

Changes Affecting Higher Education

By Robert P. Joyce

After a number of lean years in a row, officials of the University of North Carolina (UNC) and the state's community college system rejoiced in 2006 over happier fiscal news. Appropriations by the General Assembly raised the university's budget by almost 12 percent and the community college system's budget by more than 15 percent. In other actions, the legislature made the North Carolina School of Science and Mathematics a constituent institution of the university (a "constituent high school") and directed the university's Board of Governors to study the feasibility of bringing North Carolina Wesleyan College into the system as a constituent institution. It also authorized the Board of Governors to delegate authority to the university's president and expanded several scholarship programs.

Appropriations and Salaries

THE UNIVERSITY OF NORTH CAROLINA CURRENT OPERATIONS

In even-year sessions, the General Assembly modifies the appropriations made in the previous odd-year session for the second year of the biennium. The Current Operations and Capital Improvements Appropriations Act of 2005 appropriated approximately \$2.12 billion from the General Fund to UNC for fiscal year 2006–07. The 2006 appropriations act (S.L. 2006-66, S 1741) adjusts UNC's 2006–07 appropriations by increasing some items and making reductions in others. The largest funding increase, \$138 million for instructional programs, offsets all reductions. Just over \$79 million of the increase was to cover anticipated enrollment growth of 7,110 students. The net increase was approximately \$129 million, bringing the 2006–07 budget to a total that is 11.8 percent higher than the 2005–06 budget.

COMMUNITY COLLEGES CURRENT OPERATIONS

The appropriation for community colleges current operations made in 2005 for 2006–07 was approximately \$767 million. The 2006 appropriations act adds \$64 million to that total, bringing the 2006–07 budget to a total that is 15.2 percent higher than the 2005–06 budget.

CAPITAL IMPROVEMENTS

The 2006 appropriations act contains just over \$139 million in capital improvement appropriations for the university. The three largest are \$61 million for an engineering complex at North Carolina State University, \$28 million for a genomics science building at Chapel Hill, and \$27 million for a nursing school at Wilmington.

In addition, S.L. 2006-146 (S 1809) authorizes forty-one capital improvement projects at UNC institutions totaling \$529 million; all are to be financed with funds other than state appropriations (chiefly, revenue bonds and special-obligation bonds). The largest of these is \$92 million for a science complex at Chapel Hill.

Historically, the General Assembly has only occasionally made appropriations for capital improvements within the community college system, leaving the chief burden for community college facilities where the general law places it, on counties. The 2006 appropriations act contains no capital improvements appropriations for community colleges.

SALARIES

Sections 22.11 and 22.12 of the 2006 appropriations act provide funds for salary increases for UNC and community college employees.

For UNC employees who are exempt from the State Personnel Act, the increases average 6 percent per employee, to be distributed according to rules established by the UNC Board of Governors. For teaching employees of the School of Science and Mathematics, the increases average 8 percent, with the minimum increase being \$2,250. For UNC employees who are subject to the State Personnel Act and for employees of the community college system paid from

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state funds (other than faculty and professional staff), the increase is 5.5 percent. Community college faculty and professional staff receive a 6-percent increase plus an additional one-time 2-percent bonus.

Section 22.12A allocates \$5 million to a reserve to be used at the discretion of the UNC president for individual salary increases for the purpose of recruiting and retaining faculty members as necessary at UNC institutions.

In 2004 the General Assembly enacted a community college faculty salary plan that established a uniform minimum salary based on level of education and equivalent applicable experience, with the stated intent of moving North Carolina community college faculty and professional staff salaries to the national average. The minimum salaries set for 2004–05 (for full-time, nine-month annual employment) ranged from \$28,512 for instructors with vocational diplomas to \$34,874 for instructors with doctorates. The 2006 appropriations act sets the comparable range for 2006–07 at \$31,728 to \$38,607.

USE OF FUNDS

A number of provisions in the budget act affect the use of funds by the community college system, UNC, or individual institutions.

Section 8.4 of the 2006 appropriations act authorizes the community college system to carry forward without reversion to the General Fund up to \$10 million of operating funds and to reallocate them to the system's Equipment Reserve Fund. Section 8.3 provides that funds appropriated for the system's College Information System Project will not revert. Section 8.9 amends G.S. 115D-31.3 (which permits community colleges to retain and carry forward certain portions of their General Fund appropriations based on the degree to which they meet established performance standards) to permit qualifying community colleges to use retained and carried-forward state funds to maintain their facilities if the college is located in a county that is designated as Tier 1 or Tier 2 under G.S. 105-129.3, has an unemployment rate at least 2 percent higher than the state average or 7 percent (whichever is higher), and is in a county with a wealth calculation of 80 percent or less of the state average. Section 8.10 of the 2006 appropriations act creates the Community Colleges Facilities and Equipment Fund, allocates \$15 million to it, and directs the State Board of Community Colleges to develop a competitive grant application program by which individual grants of up to \$1 million each may be made to community colleges for facility and equipment needs.

Section 9.8 of the 2006 appropriations act amends G.S. 116-30.2(a), which provides budget flexibility to UNC special responsibility constituent institutions, to permit the institutions to transfer appropriations of the General

Assembly between budget codes. The transfers are to be considered certified even if they result from agreements between special responsibility institutions. Section 9.14 directs the Office of Budget and Management not to release funds appropriated for the North Carolina Research Campus at Kannapolis until the UNC president certifies that the university and the developers of that campus have entered into a memorandum of understanding approved by the president concerning the participation in and use of space at the campus.

University and Community College Governance

BOARD OF GOVERNORS DELEGATION TO THE UNC PRESIDENT

G.S. 116-11 sets out the powers and duties of the UNC Board of Governors, including the power to delegate any part of its authority over any UNC institution to the board of trustees or chancellor of that institution. S.L. 2006-95 (S 1283) adds a provision specifying that the board may delegate any part of its authority over UNC institutions generally to the president of the university. The statute continues to provide that such a delegation may be rescinded, in whole or in part, at any time.

SCHOOL OF SCIENCE AND MATHEMATICS UNDER UNC BOARD OF GOVERNORS

Section 9.11 of the 2006 appropriations act changes the status of the North Carolina School of Science and Mathematics (NCSSM) from an institution "affiliated" with the University of North Carolina to a "constituent institution" of the university, effective July 1, 2007. The sixteen existing constituent institutions are reclassified as "institutions of higher education" and NCSSM is classified as a "constituent high school." All property owned by the Board of Trustees of NCSSM is transferred to the UNC Board of Governors, along with all obligations of NCSSM. The Board of Governors and the NCSSM Board of Trustees are prohibited from imposing any tuition or mandatory fee at NCSSM without the approval of the General Assembly. The title of the chief officer of NCSSM is changed from "Director" to "Chancellor."

STUDY OF POTENTIAL NEW UNC CAMPUS

Section 9.4 of the 2006 appropriations act directs the UNC Board of Governors to study the feasibility of making North Carolina Wesleyan College a constituent institution of the university. It allocates \$50,000 for the cost of the study.

COMMUNITY COLLEGES EXEMPT FROM MANDATORY SMOKING AREAS

Article 64 of G.S. Chapter 143 requires units of government in North Carolina to set aside smoking areas in their facilities. G.S. 143-599 exempts certain facilities, such as

public schools, elevators, school buses, hospitals, health departments, and prisons. S.L. 2006-133 (H 448) adds community colleges to the exempted list, so that the law no longer requires community colleges to set aside areas in which smoking is permitted.

STATE BOARD OF COMMUNITY COLLEGES MEMBERSHIP

G.S. 115D-2.1 establishes the State Board of Community Colleges and sets its membership. The statute has provided that the State Treasurer is an ex officio member. S.L. 2006-31 (H 677) provides that that seat is for the treasurer or the treasurer's designee.

STATE RETIREMENT SYSTEM CHANGES

Faculty and certain other employees of the University of North Carolina have the option of participating in an optional retirement program, rather than the standard Teachers' and State Employees' Retirement System (TSERS). S.L. 2006-172 (H 853) makes two changes in this arrangement. First, it amends G.S. 135-5.1 to extend this option to members of the faculty of the North Carolina School of Science and Mathematics. Second, it amends G.S. 135-5 to permit certain individuals who have participated in the optional retirement system, but who are not receiving benefits under that system, and who are not eligible to receive benefits in the future, to purchase, at full actuarial cost, credit in TSERS for their years of service under the optional system.

PLEDGE OF ALLEGIANCE

S.L. 2006-137 (S 700) requires public schools to display the American and North Carolina flags and to schedule the recitation of the Pledge of Allegiance on a daily basis. (See Chapter 10, "Elementary and Secondary Education.") By adding new G.S. 116-69.1 and amending G.S. 116-235, the act extends the requirement to the North Carolina School of the Arts and the North Carolina School of Science and Mathematics.

COLLEGE FACILITIES USED BY HIGH SCHOOL STUDENTS

S.L. 2006-221 (S 198) amends G.S. 115D-41 to add a provision that community college facilities that comply with applicable state and local fire codes for community college facilities may be used without modification for public school students in joint or cooperative programs such as middle college or early college programs and dual-enrollment programs. It enacts new G.S. 116-44.5 to add a comparable provision for UNC and private college facilities.

COMMUNITY COLLEGES MOTORSPORTS CONSORTIUM

S.L. 2006-221 directs the State Board of Community Colleges to create a consortium of colleges, under the leader-

ship of Forsyth Technical Community College, to address the training needs of the motorsports industry.

SCHOLARSHIP ELIGIBILITY

Article 35A of G.S. Chapter 115C establishes rules for eligibility for certain college scholarships. G.S. 115C-499.1 has included "nonpublic" postsecondary institutions meeting certain requirements among the eligible institutions that a student receiving a covered scholarship may attend. S.L. 2006-221 amends the statute to change "nonpublic" to "nonprofit" and to add postsecondary institutions owned by a hospital authority or a school of nursing affiliated with a nonprofit postsecondary institution.

NEW STATE ETHICS ACT

S.L. 2006-201 (H 1843), the State Government Ethics Act, creates the new State Ethics Commission and imposes new requirements on certain public officials, including some university and community college officials. For a discussion of the act and its requirements, see Chapter 25, "State Government Ethics and Lobbying."

CONSTRUCTION PLANS

S.L. 2006-217 (H 2147) amends G.S. 143-31.1 to add a provision requiring state agencies to take steps to determine whether construction plans fitting the needs of an upcoming project may already exist and to use them if they do. It amends G.S. 116-31.11 to apply this requirement to UNC.

CONSULTANT SERVICES CONTRACTS

Article 3C of G.S. Chapter 143 imposes certain requirements on state agencies that wish to contract for the services of a consultant. G.S. 143-64.24 exempts certain entities, including the General Assembly, from the requirements. S. L. 2006-95 (S 1283) adds the UNC Board of Governors to the exempted list and directs the board to adopt policies and procedures for UNC institutions to use in obtaining consultant services.

UNC EMPLOYEE TUITION WAIVER PROGRAM

G.S. 116-143 has provided that employees of UNC may enroll in one course per semester free of tuition. Section 9.12 of the 2006 appropriations act amends the statute to permit enrollment in three courses per year.

CENTER FOR THE ADVANCEMENT OF TEACHING

Under G.S. 116-74.6, the North Carolina Center for the Advancement of Teaching (NCCAT) has operated "under the general auspices" of the UNC Board of Governors and had a director appointed by the NCCAT board of trustees. Section 9.15 of the 2006 appropriations act changes the

status of NCCAT to “a center of” the Board of Governors. It also provides that its chief officer, the executive director, will be appointed by the Board of Governors and will serve at the pleasure of the UNC president. The president is not to terminate the executive director without prior consultation with the NCCAT board of trustees. The statute has provided that the president, the State Superintendent of Public Instruction, and the chancellor of Western Carolina University are ex officio members of the NCCAT board of trustees. Section 9.15 provides that the members may be these individuals or their designees.

NC TEACHER ACADEMY TRUSTEES

Under G.S. 115C-296.4, the Board of Trustees of the North Carolina Teacher Academy (NCTA) has operated under the authority of the UNC Board of Governors. Section 9.17 of the 2006 appropriations act removes that provision and adds an uncodified provision transferring all the resources, assets, liabilities, operations, and personnel of NCTA to the State Board of Education. Despite this transfer, NCTA is to exercise its powers and duties independently of that board through its own board of trustees. The act amends the statute to change the structure of board membership by removing one member of the UNC Board of Governors, the director of NCCAT, and one dean of the UNC School of Education and adding one public school teacher and two members at large.

CENTER FOR SCHOOL LEADERSHIP DEVELOPMENT

Section 9.17 of the 2006 appropriations act amends G.S. 116-11(12b) to (1) delete the provision establishing the board of directors of the Center for School Leadership Development (CSLD), (2) provide that the UNC Board of Governors shall designate the programs that comprise the Center, and (3) direct that board to submit to the Governor and the General Assembly a single, unified recommended budget for all CSLD programs.

PRINCIPAL FELLOWS PROGRAM STIPEND

Under G.S. 116-74.42, participants in the Principal Fellows Program have received a two-year scholarship loan of \$20,000 per year. Section 9.16 of the 2006 appropriations act amends the statute to provide that the first year’s loan is to be \$30,000 and that the second-year loan is to be set at 60 percent of the beginning salary for an assistant principal, plus \$4,100 for tuition, fees, and books.

Student Relationships and Financial Aid

NURSE SCHOLARSHIP PROGRAMS

Section 9.6 of the 2006 appropriations act adds new Article 9H to G.S. Chapter 90, establishing the Graduate Nurse Scholarship Program for Faculty Production. It directs the North Carolina Nursing Scholars Commission to determine selection criteria and methods of selection and to select recipients under the program. The program will provide scholarship loans of up to \$15,000 per year for nursing master’s degree students, who will become qualified to teach at the community college level, and doctoral students, who will become qualified to teach at the university level. The loans will be forgiven, year for year, if, within seven years after graduation, the recipient teaches in a public or private educational institution in North Carolina.

Section 9.9 amends G.S. 90-171.61, which governs a companion program, the Nursing Scholars Program. It raises the annual scholarship loan amount under that program from \$5,000 to \$6,500 and makes loans at that level available to students in associate degree programs and diploma programs as well as those in baccalaureate programs.

MEDICAL AND DENTAL SCHOLARSHIPS

Section 9.10 of the 2006 appropriations act amends uncodified provisions governing the Board of Governors’ Dental Scholarship Program and the Board of Governors’ Medical Scholarship Program. Under those provisions, loans are forgiven if the student practices dentistry or medicine in North Carolina for four years within seven years after graduation. The amendments authorize the State Education Assistance Agency to extend the seven-year period because of extenuating circumstances.

TUITION AND CONTRACTUAL GRANTS TO PRIVATE

COLLEGES FOR TEACHING AND NURSING

Under G.S. 116-19 through 116-21.3, the State Education Assistance Authority is authorized to enter into contracts with private colleges under which they will receive state-appropriated money for each North Carolina resident enrolled at their colleges and will in turn administer the money to provide financial assistance for needy North Carolina residents. Section 9.13 of the 2006 appropriations act expands the program to include not only students enrolled in regular degree programs but also students who are enrolled for the purpose of attaining a teaching or nursing license. For students enrolled for less than full-time study, the money is to be provided on a pro rata basis. ■