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Higher Education

The biggest story in higher education legislation during the 1999 session of the General Assembly was a bill that did not pass. S 912, in its original form, would have authorized the sale of \$2.7 billion in State of North Carolina University Improvement Security Interest Bonds and \$300 million in State of North Carolina Community College Security Interest Bonds. The impetus behind the proposal was the recognition that over the next ten years, the university is expected to enroll an additional 48,000 students and the community college system will face a corresponding increase.

The bonds would have been limited obligation bonds (meaning that the university and the community college system would pledge various kinds of assets as security for the bonds) and not general obligations bonds (which would have pledged the full faith and credit and taxing authority of the state for the repayment of the bonds). Because they would have been limited obligation bonds, they would not have required, under the state constitution, a vote of the people. The bonds faced stiff opposition because of the size of the proposal and the no-referendum feature.

The bill passed the Senate at the \$3 billion level with no referendum. It eventually passed the House in a version calling for \$1 billion in university bonds and \$200 million in community college bonds, contingent on a favorable vote in a referendum. The session ended with the two houses unable to agree on a final bill.

Other higher education issues in the 1999 session were far less attention grabbing.

Appropriations and Salaries

The University of North Carolina (UNC) Current Operations

The 1999 Appropriations Act, S.L. 1999-237 (H 168), the “budget act,” appropriates to The University of North Carolina (UNC) Board of Governors—for the operation of all UNC campuses and hospitals—\$1,644,244,323 for fiscal 1999–2000 (an increase of about \$110 million over the immediately preceding year) and \$1,656,863,227 for fiscal 2000–2001.

Community Colleges Current Operations

The budget act appropriates to the Community Colleges System Office \$579,803,851 for fiscal 1999–2000 (an increase of about \$14 million over the immediately preceding year) and \$591,015,693 for fiscal 2000–2001. S.L. 1999-321 (H 275) adds a new G.S. 96-6.1 levying on employers as a part of their unemployment compensation levy a mandatory contribution (calculated at levels specified in the statute) to create the Employment Security Commission Training and Employment Account to provide funds for community college working training programs. Consistent with that legislation, the General Assembly appropriated from the account to the Community Colleges System Office \$22 million for fiscal 1999–2000 and \$56.5 million for fiscal 2000–2001 for equipment and technology, regional and cooperative initiatives, the New and Expanding Industry Training Program, and the Enhanced Focused Industrial Training Programs. In addition, if the account produces more than the funds appropriated, 80 percent of the excess is to be appropriated for these purposes.

Capital Improvements

UNC. The budget act appropriates to the UNC Board of Governors for capital improvements for 1999–2000 a total of \$20 million. Section 29.5 specifies that these funds are for facilities' renovations and repairs. It directs the Board of Governors to allocate these funds among the UNC constituent institutions that are expected to grow in enrollment by 20 percent by fall 2003 and that had certain low facility condition and index ratings in a recent study conducted for the board.

Community Colleges. Capital improvements for community colleges are primarily a county, not a state, responsibility. Nonetheless, for 1999–2000 the budget act appropriates \$14.5 million for a grant-in-aid of \$250,000 to each of the fifty-eight community colleges for purposes of capital improvement or land acquisition. These funds are not subject to a matching requirement.

Salaries

Section 28.12 of the budget act provides sufficient funds for salary increases for UNC employees (faculty members and others) to receive an average salary increase of 3 percent, to be distributed to employees according to rules adopted by the Board of Governors. Teaching employees of the North Carolina School of Science and Mathematics received an average 7.5 percent salary increase.

Section 28.11 provides sufficient funds for salary increases for community college employees (full-time and part-time) to receive an average salary increase of 3 percent, to be distributed to employees according to rules adopted by the State Board of Community Colleges.

Each UNC and community college employee other than teaching faculty also received a one-time payment of \$125.

UNC Governance

Horace Williams Campus

In 1985 the General Assembly through G.S. 116-36.5 created a special continuing and nonreverting trust fund, composed of proceeds from the lease or rental of property in the Centennial Campus of North Carolina State University, to be used for the development of the Centennial Campus. S.L. 1999-234 (H 1134) amends that statute to add directly corresponding provisions for the Horace Williams Campus of The University of North Carolina at Chapel Hill (UNC-CH). The 1999 legislation also amends Article 21B of Chapter 116, which permits the Board of Governors to issue revenue bonds, payable from any revenues from the Centennial Campus, without a pledge of taxes or the full faith and credit of the state, to make the provisions

of the article applicable also to the Horace Williams Campus. The Horace Williams Campus is defined as the real property and appurtenant facilities left to UNC-CH by the will of Henry Horace Williams and other property and facilities designated by the Board of Governors.

Hospital Real Property

S.L. 1999-252 (H 985) amends G.S. 116-37 and -40.6 to provide that acquisitions and dispositions of any interest in real property for the use of The University of North Carolina Health Care System or the East Carolina University Medical Faculty Practice Plan are not subject to the provisions of Article 36 of G.S. Chapter 143 or any of G.S. Chapter 146, which together give general control over state buildings to the Department of Administration.

Student Aid and Tuition

Aid to Students Attending Private Colleges. Section 10 of the budget act raises from \$900 to \$1,050 the amount per full-time equivalent student paid by the state to North Carolina private colleges that enroll North Carolina undergraduate students. The private colleges use these funds to provide financial assistance to needy North Carolina students. The act also raises from \$1,600 to \$1,750 the amount that is granted to each full-time North Carolina undergraduate student attending a private college in this state. The funds may not be used for the benefit of prisoners. The State Education Assistance Authority is to report to the Joint Legislative Education Oversight Committee on the numbers of students enrolled in off-campus programs and the state funds collected for such students. Section 10.1 puts limitations on the extent to which these funds may be used for students in off-campus programs. Section 10.1 also provides that any member of the armed services abiding in North Carolina incident to military duty who does not qualify as a resident for tuition purposes is eligible for the \$1,750 payment if enrolled as a full-time student.

Wake Forest and Duke Medical School Assistance. Section 10 of the budget act sets at \$8,000 and \$5,000 for Wake Forest and Duke, respectively, the amount to be disbursed for each North Carolina resident medical student enrollee.

Escheat Law Rewrite

The North Carolina Constitution provides “escheats” (certain kinds of abandoned property that, after passage of time, become the property of the state) “shall be used to aid worthy and needy students who are residents of this State and are enrolled in public institutions of higher education in this State.” By the provisions of G.S. Chapter 116B, escheats are placed in the Escheat Fund, and the income derived from that fund is paid yearly to the State Education Assistance Authority for loans to students. S.L. 1999-460 (S 244) rewrites major portions of G.S. Chapter 116B, enacting a new “North Carolina Unclaimed Property Act,” spelling out the kinds of property subject to escheat, how such property is determined to be abandoned, how the state is to take custody of it, how it may be recovered by rightful owners, and similar matters.

President’s Budget Authority

G.S. 116-30.1 and -30.2 permit UNC constituent institutions to be named special responsibility constituent institutions, a designation that gives the chancellor of the institution flexibility in spending decisions across certain budget codes containing General Fund appropriations. The budget act, in Section 10.14, adds a new G.S. 116-30.3 and amends G.S. 116-14 to grant to the president of The University of North Carolina a corresponding flexibility in making spending decisions from appropriations made to UNC. It also provides that, subject to the approval of the Board of Governors, the president may establish and abolish employment positions within the UNC staff complement as may the chancellor of a special responsibility constituent institution.

North Carolina Progress Board

G.S. 143B-372.1 establishes the North Carolina Progress Board (composed of appointees of the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate, along with four appointees of the board itself) and charges it with (among other things) encouraging the discussion and understanding of critical global and national social and economic trends that will affect North Carolina in the coming decades, undertaking new and ongoing policy research and benchmarking studies, and reporting to North Carolinians every five years on prospects for progress over the next twenty to thirty years. S.L. 1999-237, Section 10.11, moves the Progress Board from the Department of Administration to the UNC Board of Governors and locates it at North Carolina State University (NCSU). The chancellor of NCSU is to appoint the board's executive director, who is to serve at the pleasure of the chancellor.

Community College Governance

State Level Name Change

S.L. 1999-84 (H 260) makes a number of technical changes in Chapter 115D of the General Statutes, the chapter that contains the basic community colleges statutes. In addition to the purely technical changes, the act throughout the statute changes the name of the Department of Community Colleges to the Community Colleges System Office.

Performance-Based Budgeting and Funds Carryforward

The budget act, in Section 9.2, adds a new G.S. 115D-31.3 directing the State Board of Community Colleges to create new accountability measures and performance standards to be used for performance budgeting for the community college system. Required standards are to include (1) progress of basic skills students, (2) passing rate for licensure and certification examinations, (3) goal completion of program completers, (4) employment status of graduates, and (5) performance of students who transfer into the university system. Colleges may choose one other measure from a specified list. A college meeting the new performance standards will be allowed to carry forward funds remaining in its budget up to 2 percent of the state funds allocated to the college for that year, to be used for the purchase of equipment and initial program start-up costs other than faculty salaries.

Student Financial Assistance and Tuition

The budget act, in Section 9.4, allocates \$5 million for each year of the 1999–2001 biennium to provide need-based financial assistance to community college students.

In Section 9.5 the act provides that the State Board of Community Colleges may not charge tuition or fees to volunteer firefighters and volunteer EMS workers for courses required for certification.

Student on State Board of Community Colleges

S.L. 1999-61 (H 244) enacts a new G.S. 115D-2.1(b)(5) adding as an ex officio member of the State Board of Community Colleges the person serving as president of the North Carolina Comprehensive Community College Student Government Association. This student member has all the rights of other board members except the right to vote.

Campus Police

For many years the boards of trustees of constituent institutions of UNC have had the authority to establish campus law enforcement agencies and to employ campus police officers with all the powers of law enforcement officers generally. S.L. 1999-68 (H 477) adds a new G.S. 115D-21.1, permitting boards of trustees of community colleges to establish campus law enforcement agencies on the same basis as the UNC institutions. The territorial jurisdiction would be all property owned or leased to the college and the portions of any public road or highway passing through the property or immediately adjoining it. A college with a campus police agency may enter into joint agreements with municipalities and counties (with the consent of the sheriff) to extend the jurisdiction of the campus police into the municipality or county.

Financial Flexibility

The budget act, in Section 9.5, authorizes each community college to use all state funds allocated to it (except for Literacy Funds and Funds for New and Expanding Industries) for any authorized purpose consistent with the college's Institutional Effectiveness Plan. The same section, noting allocations of additional moneys for instructional and administrative support, directs that transfers made in college budgets from faculty salaries to other purposes may be made only after public notice and notice to the faculty. No more than 2 percent statewide may be transferred from faculty salaries without the approval of the State Board of Community Colleges.

Cooperation with County in Property Matters

S.L. 1999-115 (H 239) adds a new G.S. 153A-158.2 and a new G.S. 115D-15.1. By these new provisions a county is authorized—upon a request from the community college board of trustees and following a public hearing—to acquire any interest in real or personal property by any lawful method (including eminent domain) for use by a community college within the county and to dispose of (through sale or otherwise) any of this property to the community college for any price and on any terms negotiated between the board of trustees and the board of county commissioners. The trustees are authorized to accept the property.

A community college board of trustees, for its part, may, in connection with additions, improvements, renovations, or repairs, dispose (through sale or otherwise) any of its property to the county for any price and on any terms negotiated between the board of trustees and the board of county commissioners, subject to the approval of the State Board of Community Colleges. Any agreement by which the community college transfers property to the county must require that the county transfer the property back to the community college when any financing agreement entered into by the county to finance the additions, improvements, renovations, or repairs has been satisfied. If no such financing agreement exists, the agreement must require the county to transfer the property back as soon as the additions and so forth are completed. If a financing agreement exists, the obligations are to be the responsibility of the county alone and not of the board of trustees of the community college.

New College for Anson and Union Counties

In 1998 the General Assembly directed the county commissioners of Anson and Union counties to develop and submit to the State Board of Community Colleges a contract for establishing a new multi-campus community college to serve the two counties, or a proposal for separate community colleges to serve the two counties, or another proposal for providing community college access for citizens of the two counties. Because the counties could not agree on a single proposal, the General Assembly in 1999 passed S.L. 1999-60 (S 1039), establishing a new college and abolishing the old Anson Community College. The legislation sets out how the board of trustees of the new college is to be appointed and directs the new board to give the new college a name.

Studies

The 1999 General Assembly, through the budget act (1999-237), authorized or directed the following studies with respect to higher education.

Section 9 directs the State Board of Community Colleges to contract with an outside consultant to study the issue of whether community colleges system faculty should be employed for less than twelve months instead of on a twelve-month basis since the system now operates on a semester instead of a quarter basis.

Section 9.1 requires the State Board of Community Colleges and the State Board of Education to report on ways to increase the number of qualified high school students participating in cooperative high school education programs provided by local community colleges.

Section 9.7 directs the State Board of Community Colleges to review the Adult High School Program to determine the extent to which the program is aligned with recent public school reforms, including course content standards and end-of-course tests.

Section 9.14 authorizes the Joint Legislative Education Oversight Committee to study the need to streamline the community college capital construction process.

Section 10.20 directs the UNC Board of Governors to study the salaries and other compensation of faculty of the constituent institutions of UNC in order to attract and retain the best academic professionals, maintain the level of excellence for which UNC institutions are known, and maximize learning opportunities for students.

Section 10.20 also directs the UNC Board of Governors to study the structure, management, and use of prepaid tuition plans and college savings plans in North Carolina.

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