GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

SESSION LAW 2007-230
HOUSE BILL 642

AN ACT AMENDING THE LAW RELATING TO COMMUNITY COLLEGE PERFORMANCE STANDARDS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115D-31.3 reads as rewritten:

"**§ 115D-31.3. ~~Performance budgeting.~~Institutional performance accountability.**

(a) Creation of Accountability Measures and Performance Standards. – The State Board of Community Colleges shall create new accountability measures and performance standards ~~to be used for performance budgeting~~ for the Community College System. Survey results shall be used as a performance standard only if the survey is statistically valid. The State Board of Community Colleges shall review annually the accountability measures and performance standards to ensure that they are appropriate for use in ~~performance budgeting.~~recognition of successful institutional performance.

(b) through (d) Repealed by Session Laws 2000-67, s. 9.7, effective July 1, 2000.

(e) Mandatory Performance ~~Measures.~~Standards. – The State Board of Community Colleges shall evaluate each college on the following ~~12~~ eight performance standards:

(1) Progress of basic skills students,
(2) Passing rate for licensure and certification examinations,
~~(3) The proportion of those who complete their goal,~~
~~(4) Employment status of graduates,~~
~~(5)~~(3) Performance of students who transfer to ~~the university system,~~a four-year institution,
~~(6)~~(4) Passing rates in developmental courses,
~~(7)~~(5) Success rates of developmental students in subsequent college-level courses,
~~(8)~~(6) The level of satisfaction of students who complete programs and those who do not complete programs,
~~(9)~~(7) Curriculum student retention and graduation, and
~~(10) Employer satisfaction with graduates,~~
~~(11)~~(8) Client satisfaction with customized ~~training, and~~training.
~~(12) Program enrollment.~~

The State Board may also evaluate each college on additional performance standards.

(f) Publication of Performance Ratings. – Each college shall publish its performance on the ~~12~~ eight ~~measures~~ standards set out in subsection (e) of this section

(i) annually in its electronic catalog or on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

The Community Colleges System Office shall publish the performance of all colleges on all ~~12 measures in its annual Critical Success Factors Report.~~eight standards.

(g) ~~Performance Budgeting;~~ Recognition for Successful Institutional Performance. – For the purpose of ~~For the purpose of performance budgeting,~~recognition for successful institutional performance, the State Board of Community Colleges shall evaluate each college on ~~six performance measures. These six shall be the five set out in subdivisions (1) through (5) of subsection (e) of this section and one selected by the college from the remainder set out in subdivisions (6) through (11).~~the eight performance standards. For each of these ~~six~~ eight performance ~~measures~~standards on which a college performs successfully, ~~successfully or attains the standard of significant improvement,~~ the college may retain and carry forward into the next fiscal year ~~one-third of one percent (1/3 of 1%)~~one-fourth of one percent (1/4 of 1%) of its final fiscal year General Fund appropriations. If a college demonstrates significant improvement on a standard that has been in use for three years or less, the college may also carry forward one-fourth of one percent (1/4 of 1%) of its final fiscal year General Fund appropriations for that standard.

(h) ~~Performance Budgeting;~~ Recognition for ~~Superior~~ Exceptional Institutional Performance. – Funds not allocated to colleges in accordance with subsection (g) of this section shall be used to reward ~~superior~~ exceptional institutional performance. After all State aid budget obligations have been met, the State Board of Community Colleges shall distribute the remainder of these funds equally to colleges that perform successfully on ~~at least five of the six~~eight performance ~~measures.~~standards and meet the following criteria:

(1) The passing rate on all reported licensure and certification examinations for which the community colleges have authority over who sits for the examination must meet or exceed seventy percent (70%) for first-time test takers; and

(2) The percentage of college transfer students with a grade point average of at least 2.0 after two semesters at a four-year institution must equal or exceed the performance of students who began college at that four-year institution.

The State Board may withhold the portion of funds for which a college may qualify as an exceptional institution while the college is under investigation by a State or federal agency or if its performance does not meet the standards established by the Southern Association of Colleges and Schools, the State Auditor's Office, or the State Board of Community Colleges. The State Board may release the funds at such time as the investigations are complete and the issues are resolved.

(i) Permissible Uses of Funds. – Funds retained by colleges or distributed to colleges pursuant to this section shall be used for the purchase of equipment, initial program start-up costs including faculty salaries for the first year of a program, and one-time faculty and staff bonuses. These funds shall not be used for continuing salary

increases or for other obligations beyond the fiscal year into which they were carried forward. These funds shall be encumbered within 12 months of the fiscal year into which they were carried forward.

(j) Use of funds in low-wealth counties. – Funds retained by colleges or distributed to colleges pursuant to this section may be used to supplement local funding for maintenance of plant if the college does not receive maintenance of plant funds pursuant to G.S. 115D-31.2, and if the county in which the main campus of the community college is located:

(1) Is designated as a Tier 1 or Tier 2 county in accordance with G.S. 105-129.3;

(2) Had an unemployment rate of at least two percent (2%) above the State average or greater than seven percent (7%), whichever is higher, in the prior calendar year; and

(3) Is a county whose wealth, as calculated under the formula for distributing supplemental funding for schools in low-wealth counties, is eighty percent (80%) or less of the State average.

Funds may be used for this purpose only after all local funds appropriated for maintenance of plant have been expended."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 9th day of July, 2007.

s/ Beverly E. Perdue
President of the Senate

s/ Joe Hackney
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 11:48 a.m. this 18th day of July, 2007