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ROLL NUMBER

DESCRIPTION

4025

2005 SENATE EDUCATION

SCR 4025

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4025

Senate Education Committee

☐ Conference Committee

Hearing Date February 7, 2005

Tape Number	Side A	Side B	Meter #
1	X		3339-END
		X	1-360
Committee Clerk Signature <i>Patty Wilkens</i>			

Minutes: **Chairman Freborg** opened the hearing on SCR 4025, which directs the Legislative Council to study the feasibility and desirability of converting public school teachers to state employees, including work time and leave time, retirement and insurance plans, and entry in a classified system. All Senators were present.

Senator John Warner introduced the resolution. See written testimony attached.

Senator Taylor- What would be the role of local property tax?

Senator Warner- It would depend on if the state wants to take that over. I would anticipate a state tax shift.

Senator Flakoll- In Fargo the average total compensation is \$60,000 per teacher. How will the compression work, will it stay at that rate for awhile?

Senator Warner- I think there are others here that could answer that better than I.

Senator Flakoll- You made reference to the numbers in North Dakota and North Carolina, are they adjusted to scale?

Senator Warner- Yes, there are a few differences.

Representative Ole Aarsvold appeared in support of the resolution. The state constitution makes reference to a number of concerns about uniformity when it comes to education. By having qualified teachers in all of our schools would provide more uniformity. One of the ways to do this is by paying part of teacher salaries from state revenue. A quality school administration that manages the revenues, enhances the property that each of us own. The idea behind this resolution would help identify the salaries and retention problem that our state currently faces.

Chairman Freborg- What was the percentage of average salaries?

Aarsvold- It is between 60-70% of the school's budget goes towards salaries.

Senator Flakoll- You made reference to Grand Forks and Fargo. Does this help us with the concern of the competition of recruiting teachers away to Minnesota?

Aarsvold- I think that would be a concern that needs to be addressed.

Jon Martinson, with the North Dakota School Board Association appeared before the committee in support of the resolution. See attached article.

Ken Astrup with the Jamestown School Board appeared in support of the resolution. See written testimony.

Senator Flakoll- If we were to float everyone up to catch the top school districts like the 70%, would it require significant increases at the local level?

Ken Astrup- We are looking at the study to see if there is a process that would allow teachers to become state employees. We need to examine this issue and see what the pro's and cons are.

Joe Noestke, Executive Director of the North Dakota Education Association appeared in opposition to the resolution. He is not opposed to studying this issue. Not sure if teachers across

the state would want to be state employees. He believes the reason for this legislation is people want to get out of the bargaining process at the local level. He is concerned about statewide salary schedules after seeing how it has been done in other states. If you were to have teachers as state employees there would need to be some type of salary configuration. Do we need 210 school districts if all the teachers are state employees? There would be no equity problem or lawsuits about equity. The state would have the authority to determine all aspects about the schools. Bargaining has given teachers a voice in decision making, which is needed now more than ever when we have federal mandates from No Child Left Behind.

Chairman Freborg closed the hearing on SCR 4025. No action was taken on the resolution.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4025

Senate Education Committee

☐ Conference Committee

Hearing Date 02/08/05

Tape Number	Side A	Side B	Meter #
1	x		1010-2258
1	x		2295-2600
Committee Clerk Signature <i>Patty Wilkins</i>			

Minutes: **Chairman Freborg** opened the hearing on SCR 4025, which directs the Legislative Council to study the feasibility and desirability of converting public school teachers to state employees, including work time and leave time, retirement and insurance plans, and entry in a classified system. All Senators were present.

Senator Freborg : Call the meeting to order on SCR 4025

Senator Freborg : Just so somebody says something, I do not believe that the state should be in control of our teachers. I knew this would generate discussion.

Senator Seymour : They have the control of our teachers and that is why we have a lot of salary disparities. Maybe this would change things around a little bit, we talk about equity, we should laugh at ourselves. When we can't have salary equity it would thief each teacher in the state of ND we are kidding ourselves on equity, we always cry about land equity and the valuation of land and how many mills and hey this is realistic. This is 80 % of the game, the budget of teachers salaries, so we should really be concerned about it.

Senator Freborg : Senator Seymour, in all fairness the state is not responsible for where our teachers salaries are today. That is a local issue, they negotiate locally, they set to pay the salaries.

Senator Freborg : This is all we have left to work on.

Senator Erbele : I guess this is an issue that I would be hesitant to go down this road, I didn't see any teachers supporting it and don't like to do a bill that does a study. I think there are more important things for an interim committee to do. When we first went down the road of adding to teacher pay and base salary, I was for it two sessions ago, just b/c of where my schools were in the district. I thought we needed to have a higher entry level, to make this a little more attractive for teachers to go into. I really don't think this is a road to be going down, I did recognize this last session too, when we keep talking about earmarking specific money for teachers pay. The question came to me then at what point do we call them state employees. I don't think we want to do that, the economy throughout the state and through different communities is totally different and that has to be determined by the local board and the teachers.

Senator Taylor : I am intrigued by the idea and we probably shouldn't study something that we think, you know, has zero chance of ever being implemented. There might be some interesting things that may come out of it, short of full blown state employee, maybe something may be tweaked on Health Insurance Plans, Retirement Plans the leave time. Something short of being an actual state employee, I am torn on this, there may be some good that could come of this.

Senator Flakoll : This bill kind of poses some interesting questions and philosophically we ask ourselves, this essentially is kind of a supply side and this side of what should come first. That is

kind of one of the things we should look at. This does concern me as far as defining an implementation if we were to go down this route. How would we deal with the supply side?

Senator Freborg : Senator G. Lee want do you think of this? Do you have an opinion?

Senator G. Lee : Yes I do, some of the things that of been said here philosophically I don't like the idea in terms of voting all of this to the state, the coffers, there will be some disparities like Senator Erbele said, and compared to the economy in different areas. There is no way that they will be able to figure it out any better than the local people are in terms of what is a good salary to be paying teachers in those areas. It is good conversation, but in terms of putting it into a study form to look at it and move it in that direction, I don't like that.

Senator Seymour : When it is all discussed that this would all be in the state, I don't think that's what time we are saying. It is a study and we might have new ideas that have never been seen in ND. Where local pays 2/3rds and the state 1/3rd, there are so many ramifications this state hasn't seen yet, that might come out in the study, we don't know.

Senator Seymour : You might reflect on the ideas eluded the other day in the meeting that you had been at some of these finance studies before. You might elude to a couple of them, did any new ideas come out ever, or were they a total waste?

Senator Freborg : With out being specific in all the years I have been here, there's a possibility of bills coming out of interim committees and passing is very slim. Rarely do we do anything but study, and sometimes when we do draft bills and they come out, you don't recognize the bill after it goes through two houses. Most of them do not pass and I am not sure what the record is, we just know that historically most interim bills get nowhere, if they do you don't recognize the bill when it comes up. I don't think that studies hurt a whole lot, but in this case, I have been trying to

think of one thing that state or federal government has done better. I can't think of anything, usually when a government takes over a program it is more costly and in the end it doesn't work. First of all government skims off about 20 % for administrative fees, weather it is state or federal, and as far as the study goes we usually say studies don't hurt much, it might be good. I am not sure that we should always allow the council to pick and choose as to what they think should be studied. When it comes to education I think we can choose those areas better, and if we turn in more studies than they are going to recommend or assign, then they are doing the choosing.

Senator Flakoll : Resolutions, are they always optional? or do they stick, shall VS may does that still pull you into it? I am just reading direct from the Legislative Council the study, if this were to pass, do they have to or is it still optional.

Senator Freborg : I believe it does direct the council to study.

Senator Taylor : I do kind of wonder if this study would have a rule in all the talk that is going on. Like equity, different funding sources, sales tax, income tax, what are we going to do with foundation aid in terms of its level. All the disparity between say Bismarck at 275 mill levy VS Towner levy at 142. This could be a back door way to look at some of those considerations also. The role is the state going to take on the teachers side, that might establish equity at a higher level, the whole uniform system of public schools.

Senator Freborg : Perhaps what you want to study is property value, per student across the state. stand at ease

Senator Freborg brought the meeting back to order

Senator Freborg explained to the committee that they would understand that this does direct the council to make the study, but unless it is in bill form that says they shall, they still have the power to override that. Every resolution they can pick and choose, doesn't matter what it says, but when a body upstairs passes a bill that says they shall study an issue, they must.

Senator Flakoll : Like in the case we had a bill for a study from Senator O'Connell and if it says shall we shall study that issue.

Senator Erbele made a motion for a Do Not Pass on **SCR 4025**

Senator G. Lee second the motion

Discussion on the motion :

Senator Seymour : Another consideration is sometimes big brother, can't find a specific example but they have to come over from local control to state, one example is health insurance, it is terrible how some teachers have very poor insurance in this state where we have good health insurance. This is a good example where the state health insurance would be better than many of these districts. So if we were to go that way, this is such a travesty.

Senator Freborg any other discussion?

Hearing no other discussion the roll call was taken: **vote 4-Yea, 2 Nay, 0 Absent**

Senator Erbele will carry the bill.

Date: 2/8/05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 4025

Senate SENATE EDUCATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Erbele Seconded By Lee

Senators	Yes	No	Senators	Yes	No
CH- SENATOR FREBORG	✓		SENATOR SEYMOUR		✓
V-CH- SENATOR G. LEE	✓		SENATOR TAYLOR		✓
SENATOR ERBELE	✓				
SENATOR FLAKOLL	✓				

Total (Yes) 4 No 2

Absent 0

Floor Assignment Erbele

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 8, 2005 10:05 a.m.

Module No: SR-25-2097
Carrier: Erbele
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4025: Education Committee (Sen. Freborg, Chairman) recommends DO NOT PASS
(4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SCR 4025 was placed on the
Eleventh order on the calendar.

2005 TESTIMONY

SCR 4025

YOUR OPINION

Teacher pay plan would be burden on local districts

By Jon Martinson

The Forum editorial, "Teacher pay plan still needed," (Dec., 14) certainly highlighted good news. North Dakota improved its teacher pay ranking among states up to 48th with an average salary of \$35,441 during the 2003-04 school year. The previous year, North Dakota ranked 50th.

The North Dakota School Boards Association supports better pay for teachers and board members around the state will tell you they give all they can at the negotiations table. However, prior to the last four years, there has not been adequate state funding of K-12 education to significantly improve teacher compensation.

As the editorial correctly points out, however, our association objects to the state mandating a minimum starting salary increase of \$3,000 over the next two years and earmarking 70 percent of new foundation aid to teacher compensation.

Those who credit increased teacher compensation to state mandates overlook the impact of an infusion of millions of additional dollars for K-12 education by our pro-education governor and legislature. Even without these mandates, teacher salaries would have improved due to increased funding for public education.

Put that argument aside and consider a critical point many people don't understand—the \$100 a year increase in foundation aid proposed by the governor is distributed to schools in a per pupil payment. Districts with declining enrollment usually receive less state aid than the previous year. Without sufficient net gain in state aid, these districts do not have the funds to push their

salary schedule by \$3,000 over two years. The consequence is an unfunded mandate.

Think about these examples. In both Jamestown and Dickinson, increases in base salary have a ripple effect throughout their entire salary schedule. The governor's proposal to have a minimum base salary of \$24,500 in two years will cost the Jamestown School District \$600,000. That will leave them with a \$500,000 shortfall. The cost to Dickinson over the biennium is about \$1.3 million and they will suffer an approximate one million dollar shortfall.

These shortfalls are just in teacher salary increases (excluding benefits such as health insurance and teacher retirement payments) and do not include inevitable increases in district operating expenses, maintenance, and raises for non-teaching staff. These state-created shortages must be compensated for at the local level. Options for districts in this situation include eliminating positions, encouraging early retirements, not filling vacancies, and raising property taxes.

The Devils Lake School District, a property poor district suing the state over funding inequities, will face a daunting \$408,000 shortfall over the next two years if this initiative is successful. Clearly this is disheartening for their already burdened local property taxpayers.

Reasons for objecting to this recent practice go beyond "lame arguments" and "discredited whining about local control." It is an objection to an unfunded mandate that local school boards and administrators are left scrambling to manage.

Martinson is executive director of the North Dakota School Boards Association. E-mail jon.martinson.1@sendit.nodak.edu

Chairman Freborg, and members of the Senate Education Committee. My name is Ken Astrup. I am here today to support Senate Concurrent Resolution 4025.

I have served on the school board in Jamestown since 1990. I have seen excellent board members get off school boards across the state, because they were tired of the hassles that accompany negotiations. I have visited with many school board members and have heard them tell of a number of very good teachers that have left their districts for the larger city that pays better.

Most districts never seem to have enough money to go around and as a result, raises are never as high as teachers or school boards want them to be or in many cases, as high as they should be. These problems have existed for years and unless changes are made, they will continue to exist for years to come.

I am a strong advocate for local control. But the rules for educating our young people have changed since I was first elected. We are seeing more Federal and State mandates as how things have to be done. But, we are not seeing the funding that needs to pay for those mandates. NCLB, IDEA, minimum teacher salaries and minimum raises have all eroded local control.

Many times in my years on the board, I have asked why something is done a certain way and why we don't change it. I have heard the response many times; it is because "We've always done it this way!"

That's why I wear this button, with a slash across the saying. Maybe it is time we look at a different way of doing things.

This resolution, by itself, does not fix any of those problems, change any mandates or provide any funding for anything. What it does is direct that the Legislative Council study a way that might alleviate some of the problems created by the mandates.

I read a definition of insanity the other day that went, "If we always do things the way we always have, it is insane to think we will get different results."

Maybe it is time we look at something different, that might keep teachers in small communities across the state. Continuing to be active citizens and taxpayers of their communities and continuing to do a great job of teaching our future generations.

I urge you to support SCR 4025 and have the Legislative Council study "Doing Something Different!"

Thank you!

Senate Concurrent Resolution 4025
Senator John Warner
7 February 2005

Mr. Chairman, Members of the Senate Education Committee,

I rarely get an opportunity to appear on Education Issues. It feels a little like the first day of school so I wore my education tie and spiffed up extra this morning. Maybe more important I brought a sharp pencil and a clean, new notebook.

Our family passed a little milestone last spring. Since the fall of 1957 when I started school to the spring of 2004 when my youngest daughter graduated we have never missed a year when a member of my family left our house for the local school.

In 1957 when I started school, there were about 65 kids under the age of 18 in Hiddenwood township. My, now, nineteen year old daughter was the last child born there. Our local school district, Lewis and Clark, made up of what was about 8 distinct districts in 1957, now has about 385 students and covers about 850 square miles, about twice the geographical area of the five boroughs of New York City. Clearly, a lot of things have changed. Clearly, it is part of a system under a great deal of strain both from the standpoint of governance and of finance.

In addition the State of North Dakota is facing legal action alleging that it has failed in its constitutional obligation to provide equal access to a free public education to all the young people of our state.

SCR 4025 is a resolution calling for a study of the desirability and feasibility of converting public school teachers to state employees. It came out of conversations following last session and of an e-mail from a former constituent who now lives in North Carolina. Steve and Betty Kee taught in Garrison until they moved to North Carolina because of the better opportunities offered there for advancement.

North Carolina is one of a number of states which have gone to a centralized teacher employment policy. She writes:

"Having been a teacher in both North Dakota and North Carolina I have had first hand experience with both systems. Here in North Carolina we are state employees, and I feel there are many advantages. Both Steve and I could give you many reasons why this "works".

Probably the best reason, is that it eliminates the untold hours of haggling for a contract between local boards and local teacher associations as the salary schedules are decided by the state legislators as part of the state budget. The state legislators decide on a salary and benefit package for the whole state. (There are local "supplements" that are paid with local monies by various counties...usually the larger counties or those with larger cities, can offer a local supplement that pays a bit more than the smaller counties.)

Each county has its own superintendent and each school within the county has its own administrator such as principal, etc. For example, in the county where I teach there are 19 elementary schools, 7 middle schools, 6 high schools and 1 alternative school and one superintendent. The county administration runs food service, transportation, testing, special services, personnel, etc. The local school's administers the day to day activities in the school."

"Another reason I like this system is that a teacher can move from one county and go to another and your sick leave is transferred as well and you stay where you were on the salary schedule. This eliminates the need for teachers to stay in a position solely for the purpose of maintaining their benefits. I also think it assists with staff and school morale as there are more options open to everyone."

"I could go on and on, but suffice it to say I feel you are on the right track. If you would like more specifics on how this works, perhaps you should look at The North Carolina system. Or better yet, come for a visit.

Betty Kee, Lead Teacher, The Newcomer's Center
Alamance Burlington School System, Burlington, NC 27215

Who benefits most from this?

I would have to believe that the biggest beneficiaries of this would be the students. They would be guaranteed access to the best quality teachers regardless of where they lived. They would have a stable and sustainable education system where local administrators could make long range plans based on the stable, property tax, local contribution rather than on the more volatile state contribution and have the variables of teacher salary & compensation taken out of their equation.

Will this mean a loss of local control?

If we pursue this option, we will be beginning with a blank slate. It can be designed with as much or as little local control as legislators of good will design into the system. There will still be plenty of items for board members and teachers to negotiate including length of the school day, sick leave, vacation leave, continuing education, and staff development.

How do teachers benefit?

The great benefit to teachers is flexibility and mobility. They would be able to move at will within the state without losing years of experience or benefits. They would have the additional benefit of a less contentious school environment. Furthermore, board members and teachers would have more time to collaborate with each other developing methods to enhance student achievement.

Another benefit of this study is to examine the feasibility of a statewide salary schedule. The consequence would likely be to raise the average teacher salary throughout most of the state.

How will this benefit the state?

The Legislature has often been frustrated when it has sent money down to the districts to be used for teacher's salaries that it has been used for other purposes. I think that this idea is compatible with the joint ventures initiative from the Governor's office and from the Department of Public Instruction. Finally, this study, along with other initiatives being considered this session, could forestall threatened legal action if the courts were convinced by a comprehensive study that the Legislature is seriously addressing the equity issue.

Will this bankrupt the state?

Last week as I was beginning this presentation, the Special Issue of Governing magazine called "Grading the States 2005" arrived at our house. I thought it might be useful to compare the profiles of North Carolina and North Dakota. North Dakota where the lion's share of education spending is a local obligation still spends \$4,764 in total state spending per resident, North Carolina which funds the vast majority of its education costs at the state level spends less in total state spending, about \$3988 per resident. I have included those two pages at the back of this testimony.

Mr Chairman, Members of the Committee, I don't know if it makes sense to convert teachers to state employees. We simply don't know enough about how this would work to make an objective determination about the issue. But I also do a little writing. I know that the scariest thing in the world is a blank sheet of paper. I also know that it helps to talk it out with people who know something about the subject.

3 North Dakota

North Dakota's most serious management issue is the difficulty it has building a quality workforce. It has used a variety of bonuses and other incentives to attract hard-to-find workers, and these have done some good, overcoming at least in part the built-in disadvantages of geographical isolation and cold weather. The problem is that the workers don't stay very long once they are on the job.

More than a quarter of the state's employees leave between their first and second years of service. "You can't be replacing people that quickly and getting them up to speed without having a dramatic effect on your existing workforce," says Ken Purdy, the director of classification and compensation.

For all workers, the state's decent benefit package and competitive retirement benefits have held the turnover rate to a very reasonable 8.4 percent. But those aren't much of an attraction for younger people, who are more likely to notice that North Dakota salaries lag market rates substantially, in some cases by more than 20 percent. According to a 2004 compensation study, 46 percent of the classified workforce earns less than \$30,000 and about two-thirds of employees are in the lower half of their assigned salary ranges. This situation wasn't helped by the legislature's decision to withhold salary increases in 2003 and 2004—even though North Dakota's economy came through the recession in better shape than many others. "We were behind before and you add two years of zero increases, and that's very significant," says Purdy.

The state has problems with its infrastructure, and these have similar origins in legislative stinginess. Maintenance has been underfunded for both buildings and roads. Increased federal funding for maintenance is helping to improve the situation somewhat, but it continues to be a weakness. The state has a maintenance backlog of \$1.45 billion, according to transportation officials. They figure that funding is running \$112 million behind what's needed on an annual basis.

Although the state income tax pulls in a little money, the tax structure is generally well balanced and the revenue picture has been aided by recent increases in oil and gas prices. Employee

pensions are almost fully funded. Budgeters did rely on transfers from the state-owned Bank of North Dakota, as well as the use of some trust fund money for operating expenses in recent years, but the amounts involved were not alarming. In fact, the most significant fiscal negative in North Dakota is the lack of an active rainy day fund. The state Office of Management and Budget has maintained that such a fund is unnecessary given the ability to draw money from the Bank of North Dakota, but the state auditor has been critical of this policy, saying it puts both the state and the bank at risk.

The legislature, which meets for a brief period only every other year, nearly

A quarter of the state's employees leave by their second year of service.

always finds itself considering proposals to improve the state's rather dismal efforts at measuring governmental performance. Usually it doesn't do much about the problem. Serious performance measurement was last tried with meager results in the 1990s, when a pilot program was launched by the executive branch but ultimately discontinued by the legislature.

Optimists in the state believe that North Dakota may be ready to try again. In the 2001 legislative session, a bill was passed that required colleges and universities to prepare performance and accountability reports. In the following session, the legislature also required the state Department of Commerce to report on North Dakota's economic goals and associated benchmarks. One of 24 interim committees that met over the past year focused on building a performance and accountability system for the whole state and has come out with a bill draft to put a new system in place. It's a promising start.

For additional data and analysis, go to:
<http://results.gpponline.org/northdakota>

● Strength ○ Mid-level ● Weakness

Money B-

Long-Term Outlook	○
Budget Process	○
Structural Balance	○
Contracting/Purchasing	○
Financial Controls/Reporting	○

People B-

Strategic Workforce Planning	○
Hiring	○
Retaining Employees	●
Training and Development	○
Managing Employee Performance	○

Infrastructure B-

Capital Planning	○
Project Monitoring	○
Maintenance	●
Internal Coordination	○
Intergovernmental Coordination	●

Information C

Strategic Direction	○
Budgeting for Performance	●
Managing for Performance	○
Program Evaluation	●
Electronic Government	○

Population (rank): 642,200 (47)
Average per capita income (rank): \$29,204 (32)
Total state spending (rank): \$3,020,393,000 (48)
Spending per capita (rank): \$4,764 (21)
Governor: John Hoeven (R)
First elected: 11/2000
Senate: 47 members: 15 D, 32 R
Term limits: None
House: 94 members: 27 D, 67 R
Term limits: None

C+ North Carolina

Last July, North Carolina abolished its Information Resources Management Commission. Most citizens didn't notice, but the move shocked people in information technology circles because the commission was once considered a national model. The year before, it was nominated for an award from the National Association of State Chief Information Officers for its ability to monitor major IT projects and initiatives.

The truth is, though, the commission looked far better from a distance. The powers it held weakened the information technology office without setting up an effective alternative decision-making body. Its laudably diverse membership—including politicians and vendors—caused it to be resistant to making hard choices. "IT operations require executive decision making and leadership," says Jonathan Womer, assistant state budget officer for information technology. "The IRMC had the authority but didn't have the will." Result: When the state ran into an unexpected series of IT disasters—including a faulty payroll system for its community colleges and a troubled student information system in its public schools—the shortcomings of the commission were exposed.

The state's leadership is now acknowledging a passel of IT problems that it wants to correct. These include a proliferation of duplicative systems, multiple legacy applications that need to be replaced and weak project management skills at the agency level. With the Information Resources Management Commission gone, state CIO George Bakolia has more power to tackle these issues in partnership with the Office of Budget and Management. Over the summer, a new project-approval process was put in place that requires agencies to outline their business needs when they ask for money for an IT project. "It's hard to properly evaluate an IT system without a business context to it," says Womer. "The value isn't how long it's up and running or how many bits it processes but what performance value it gives to the business operation."

This is a good idea. Unfortunately, the state's avowed goal of tying its information technology in with broader statewide goals may be doomed. North Carolina has systematically dismantled much of its strategic planning apparatus in the past three years.

The effort to tie information technology in with broader statewide goals may be doomed.

The Progress Board still looks at future needs, but about 25 percent of the analytic capacity of the budget office was eliminated, including the entire planning unit. At the same time, the legislature also abolished existing requirements for performance budgeting. "I wish I could sit here and put a rosy picture on it," says Charles Perusse, the deputy budget director. "It's one of those things where formally it's not being done in our office anymore."

A shortage of money, time and staff have impacted other areas of North Carolina management as well. Legislation was passed in the late 1990s that required the governor to send the legislature a multi-year capital plan, but in recent years this hasn't happened. There is a process for reviewing the capital needs of state facilities, but the disconnect between needs and dollars available to meet them has put a pall on the effort. When it comes to fiscal management, the state does credible projections reasonably far out into the future, but so far it has been reluctant to deal with serious problems ahead of time, so merely knowing about them is of limited value.

It seems like there's a cloud inside every silver lining in North Carolina. The state personnel office, for example, has a lot of ambitious and creative ideas for reform of its unwieldy job classifications. This includes a "competency-based" approach in which a detailed set of skills would be attached to each job classification and would carry through to all aspects of human resource management—hiring, training, evaluation and promotion. But will it actually come to pass anytime soon? Good question. "We're really in a big effort to improve human resources," says Gary Wiggins, HR managing partner. "We're having trouble doing that because of our staff reduction. Things have not moved along as quickly as we wished."

For additional data and analysis, go to:
<http://results.gpponline.org/northcarolina>

☉ Strength ○ Mid-level ● Weakness

Money B-

Long-Term Outlook	☉
Budget Process	○
Structural Balance	○
Contracting/Purchasing	○
Financial Controls/Reporting	○

People C+

Strategic Workforce Planning	●
Hiring	●
Retaining Employees	○
Training and Development	○
Managing Employee Performance	○

Infrastructure C+

Capital Planning	●
Project Monitoring	●
Maintenance	○
Internal Coordination	○
Intergovernmental Coordination	○

Information C+

Strategic Direction	○
Budgeting for Performance	●
Managing for Performance	●
Program Evaluation	○
Electronic Government	○

Population (rank): 8,049,313 (11)

Average per capita income (rank): \$28,235 (37)

Total state spending (rank): \$33,123,528,000 (10)

Spending per capita (rank): \$3,988 (34)

Governor: Michael Easley (D)

First elected: 11/2000

Senate: 50 members: 29 D, 21 R

Term limits: None

House: 120 members: 63 D, 57 R

Term limits: None