

Changes Affecting Higher Education

By Robert P. Joyce

In 2000 the General Assembly proposed—and the voters approved—issuance of \$2.5 billion in general obligation bonds for capital improvements at the University of North Carolina (UNC) and \$600 million for the North Carolina Community College System. Since then, the funding news for UNC and the community colleges has been uniformly dismal, as the state has suffered through an economic downturn and overall revenue shortfalls. The tough times continued in 2003.

The gloomy economic picture dominated legislative activity in 2003, but a number of other considerations provided a background context. One study indicated that the funding mechanisms in place work to the measurable detriment of five of UNC's sixteen constituent institutions. Some supporters of the Chapel Hill campus have agitated for an increase in the 18-percent cap on out-of-state students. Elements within the university system have argued that Boards of Trustees of constituent campuses should have tuition-setting authority independent of the UNC Board of Governors. In 2001 the General Assembly created the UNC Board of Governors Study Commission to study the size, terms, and method of selecting members of the university's governing board. The impetus for that study was a concern expressed by some that the centralized system for governing UNC's sixteen constituent institutions was insufficiently responsive to the unique needs and opportunities of individual campuses. The General Assembly directed the study commission to report its findings to the 2003 session of the legislature, but it did not.

Appropriations and Salaries

UNC Current Operations

The Current Operations and Capital Improvements Appropriations Act of 2003 [S.L. 2003-284 (H 397)], the budget act, appropriates to The University of North Carolina Board of Governors—for the operation of all UNC campuses

and hospitals—\$1,792,141,661 for fiscal 2003–2004 and \$1,822,426,657 for fiscal 2004–2005. In the budget act of 2001, the comparable figures for the two years of the 2001–2003 biennium were \$1,789,335,775 and \$1,797,720,830.

Community Colleges Current Operations

The budget act appropriates to the Community Colleges System \$660,927,719 for fiscal 2003–2004 and \$660,199,222 for fiscal 2004–2005. In the budget act of 2001, the comparable figures for the two years of the 2001–2003 biennium were \$643,695,459 and \$643,195,459.

Capital Improvements

The 2003 General Assembly made no direct appropriations for capital improvements, but UNC and the Community College System are both implementing projects under the 2000 bond issuance. The proceeds of that bond issuance support the construction projects listed in S.L. 2000–3 (S 912). Section 9.3 of this year's budget act, S.L. 2003-284, amends that list as follows.

At Elizabeth City State University (ECSU), a \$1.7 million project entitled "Campus Infrastructure Improvements" replaces a project of the same cost entitled "Doles Residence Hall—Comprehensive Renovation." ECSU is also authorized, with the approval of the Board of Governors, to transfer funds from bond projects in order to plan the facilities needed by the Joint Pharmacy Program.

At North Carolina Central University (NCCU), a \$2.1-million project entitled "Old Senior Dorm—Conversion to Academic Use" is deleted and those funds are transferred to a project entitled "Pearson Cafeteria—Expansion," which replaces a project entitled "Pearson Cafeteria—Comprehensive Renovation." In addition, \$5.6 million is transferred to the Pearson Cafeteria renovation from the "Farrison-Newton Building—Comprehensive Renovation of Classroom Building" project (leaving a total of \$1.4 million for that project). NCCU is also authorized, with the approval of the Board of Governors, to transfer funds from one bond project to another to make the infrastructure improvements and building repairs needed for remediation of the mold problem on campus.

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At the University of North Carolina at Asheville, a project entitled “Carmichael Hall Classroom Building—Demolition and New Construction” replaces “Carmichael Hall Classroom Building—Comprehensive Renovation.”

At the University of North Carolina at Pembroke, \$7.4 million is transferred from a project entitled “Residence/Dining Hall—Replacement of Jacobs and Wellons Halls” to a new project entitled “General Purpose Classroom Building.”

Several project changes are authorized at Winston-Salem State University. (1) The “Anderson Center—Comprehensive Renovation” project replaces a project entitled “Anderson Center—Comprehensive Renovation & Change of Use for Early Childhood/Gerontology Programs.” (2) Two new projects, “Coltrane Hall—Renovation to House Gerontology” and “New Facility for the Early Childhood Program,” are added and a portion of the Anderson Center funds are transferred for these two projects. (3) A project entitled “New Student Health Center” replaces a project entitled “Health Center Bldg. & Old Nursing Bldg.—Comprehensive Renovation for Student Health.”

Salaries

Under Section 8.11 of the budget act, community college faculty and professional staff receive salary increases averaging 0.5 percent, and instructional personnel supported by state funds receive, in addition, a one-time \$550 bonus. Most UNC employees receive the \$550 bonus, but teaching employees of the School of Science and Mathematics receive an average salary increase of 1.8 percent instead. In addition, most UNC and community college employees receive a special credit of ten additional days of annual leave.

S.L. 2003-9 (H 432) and Section 30.14A of the budget act together give related employees of community colleges, public schools, and UNC the ability to share leave among themselves. That is, a community college employee may share leave with, for example, a public school employee who is an immediate family member. An employee may also share leave with a coworkers' immediate family member who is employed by a public school, community college, or state agency, so long as the coworker whose family member receives the leave is employed by the same institution or public school administrative unit as the donating employee.

University and Community College Governance

Community College Budget Flexibility

Section 8.1 of the budget act provides that each community college may use all state funds allocated to it, except for Literacy Funds and Funds for New and Expanding Industries,

for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. No more than 2 percent systemwide may be transferred from faculty salaries without the approval of the State Board of Community Colleges.

Section 8.7 of the budget act provides that fees collected by the Hosiery Technology Center of Catawba Valley Community College for testing hosiery products are to be retained by the center and used for its operations.

UNC Purchasing Flexibility

S.L. 2003-228 (H 975) and S.L. 2003-312 (H 1070) give UNC increased flexibility and autonomy in making purchases of goods and services. (For a detailed discussion of these statutory changes, see Frayda Bluestein's article, “Changes Affecting Purchasing and Contracting,” in this issue.)

Community Colleges Trust Fund

Section 8.14 of the budget act enacts new G.S. 115D-42 to create the North Carolina Community Colleges Instructional Trust Fund, which is designed to supplement the funds raised by community college foundations to enhance the academic missions of those colleges. For every two dollars raised by a community college's foundation and placed in the Trust Fund, the state will contribute one dollar, up to \$25,000 for each college. Community colleges may use state funds from the Trust Fund only for scholarships or financial aid for needy students. Funds raised by a college's foundation may be used for resource center materials, professional development of faculty and staff, and other purposes authorized by the State Board of Community Colleges. Section 8.14 appropriates \$1.4 million from the Escheat Fund to the State Board to provide for the state's contributions to the Trust Fund.

Community College Public/Private Construction Projects

S.L. 2003-286 (S 773) enacts new G.S. 115D-20(13) authorizing community college boards of trustees to enter into public/private partnerships in which the board agrees to lease community college land to a private entity on condition that the private entity construct a facility on the land. The facility, to be jointly owned and used by the entity and the college, may not be leased to the entity under a long-term or capital lease or by entering into an installment contract or other financing contract with the entity. State bond funds cannot be used to pay for construction of the part of the facility to be owned and used by the entity.

UNC Special Obligation Bonds

S.L. 2003-357 (S 633) amends G.S. 116D-26, a statute giving the Board of Governors the authority to issue, with the

approval of the governor, special obligation bonds for construction projects to be repaid from designated revenue sources. This amendment (1) extends the maximum term of such bonds from twenty-five to thirty years and (2) extends the maximum term of bond anticipation notes issued in connection with the bonds from two years to thirty (but also provides that if bond anticipation notes are issued for terms longer than three years, no individual construction project may be funded with proceeds from such notes for longer than three years).

Beverage Contracts

Section 6.15 of the budget act enacts new G.S. 143-64 directing community colleges, UNC institutions, and school administrative units to competitively bid contracts that involve the sale of juice or bottled water. These entities may set quality standards for the beverages and use those standards to accept or reject a bid.

Millennium Campuses Land Transfers

Section 6.20 of the budget provides that property allocated to the Department of Administration and previously allocated to the Department of Health and Human Services for the Central School for the Deaf at Greensboro is reallocated to the UNC Board of Governors. The property is to be used to establish millennium campuses at the University of North Carolina at Greensboro and North Carolina Agricultural and Technical State University.

School of Science and Mathematics Board of Trustees

S.L. 2003-57 (H 103) raises the number of members of the Board of Trustees of the School of Science and Mathematics from twenty-six to twenty-seven. The Board of Governors appoints one person from each of North Carolina's congressional districts to the Board of Trustees. This change adjusts the number of trustees in light of the increase in the number of the state's congressional districts from twelve to thirteen.

North Carolina Arboretum Board of Directors

G.S. 116-243 establishes the Board of Directors of the North Carolina Arboretum, limits each member to two consecutive terms, and has formerly provided that a member must have been absent from the board for at least four years before being eligible for reappointment. S.L. 2003-102 (S 851) reduces the mandatory absence to one year.

Appalachian State University Parking Authority

G.S. 116-44.5(2) sets out the authority of the Board of Trustees of Appalachian State University to regulate parking

on certain public streets in Boone. S.L. 2003-213 (H 928) revises and expands the list of such streets.

North Carolina School of the Arts Board of Trustees

G.S. 116-65 has provided that the conductor of the North Carolina Symphony is a member of the North Carolina School of the Arts Board of Trustees. A revision in S.L. 2003-215 (H 1210) provides that either the conductor or his or her designee will serve as a trustee.

Distinguished Professorships Challenge Grants

In 1985 the General Assembly, in G.S. 116-41.13 through -41.19, created the Distinguished Professors Endowment Trust Fund. The fund was designed to provide state grants to match private donations made to the individual UNC constituent institutions for the creation of endowed professorships. The grants are made—to the extent that there is money in the Trust Fund—on a two-for-one basis; that is, for every two dollars of private funds raised, the state puts up one dollar. S.L. 2003-293 (S 952) changes the matching formula for nine of the institutions so that the match is one for one. The nine institutions are seven “focused growth institutions” (Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, the University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University) and two “special needs institutions” (the North Carolina School of the Arts and the University of North Carolina at Asheville).

Film Industry Feasibility Study

Section 9.5 of the budget act directs the Board of Governors to conduct, in consultation with the faculty and staff of the School of the Arts, a study assessing strategic opportunities in the arts and entertainment industry for Forsyth County. The study is to consider development of (1) a program in digital media and (2) a film industry studio backlot as a tourist destination.

Duke University Police

S.L. 2003-329 (S 736), a local act applicable only to Durham, permits the city of Durham to enter into a joint agreement with Duke University permitting the university's police officers to exercise law enforcement authority throughout the city, not just on the campus.

Cooperative Innovative High School Programs

S.L. 2003-277 (S 656) enacts a new Part 9 of Article 16 of G.S. 115C, authorizing boards of trustees of community colleges and local boards of education to jointly establish cooperative

innovative programs in high schools and community colleges. The programs are to target students at risk of dropping out of high school and students who could benefit by accelerated instruction. (For a full discussion of this new provision, see the article by Laurie L. Mesibov and Robert P. Joyce, “Changes Affecting Elementary and Secondary Education,” in this issue.)

Innovative Education Initiatives Act

S.L. 2003-277 (S 656) enacts the Innovative Education Initiatives Act, directing the state’s Education Cabinet (consisting of representatives from the public schools, the community college system, and the university) to work in specific ways to improve cooperative efforts among all levels of the state’s education system. (The act is discussed more fully in “Changes Affecting Elementary and Secondary Education.”)

Student Relationships and Financial Aid

Tuition for Active-Duty Military Personnel

G.S. 116-143.3 provides a formula for determining how much a member of the armed services must pay in tuition to attend a UNC constituent institution or a community college. Section 8.16 amends the statute to (1) specify that the advantages of the statute shall accrue only to “active duty” members of the armed services, (2) keep the tuition formula in place for community colleges, and (3) provide a new formula for UNC institutions. At UNC institutions, the new provisions specify that an active-duty member of the armed services shall be charged as tuition and fees the maximum amount of tuition assistance he or she is eligible to receive from the U.S. Department of Defense.

In-State Tuition at Community Colleges

G.S. 115D-39 provides that in certain circumstances individuals who are not residents of North Carolina may nonetheless be charged in-state tuition at a North Carolina community college. Section 8.16 of the budget act amends the statute to add to the list (1) any person lawfully admitted to the United States who has satisfied the requirements for assignment to a North Carolina public school and has graduated from that public school and (2) any person lawfully admitted to the United States and sponsored by a qualifying charitable or religious nonprofit entity.

General Articulation Agreement

Community college students transferring to an institution in the UNC system take with them credit for courses successfully completed. At one time, individual community colleges had agreements with the various UNC institutions concerning what courses could be counted for credit and for how many

credits. In the 1990s, the Community College System and UNC replaced this spider’s web of individual agreements with the General Articulation Agreement (GAA). Section 8.12 of the budget act directs the Joint Legislative Education Oversight Committee to contract with an independent individual or organization to study the GAA and provide recommendations for improving it.

Financial Aid Appropriation

Section 9.2 of the budget act appropriates \$23,750,000 for each year of the 2003–2005 biennium from the Escheat Fund to the Board of Governors for use as need-based student financial aid at UNC constituent institutions; it appropriates \$10,262,806 each year to the State Board of Community Colleges for the same purpose. This aid is administered by the State Education Assistance Authority.

School of Science and Math College Scholarships

Section 9.4 of the budget act adds new G.S. 116-238.1 providing a full-tuition grant to every North Carolina resident who graduates from the School of Science and Mathematics and enrolls as a full-time student at a UNC institution. The program is to be administered by the State Education Assistance Authority.

Community College Financial Aid Paperwork

G.S. 115D-40.1(c) specifies the application forms community college students applying for financial assistance must complete. S.L. 2003-52 (H 234) makes it clear that these requirements apply only to candidates for a degree, diploma, or certificate.

Community College Financial Aid Qualification

G.S. 115D-40.1(b) provides that up to 10 percent of the amount allocated for community college student financial assistance may be used for students who do not qualify for need-based assistance but who enroll in low-enrollment programs that prepare students for high-demand occupations. S.L. 2003-385 (H 223) adds a new provision specifying that a portion of that 10-percent allocation may be used for students with disabilities who are referred by the Division of Vocational Rehabilitation.

State Aid to Private Colleges

Under programs set up in G.S. 116-19 and 116-21.2, the state provides for two payments to private colleges in North Carolina that enroll North Carolina residents as full-time students. The first payment (set at \$1,800 per student) is paid to the college and credited against the amount the student owes the college. The second payment (set at \$1,100 per student) is paid into a financial aid fund at the college for needy North

Carolina students attending that college. S. L. 2003-429 (H 150) adds new G.S. 116-43.5 to create a new program providing for payments to students at private colleges who do not qualify under the older programs. For students to qualify for the new program, the college must (1) be accredited by the Southern Association of Colleges and Schools, (2) award post-secondary degrees, and (3) have its main permanent campus in North Carolina. Under this new program, payment will be made not to the college but directly to the student upon completion of each academic year.

Under both of the older programs and the new program, the amount of the payment may be prorated if there is not enough state money available within appropriated amounts to make the full payments per student.

Hazing

G.S. 14-35 creates the crime of hazing and classifies it as a Class 2 misdemeanor (carrying a maximum sentence of sixty

days in jail). S.L. 2003-299 (H 1171) amends the statute to redefine *hazing*. Before the change, the term meant “to annoy any student by playing abusive or ridiculous tricks upon him, to frighten, scold, beat or harass him, or to subject him to personal indignity.” Now it means, “to subject another student to physical injury as part of an initiation, or as a prerequisite to membership, into any organized school group, including any society, athletic team, fraternity or sorority, or other similar group.”

G.S. 14-36 required colleges to expel students convicted of hazing. This act repeals that statute.

Meningococcal Disease Immunization Information

S.L. 2003-194 (H 825) adds new G.S. 116-260 requiring colleges with residential campuses to provide vaccination information on meningococcal disease to each student. The new statute specifies that colleges are not required to provide the vaccination itself. ■