses*

Legislation would create a special commission to study the efficiency and effectiveness of the Department of Public Instruction and the State Board of Education. Among other things, the commission would be charged with: (1) reviewing the mission of the department to support local educational agencies; (2) evaluating the efficiency and effectiveness of the statewide student testing program, and (4) assessing the activities, staffing and funding levels of each program.

#### **Lottery Funds to Charter Schools (SB 86)**

*Primary Sponsor: Senator Robert Pittenger (R-Mecklenburg)*

*Status: Referred to the Appropriations Committee*

*Cost: No fiscal note available*

This bill would have amended current law to allow charter schools to receive lottery funds on the same basis as other public schools.

#### **Public School Building Bond Act of 2007 (SB 1144)**

*Primary Sponsor: Senator David Hoyle (D-Gaston)*

*Status: Referred to Senate Finance Committee*

*Cost: No fiscal note available*

This bill would have placed on the ballot for voter approval a \$2 billion bond for public school facilities. If approved by the voters, revenue would be distributed to counties as follows: 50 percent based on school enrollment (ADM); 25 percent based on high-growth; and 25 percent based on low wealth. No county would receive less than \$1 million.

#### **SB 1322 Truth in Education Act**

*Primary Sponsor: Senator Philip Berger (R-Rockingham)*

*Status: Referred to Senate Committee on Education/Public Instruction*

*Cost: No fiscal note available*

Legislation would establish dropout rate as subtracting the graduation rate from one-hundred percent. Bill also provides formula for calculating graduation rates and makes changes to statewide testing programs by requiring the use of nationally-normed achievement tests for grades three through twelve.

### **SELECT HIGHER EDUCATION LEGISLATION NOT RATIFIED BY THE GENERAL ASSEMBLY**

#### **Repeal Out-of-state Tuition Exemption (HB 205)**

*Primary Sponsors: Representatives George Cleveland (R-Onslow) and Pricey Harrison (D-Guilford)*

Status: Passed House; referred to Senate Appropriations Committee

Cost: Savings to the state of \$10.5 million annually when fully implemented; UNC system would receive increased tuition receipts instead of appropriations

In 2006-07, legislation was implemented that granted in-state tuition status to all undergraduate recipients of full scholarships within the UNC system. Since 70 percent of foundation full scholarships are athletic scholarships, the bill primarily benefited athletic departments at UNC campuses by decreasing the cost of tuition. HB 205 would have modified the policy by restricting in-state tuition status to recipients of scholarships based on academic merit. Athletic scholarships would no longer qualify.

**Establish Excellence in Technical and Vocational Education Program (HB 1539)**

Primary Sponsors: Representatives Marion McLawhorn (D-Pitt), Ray Rapp (D-Madison) and Rick Glazier (D-Cumberland)

Status: Referred to House Committee on Appropriations

Cost: \$7.5 million annually

Legislation would appropriate \$7.5 million for community colleges in each year of biennium to establish the Excellence in Technical and Vocational Education Program. Funds are to cover equipment and operational costs, curriculum skills improvement and marketing of high demand skills-driven technical and vocational education programs.

NORTH CAROLINA K-12 EDUCATION SPENDING								
2001-2008								
	2001	2002	2003	2004	2005	2006	2007	2008
K-12 Appro. (\$ Billions)	\$5.6	\$5.8	\$5.9	\$6.1	\$6.5	\$6.6	\$6.7	\$7.7
K-12 Student Enroll.	1,319,850	1,334,366	1,351,456	1,374,887	1,395,810	1,398,226	1,434,625	1,456,144
\$/Stud.	\$4,242	\$4,346	\$4,365	\$4,436	\$4,656	\$4,720	\$4,670	\$5,287
Mean SAT SCORES FOR US AND NORTH CAROLINA								
NC	993	998	1001	1006	1010	1008	N/A	N/A
US	1020	1020	1026	1026	1028	1021	N/A	N/A

(Notes: Appropriations figures represent rounded estimates. Ratio \$/Students derived by dividing general fund appropriations by student enrollment. K-12 student enrollment estimate for 2008 represents an average growth rates over the past five years.)