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MEMORANDUM

TO: Members of SBCC
 Presidents
 NCCC System Office Employees

FROM: H. Martin Lancaster

On July 1, the Senate adopted S.1366, the Appropriations Act of 1998, as amended and sent the bill to the House where it has been referred to the Appropriations Committee for consideration.

The bill as a Senate committee substitute, amended June 30 and July 1, authorizes \$44,776,373 for current operations from the General Fund for Community Colleges. Capital authority for community colleges totals \$5,000,000. In summary:

General Fund Expansion

Equipment reserve	\$21.2 Mil.
Technology	10.0
Equipment & books	9.0
Enrollment	2.0
Multi-campus supplemental	1.0
N.C. Center for Applied Textile Technology	525,000
Pamlico Community College prison education programs	500,000
Matching scholarship funds for Montgomery Community College Foundation	500,000

Capital Expenditure Authority

Fayetteville Technical Community College Early Childhood Center	\$3.0 Mil.
N.C. Center for Applied Textile Technology	2.0 Mil.

Among the special provisions of the proposal is the extension of the bond match deadline from July 1, 1998, to July 1, 1999, to meet the requirements for capital improvement projects. Another special provision is a tuition waiver for up to two years for students graduating from a North

Carolina high school who will be enrolled full time in a North Carolina community college within six months of graduation.

The House Education Appropriations subcommittee met July 2 and reviewed the proposed Senate bill S.1366. Staff answered questions, and no action was taken.

Other legislative activity of interest (if bills are not listed, no action has been taken on them since the last Update):

H.1356 - ELECTRONIC COMMERCE ACT (Reynolds, R-25th)
Passed 3rd reading in House. Sent to Senate July 1, 1998.

H.1319 - EXTEND BOND MATCH DEADLINE (Thompson, R-46th)
Passed 2nd and 3rd readings in House. Sent to Senate June 29, 1998.

H.1199 - MONETARY INCENTIVE/ACADEMIC EXCELLENCE (Shubert, R-34th)
Provides financial incentive for merit to high school students qualified to enroll in college-level courses at community colleges or universities. Referred to House Appropriations Education Subcommittee June 22, 1998.

S.1569 - ECONOMIC OPPORTUNITY ACT OF 1989 (Hoyle, D-25th)
This bill revises the Bill Lee Act, extending about \$300 million in tax breaks and incentives to the FedEx hub in Greensboro and the Nucor steel mill in Hertford County. It also enhances current tax credits for existing businesses that expand operations and creates new economic development zones in blighted urban areas.

Federal News...

FY 1999 Budget and Appropriations

The House and Senate have not reached an agreement on the budget. However, mark-up by the House Appropriations Subcommittee on Labor-HHS-Education provides a \$1.1 million increase for FY 99 to the Department of Education, \$629 billion short of President Clinton's request.

The following community college increases are included in that subcommittee mark-up:

Pell Grant Maximum: Increases award to \$3,150, exceeding the amount requested by \$50.

Vocational Education State Grants: Increase to \$1.03 billion.

Adult Education State Grants: Increase to \$365 million.

Full Appropriations Committee will consider this bill after July 14.

Senate lawmakers have earmarked \$82.3 billion for Labor-HHS- Education, FY 99 and mark-up will occur after July 14.

Higher Education Act Reauthorization

Senate bill S.1882, similar to H.R.6, passed by the House, is under current consideration in the Senate.

Within S.1882 is a committee provision limiting Pell Grant eligibility to 150 percent of the length of a student's program. This means that students in two-year programs would be eligible for Pell Grants for only three years.

H.R.6 passed the House with numerous amendments. This version raises the Pell Grant maximum award to \$4,500 in academic year 1999-2000 and to \$5,300 in 2003-2004. The bill raises the tuition sensitivity threshold to \$3,000, which does not affect community college students and ensures that fees are part of sensitivity calculations.

The bill provides some relief to community colleges that have relatively few student-loan borrowers but high default rates. The bill exempts institutions with a participation rate equal to less than .0375 percent from sanctions and loss of student-loan eligibility. The revised calculation prohibits DOE from penalizing institutions with relatively few borrowers.

H.R.6 restores the income protection allowance to \$5,500 to single, independent students, essentially lessening the earnings penalty. The bill strengthens Title III, and Part A revises a two-year "wait-out period" for institutions receiving grants and allows grants to use Title III funds for distance-learning expansion. Also, the bill revises the definition of institutions that serve Hispanics by dropping the requirement that students be first generation college students.

Vocational Ed

House and Senate conference committees on job training and vocational education consolidation legislation have been negotiating several weeks prior to the July 4 recess.

The measures provide separate block grants for adult education, vocational education (Carl Perkins Act) and adult job training.

Four issues facing negotiation in the Reauthorization Act will affect community colleges:

1. Accountability of job-training providers. The Senate proposal requires additional reporting requirements.
2. Drug testing of job-training participants.
3. Tech Prep. The House and Senate versions differ on the scope of authority that educational institutions have in developing the State plan among other governance issues.
4. HOPE Scholarships and Lifetime Leaving Tax Credits.

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Suzanne E. Williams, Governmental Relations, 200 W. Jones Street, Caswell Building, Raleigh, NC 27603-1379

919-733-7051 FAX: 919-733-0680 E-Mail: williamss@ncccs.cc.nc.us