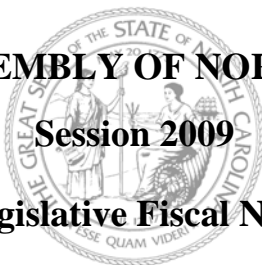


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1069 (Second Edition)

SHORT TITLE: Joining Our Businesses and Schools Commission.

SPONSOR(S): Senator Swindell

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES	-	-	-	-	-
EXPENDITURES					
General Assembly:	\$50,458*	-	-	-	-
<i>(*Note: This is the minimum cost calculated and assumes 9 meetings; see "Assumptions & Methodology")</i>					
Department of Public Instruction:			Fiscal Impact*		
<i>(*Note: see "Assumptions & Methodology")</i>					
POSITIONS (cumulative): N/A					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: General Assembly, Department of Public Instruction					
EFFECTIVE DATE: This act becomes effective July 1, 2009.					

BILL SUMMARY:

Senate Bill 1069 is substantively identical to House Bill 1038.

The proposed legislation establishes the JOBS (Joining Our Businesses and Schools) Commission in the General Assembly. The Commission membership includes: (1) the Lieutenant Governor, serving as chair; (2) four members appointed by the Governor (3) seven members appointed by the Speaker of the House of Representatives to include two members of the House of Representatives, a representative of the Community College System, a representative of the Independent Colleges and Universities, a representative of the Department of Commerce, a representative of North Carolina's business and industry, and a representative of North Carolina's school superintendents; (4) seven members appointed by the President Pro Tempore of the Senate to include two members of the Senate, a representative of the University of North Carolina, a representative of the

Department of Public Instruction, a representative of North Carolina's business and industry, a teacher, and an individual with expertise in STEM education; and (5) the Executive Director of the Education Cabinet or the Executive Director's designee, serving ex officio.

The proposed legislation directs the Commission to study issues related to economic development through innovative schools where instructional program frameworks reflect the high academic standards required of schools to be successful as they transition to postsecondary education and future careers. The proposed legislation also directs the Commission to study issues related to economic growth by the creation of measures and metrics which define readiness of a community to deliver, to all stakeholders, the services that equip the workforce to be competitive in a STEM-intensive economy. The proposed legislation directs the Chair to appoint from the Commission's membership a North Carolina STEM Community Collaborative Advisory Committee.

The purpose of the Commission is to advise the North Carolina Education Cabinet and specifically the Department of Public Instruction (DPI) as they develop, incrementally, standard instructional programs for career clusters and their corresponding career paths in accordance with the Early/Middle College model. The United States Department of Education [DOE] has identified 16 career clusters. The proposed legislation directs the Commission to meet at least once in each of the state's economic development regions within the first eight months that it is created. The proposed legislation provides additional criteria regarding the scope and purpose of the Commission's study.

Furthermore, the proposed legislation directs the Commission to make a report to the State Board of Education (SBE) by March 1, 2010 that contains recommendations of at least four of the DOE's 16 career clusters that will best, and most broadly, serve the immediate needs of the state and the respective regions. The proposed legislation also instructs the SBE to follow up the report by working in consultation with DPI to develop the curriculum for the career clusters that the Commission recommended, and directs the SBE to implement at least one JOBS Early/Middle College in each of the economic development regions for the 2010-11 school year.

After submitting its March 1, 2010, report, the Commission shall continue to work to prioritize and customize the remaining career clusters to identify additional career paths following the report date and to make a subsequent report to the SBE by April 1, 2010. The proposed legislation also directs the Commission to report the results of its study and its recommendations to the 2010 Regular Session of the 2009 General Assembly and to the Joint Legislative Education Oversight Committee no later than May 15, 2010. There are additional guidelines regarding the operation and staffing of the Commission within the proposed legislation.

ASSUMPTIONS AND METHODOLOGY:

General Assembly

The proposed bill requires the Commission to meet at least once in each of the seven economic development regions within the first eight months of its creation. Therefore, the Commission could meet at least 9 times, which would include 7 required meetings in each economic development region, as well as one planning meeting and one concluding meeting. However, it is not possible to determine the schedule this Commission will adapt in addition to the required 7

meetings. There is the potential to convene 11-monthly meetings between July 1, 2009, and May 15, 2010, the latest possible date for the Commission to report the results of its study to the 2010 Regular Session of the 2009 General Assembly. Yet, this time span allows for considerable flexibility in scheduling. The Commission could elect to meet monthly during the 11-month period for a total of 18 meetings (7 required meetings and 11-monthly meetings) or, if the volume of work warrants a higher frequency, to meet twice monthly for a total of 29 meetings (7 required meetings and 22 twice-monthly meetings).

Therefore, in the absence of expressed direction, this estimate assumes:

- 1) The 2009 Session will adjourn mid to late July;
- 2) the four members appointed by the governor will be non-legislative members; and
- 3) the Commission will adopt a one-day schedule with a minimum of 9 meetings, but no more than 29 meetings.

On this basis, the estimated minimum cost of 9 meetings is \$50,458, the cost of 18 meetings (7 required meetings and 11 monthly meetings) is \$99,166, and the maximum cost of 29 meetings (7 required meetings and 22 twice monthly meetings) is \$158,698 (see chart below).

Study Commission Budget Estimate	Minimum Cost of 9 MEETINGS	18 MEETINGS	Maximum Cost of 29 MEETINGS
Legislative Members Subsistence \$104.00 Legislative Subsistence X 4 Number of Legislative members X 1.5 Half of Members using Two Days of Subsistence	\$5,616.00	\$11,232.00	\$18,096.00
Legislative Members Travel Expenses \$58.00 Round Trip Reimbursement <i>230 miles is an Average per Member based on the Total Certified Round Trip Mileage</i> X 4 Number of Legislative Members	\$2,088.00	\$4,176.00	\$6,728.00
Non-Legislative Members Subsistence \$112.75 Non-Legislative Members Subsistence <i>\$97.75 Daily Per Diem Rate Plus \$15 Committee Per Diem Rate (GS138-5)</i> X 16 Number of Non-Legislative Members X 1.5 Half of Non-Legislative Members using Two Day Subsistence	\$24,354.00	\$48,708.00	\$78,474.00
Non-Legislative Member Travel Expenses \$66.00 Round Trip Reimbursement <i>230 miles is an Average per Member based on the Total Certified Round Trip Mileage</i> X 16 Number of Non-Legislative Members	\$9,504.00	\$19,008.00	\$30,624.00
Clerical Staff \$794.00 Average Salary with Benefits for 5 day work week Average Weekly Wages for LA, CAI, CAII & CAIII with Fringes Added.	\$7,146.00	\$14,292.00	\$23,026.00
Professional Staff	\$0.00	\$0.00	\$0.00
Special Travel and Expenses	\$0.00	\$0.00	\$0.00
Postage and Telephone Expenses	\$500.00	\$500.00	\$500.00
Supplies	\$250.00	\$250.00	\$250.00
Coping and Printing	\$1,000.00	\$1,000.00	\$1,000.00
Total	\$50,458.00	\$99,166.00	\$158,698.00

Budget Estimate Template source: General Assembly's Controller Office

Department of Public Instruction

This bill could place two *potential* fiscal obligations on the Department of Public Instruction (DPI) and/or local educational agencies (LEAs):

1. Development of the curriculum for the career clusters recommended by the Commission; and
2. Implementation of at least one JOBS Early/Middle College in each of the economic development regions as recommended by the commission.

Development of Curriculum

There would be no fiscal impact associated with curriculum development. Beginning with the freshman class of 2009-2010, North Carolina students must meet Future Ready Core graduation requirements. To qualify as a CTE concentrator for graduation and for federal reporting purposes, students must earn four credits within one of the 16 Career Clusters. As such, career cluster curricula already exist in accordance with North Carolina's CTE Standard Course of Study and graduation requirements, and would not need to be developed.

Implementation of JOBS Early/Middle Colleges

The bill is unclear as to whether the intent is to *create* new Early/Middle College high schools in each of the economic development regions, or if the intent is to *convert* existing Early/Middle College high schools to JOBS Early/Middle College high schools.

If the intent is to *create* new Early/Middle College high schools, the per school cost would include \$50,000 in nonrecurring start-up monies, plus recurring costs of \$311,188. The recurring costs cover four additional positions: a guidance counselor, a work-based learning coordinator, a college liaison, and a principal. These costs would then be multiplied by seven since the bill requires one JOBS Early/Middle College high school in each of the seven economic development regions. Therefore, the creation of seven new Early/Middle College high schools would create recurring General Fund expenses of \$2,178,306 per year.

If the intent of the bill is to *convert* existing Early/Middle College high schools to JOBS Early/Middle College high schools, there would be one-time planning costs. The best proxy for determining the costs of such reorganization would be the implementation of Redesigned High Schools (sometimes referred to as "schools within a school"). Similar to the requirements of this bill, Redesigned High Schools require the conversion of an existing high school into small, autonomous high schools with a curricular focus that attempts to connect academic courses to the working world. In order to convert the traditional high schools, Redesigned High Schools have received a one-year planning and implementation grant calculated at \$150 per student. The implementation grant funding covers, among other things, the cost of a school change and instructional coach, professional development for teachers and principals, and additional expenses, including travel to professional development events. At an average size of approximately 250 students, we estimate one-time conversion costs of approximately \$37,500 per school (total of \$262,500, nonrecurring).

SOURCES OF DATA: General Assembly, Department of Public Instruction

TECHNICAL CONSIDERATIONS:

Definition of “implement”

The fiscal impact of this bill varies depending on the definition of the word “implement.” The bill mandates that the State Board of Education “implement at least one JOBS Early/Middle College in each of the economic development regions.” This could be interpreted as a requirement to *convert* existing high schools, or a requirement to *create* new high schools. As such, this fiscal note denotes a range of potential fiscal impacts related to this piece of the bill.

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DATE: May 13, 2009



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