



North Carolina
Progress Board

2006 North Carolina Educational Update

**Issued by the North Carolina Progress Board
December 1, 2006**

The future will have winners and losers, but the winners will be those who chart a clear strategic course and make smart long-term investments.

The North Carolina Strategic Scorecard System provides long-range milestones for assessing our competitiveness.

Preface

The North Carolina Progress Board presents the *2006 North Carolina Educational Update* to provide a snapshot of key educational trends and indicators. We believe that this data, which also can be found on the *North Carolina Progress Portal* (www.ncprogress.org), will interest everyone who is committed to North Carolina's competitive capacity. The future will have winners and losers, but the winners of global competition will be those who chart a clear strategic course and make smart long-term investments, during good times and bad.

Who We Are

North Carolina will witness dramatic change and mounting competition in the years to come. In a volatile, ruthless global economy, our challenge is to anticipate change and exploit our competitive assets. In 1995, the General Assembly created the North Carolina Progress Board as a quasi-state agency to help answer this challenge. Its 24 members are appointed by the governor, General Assembly leadership and board itself.

The Progress Board's mission is to be an independent proponent for strategic accountability and help focus citizens on the big picture. This means serving as a strategic compass—setting milestones, scanning trends, reporting progress and envisioning opportunities for change. The *North Carolina Strategic Scorecard System*, as outlined below, is our core product for promoting statewide and, ultimately, community-based accountability.

North Carolina's Strategic Scorecard System

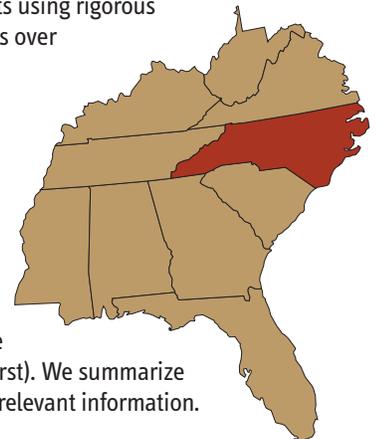
The *North Carolina Strategic Scorecard System* provides long-range milestones for assessing our competitiveness as a state. The targets, by their very nature, tend to defy quick fixes and demand bold, comprehensive and collaborative policy initiatives. The system is designed to illuminate goals, track the progress of existing initiatives, and hold all of us accountable for results.

Imperatives and Goals – The Scorecard framework is organized around eight policy areas listed in our enabling statute. For each imperative, the Strategic Scorecard System includes a vision statement with broadly defined goals. The *Strategic Scorecard System* contains 26 long-term goals in total with two dedicated specifically to the education imperative.

- | | |
|----------------------------------|------------------------------|
| 1. Healthy Children and Families | 5. A Sustainable Environment |
| 2. Safe and Vibrant Communities | 6. A Prosperous Economy |
| 3. Quality Education for All | 7. A Modern Infrastructure |
| 4. A High-Performance Workforce | 8. Accountable Government |

Strategic Targets – We use quantitative measures to track our progress toward reaching each goal and, for each measure, the Progress Board sets a strategic target indicating where North Carolina should be in 2020. We selected targets using rigorous criteria. The *North Carolina Strategic Scorecard System* has over 80 strategic performance targets for measuring the state's progress, and these targets will be refined over time.

Scorecard Format – Each target is presented in a standard format. In the left column, we state the measure, target, actual performance, national (US) rank, regional (Southeast) rank, target definition and data source. The national rank compares North Carolina to all 50 states (where 1 is the best rank and 50 is the worst) and the regional rank compares our state to the other 9 states of the Southeast Region (where 1 is the best rank and 10 is the worst). We summarize NC's historical performance (see chart) and highlight other relevant information.



We defined the Southeast region¹ using several criteria, including shared borders, proximity to North Carolina, geographic compactness and compatibility with existing federal regions.

One Continually Improving System – The *Strategic Scorecard System* is a single, cohesive system for integrating the most critical markers of success across all eight imperatives. All of our goals, measures and targets are part of a larger inter-related framework. As the *Strategic Scorecard System* is a work in progress, we will continually look for more relevant targets, telling indicators, reliable data sources and current data. As such, we encourage citizens to offer their ideas for strengthening the system.

Why Scorecards Matter

Since our nation’s founding, the success of our democracy has depended in large part on access to good information. As the United States Government Accountability Office (GAO) found in its 2004 study, “Informing Our Nation: Improving How to Assess the USA’s Position and Progress,” strategic or key indicator systems are vital tools for keeping us informed. The GAO assessed 29 key indicator systems, including the North Carolina Progress Board, and found that such systems offer great promise for improving public accountability, strategic decision-making and collaborative problem-solving.

Some argue that key indicator systems, especially those with comparative rankings, make life too difficult for public officials. But others recognize that North Carolina and its communities are already measured, but not necessarily against benchmarks of our own choosing. We need our own scorecard system—one that best reflects our state’s long-term priorities. As more outsiders grade our state, and the pressures for strategic competitiveness mount, our ability to plan and track outcomes will be a critical element of our success as a state.

The Importance of Public Education

Most of us believe that public education is one of the cornerstones of individual and societal prosperity. Adults with more education are more likely to be employed and earn higher wages.² In 2004, for example, 78% of persons 25 years and older with a bachelor’s degree or higher (77% with an associate’s degree and 63% with a high school degree) were employed, while only 45% of those without a high school degree participated in the labor force. In 2004, the average annual earnings gap between adults with bachelor’s degrees and those with high school diplomas was \$22,909, an 80% difference.³ The gap is even greater for high school dropouts.

Education also benefits our communities and states. According to the Southern Regional Education Board (SREB), public investment in higher education (about 10% of state and local budgets in the SREB states) pays several dividends. Higher incomes generate higher consumption and taxes. An educated workforce attracts more employers and produces higher employment rates. Educated persons tend to enjoy better health which, in turn, increases economic productivity and reduces health care costs. Finally, those with higher levels of education tend to be more active citizens, at least as measured by volunteerism and voting rates.⁴

None of this news to us. In 1940, James Bryant Conant, the renowned educator and President of Harvard University, wrote “Our (public) schools must be concerned not only with the able scholar, but with the artist and the craftsman. They must nourish those whose eye or ear or manual dexterity is their greatest asset. They must educate others whose gifts lie in an ability to understand and lead their fellow men.” Earlier, in 1909, Hugo Munsterberg, a founding father of applied psychology, wrote: “If the nation is not to suffer by a cheap complacency, and the triumph of ostentatious mediocrity, the whole educational life must be filled with a new spirit of devotion to serious tasks.” In North Carolina, we have demonstrated an unwavering bi-partisan commitment to these goals.

The United States Government Accountability Office (GAO) found in 2004 that key indicator systems “offer great promise for improving public accountability...”

Public education is one of the cornerstones of individual and societal prosperity.

The challenge...is to forge a public education system that prepares each student for the next level

The Southeast region faces an unprecedented stagnation of progress in education.

Our educational system is a “vast engine which we are only beginning to understand” and “learning slowly how to operate ... for the public good.”

—James Bryant Conant

North Carolina operates 115 school districts and 2,338 schools with over 1.3 million students.

Our Educational Challenge

As our economic competition has become global, the bridge between educational excellence and success has assumed even greater importance. The challenge for each state is to forge a public education system that seamlessly prepares each student for the next level of education and, ultimately, the international arena. But getting this done in the face of population growth, demographic change and resource constraints remains one of our most obstinate public policy challenges.

In the Southeast region, population growth and demographic changes will continue to tax our educational systems. Our region will experience dramatic population increases, with Hispanic populations the fastest growing segment. By 2018, Hispanic students will account for 32.9% of all high school graduates (up from 3.3% in 2003) while white students will account for 42.7% (down from 66.6% in 2003) and black students will account for 19.8% (down from 26.7% in 2003). More importantly, the fastest growing groups will have “the largest shortfalls in education” and if these shortfalls are not eliminated, “by 2020 the region will have a higher percentage of working-age adults with less than a high school education ... than it does today—a historically unprecedented stagnation of the region’s progress in education.”⁵

North Carolina faces similar trends. From 2005 (when its estimated population was 8,683,242, making it the 11th largest state in the nation⁶) to 2020, North Carolina is projected to grow by 23% compared to 14% for the US⁷. By 2025, North Carolina is expected to become the 8th largest state in the nation.⁸

In North Carolina, our public education system is already straining to meet rising demands. From 1998 to 2003, NC was one of only ten states⁹ experiencing growth rates of over 10% in public elementary and secondary school enrollment¹⁰. The numbers of students attending our public educational facilities will continue to rise. From 2002 to 2017, North Carolina’s high school graduation rates are projected to increase by 30% compared to a national rate of 8%.¹¹ Moreover, from 2006 to 2018, Hispanic public high school graduates will increase from 5% to 33% while white high school grads will drop from 65% to 43% and black high school graduates from 27% to 20%.¹²

In 1940, James Bryant Conant described our educational system as a “vast engine which we are only beginning to understand” and “learning only slowly how to operate ... for the public good.” We no doubt understand more about our public educational system than we did then, but his words still ring true today.

Profile of North Carolina’s Educational System

North Carolina’s educational system includes three major sectors: public elementary and secondary schools (including our pre-Kindergarten programs), two-year community colleges and four-year universities. The system’s strength in part on the successful migration of students across these sectors.

Public Elementary and Secondary Schools – North Carolina operates—under the guidance of the State Board of Education, Department of Public Instruction and local counties—115 school districts and 2,338 schools, including 1,752 elementary (K–8), 385 secondary (9–12), 105 combined and 96 charter schools.¹³ In FY05, North Carolina’s public schools managed 180,251 personnel (nearly half of which were teachers) and spent \$9.769 billion (64.5% state, 24.7% local and 10.8% federal).¹⁴

In FY05, our public schools (excluding charter schools) had an average daily membership of 1,369,493 students, of which 56.7% were white, 31.4% black, 8.4% Hispanic, 2.1% Asian and 1.4% American Indian.¹⁵ In addition, 38.2% of these students were in Title I schools, 45.1% were eligible for free or reduced lunch programs, 13.9% had Individualized Education Programs (IEP) and 4.9% were in limited-English proficiency programs.¹⁶

North Carolina has the 3rd largest community college system in the nation and the largest in the Southeast region.

Community Colleges – In 1963, the General Assembly created the North Carolina Community College System (NCCCS) by combining three community colleges and 20 industrial education centers and technical institutes.¹⁷ From 1964 to 1968, the remaining industrial education centers became technical institutes or comprehensive community colleges. Today, the NCCCS, as overseen by the State Board of Community Colleges, is an integrated statewide network of colleges and institutes offering a full range of two-year college transfer and technical and vocational programs. For many students, NCCCS is the gateway to higher earnings and education.

With 58 public community colleges, North Carolina has the 3rd largest community college system in the nation, ranking behind only California (111) and Texas (66). In the SE region, NC has far more community colleges than its nearest competitors—Georgia (37), Florida (28) and Virginia (24).¹⁸ In 2005–06, NCCCS had 13,756 full-time employees, including 6,062 faculty.¹⁹ NCCCS’ largest college, Central Piedmont Community College, has nearly as many curriculum enrollees as North Carolina State University and UNC-Chapel Hill have undergraduate and graduate enrollees. NCCCS’ ten largest colleges account for 43% of the system’s total curriculum enrollees.

Our community colleges offer curriculum and continuing education programs. NCCCS offers a wide array of curriculum programs in three categories: 1) certificate programs (12–18 semester hour credits), 2) diploma programs (36–48 semester credit hours) and 3) associate degrees (64–76 semester credit hours). The associate in arts, fine arts or science is designed for articulation to UNC system. The table below shows that curriculum enrollment has risen steadily since 1999–2000. Associate degree enrollment alone is up nearly 29 percent since FY00.

NCCCS Curriculum Program Enrollment by Year (Unduplicated Headcount)

Curriculum Program	FY00	FY01	FY02	FY03	FY04	FY05
Certificate	16,609	18,287	19,550	18,173	17,185	16,532
Diploma	15,749	15,506	16,287	18,567	18,994	18,074
Associate	141,826	145,155	156,818	168,526	179,124	182,660
Transitional	68,233	75,432	74,781	72,470	69,667	67,411
Total	233,514	244,508	257,312	266,949	274,529	274,423

NCCCS is much larger than the curriculum enrollment would indicate. About two-thirds of NCCCS’ students take occupational training, adult literacy and other noncredit courses. We have begun to track these non-curriculum programs through our Competitive Workforce Imperative and will update the relevant indicators soon.

Four-Year Colleges and Universities – The University of North Carolina (UNC) System has evolved over more than two centuries. In 1789, the General Assembly chartered the University of North Carolina. From 1877 to 1969, the General Assembly created or acquired the other institutions that are now part of the UNC System.²⁰ The Higher Education Reorganization Act of 1971²¹ placed the 16 institutions under one governing board to foster the development of a coordinated system of higher education.

The UNC system operates under two important constitutional mandates: 1) Article IX, Section 8 which requires a public system of higher education comprising any institutions the General Assembly “deems wise” and 2) Article IX, Section 9 which requires the General Assembly to “extend the benefits of the UNC System, as far as practicable, to the people of the State free of expense.” As the UNC System has striven to keep pace with its competitors in other states, it is Section 9 that has posed the most serious concerns.

The UNC System’s 16 institutions, which vary in size and focus, are located in all regions of the state. The table below depicts the location, founding year and enrollment for each institution.

The Higher Education Reorganization Act of 1971 placed the 16 institutions under one governing board to foster the development of a coordinated system of higher education.

UNC System Enrollment by Institution

Institution	County	Origin	Enrollment (2005)		
			Undergrad	Grad	Total
Appalachian State (ASU)	Watauga	1903	12,986	1,667	14,653
East Carolina (ECU)	Pitt	1907	17,728	5,436	23,164
Elizabeth City State (ECSU)	Pasquotank	1891	2,604	60	2,664
Fayetteville State (FSU)	Cumberland	1877	5,029	1,043	6,072
NC Agric. & Tech. (NCA&T)	Guilford	1891	9,735	1,368	11,103
NC Central (NCCU)	Durham	1923	6,353	1,866	8,219
NC School of Arts (NCSA)	Forsyth	1963	728	101	829
NC State (NCSSU)	Wake	1887	22,767	7,381	30,148
UNC-Asheville	Buncombe	1963	3,462	37	3,499
UNC-Chapel Hill	Orange	1789	16,764	10,512	27,276
UNC-Charlotte	Mecklenburg	1963	16,555	4,217	20,772
UNC-Greensboro	Guilford	1891	12,388	3,759	16,147
UNC-Pembroke	Robeson	1887	4,963	669	5,632
UNC-Wilmington	New Hanover	1963	10,723	1,116	11,839
Western Carolina (WCU)	Jackson	1893	6,980	1,685	8,665
Winston-Salem State (WSSU)	Forsyth	1897	5,264	302	5,566

The state also has 46 private four-year institutions, including internationally-recognized schools such as Duke University and Wake Forest University.²² In 2004, 150,035 students were enrolled in public four-year institutions and 65,501 students in private four-year institutions.²³

Our Educational Progress

Over the last decade, North Carolina has made significant progress toward attaining the strategic targets for the Education Imperative, but our progress shows signs of stalling. In the table below, we have listed our educational goals and measures and, for each measure, indicated whether the target has been achieved (signified by a check mark) as well as our current competitive ranks for the nation and Southeast Region.

Summary of Strategic Progress – Quality Education for All

Goals	Measures	Target	US Rank	SE Rank
Offer a comprehensive and rigorous public school (K–12) education	1. Teacher recruitment		26th	3rd
	2. Classroom resources		31st	6th
	3. Reading/writing proficiency		33rd (tie)	4th
	4. Math/science proficiency		13th (tie)	1st
	5. High school graduation		38th	3rd
	6. College preparedness		14th	2nd
Build a premier public higher education system	1. Community college access	✓	6th	1st
	2. Community college resources	✓	3rd	1st
	3. University access	✓	11th	3rd
	4. University resources	✓	10th	2nd
	5. University faculty		28th (tie)	6th
	6. University innovation		16th	2nd

Note: Measures for which we have met or exceeded the target are marked with a “check” under the Target column. The ranks for college preparedness are only for high SAT participation states.

Over the last decade, North Carolina has made significant progress toward attaining the strategic targets for the Education Imperative, but our progress shows signs of stalling.

Goal — Offer a rigorous public K–12 education

Measure: Teacher Recruitment

Target:
At least 100% of US average teacher pay

Actual: 91%

Trend: Improving

US Rank (2005): 26th

Southeast Rank (2005): 3rd

Definition: Average teacher pay, where pay is the average gross salary before any deductions for Social Security, retirement and health insurance or adjustments for variances in cost of living and teacher experience

Sources: National Education Association

Relevance: Indicators such as average teacher pay reflect our state's ability to recruit qualified teachers but may also reflect such factors as cost of living, teacher experience and local job market conditions

Notes: ETS' nationally-recognized Praxis assessment series is used by many states for licensing purposes

Despite losing some ground in recent years, NC has made teacher pay more competitive since 1997. Its average teacher pay climbed from 81% of the US average in 1997 to 91% in 2005. During the same time period, NC's national ranking rose from 43rd to 26th and its regional rank from 9th to 3rd. When pegged to overall wage levels, NC's teacher pay is even more competitive. In 2004, NC's average teacher pay was 124% of the state's average wage, giving NC the 20th highest rating in the nation (and the 4th highest rating in the region).

Average teacher pay



Note: Reported year is year in which school year ends (e.g., 1997 is 1996–97 school year)

In a recent national assessment of teacher quality, NC was awarded a “B” and a national ranking of 7th in improving teacher quality. In 2005, 81% of NC 7th to 12 graders were taught by teachers with an undergraduate or graduate major in the subject they are teaching, up from 61% in 1992. In 2004, 63% of NC middle grade math teachers were certified in math (61% US average) and 76% of high school math teachers were certified in math (89% US average). NC has more national board certified teachers than any other state. NC also is approaching national averages in licensure and competency ratings, as well as Praxis teaching skills and knowledge scores.

Measure: Classroom Resources

Target:
Less than 100% of US average pupil-teacher ratio

Actual: 101%

Trend: Improving

US Rank (2005): 31st

Southeast Rank (2005): 6th

Definition: Total reported public school students divided by the total classroom teachers (FTEs) assigned to instruct pupils in self-contained classes or classroom situations

Sources: National Education Association

Relevance: The pupil-teacher ratio is one indicator of a state's commitment to providing adequate instructional resources

Notes: The pupil-teacher ratio may be smaller than actual class size; we are exploring other indicators (e.g., average classroom size)

In 2005, NC's aggregate pupil-teacher ratio rose to 101% of the US average, after many years below the national average. Since 2000, even while experiencing one of the largest enrollment increases in the nation, NC's competitive rankings have not changed significantly.

Aggregate pupil-teacher ratio



Note: 2004 data includes NEA estimates through August 2004

In 2005, NC spent \$6,958 per pupil on K-12 education, 19% less than the national average, and the 8th lowest rate in the US and 3rd lowest in the SE region. In 2004, NC spent \$6,727 in federal, state and local monies per pupil for public K–12 programs, 21% lower than the national average, ranking it 40th in the US and 5th in the SE region. From 1999 to 2003, state and local funding for K-12 increased by 12% and enrollment increased by 7%, but per student funding adjusted for inflation fell by 7%. In 2000, NC's had the 30th lowest average elementary school class size (20.0 pupils) and 24th lowest average secondary school class size (22.4 pupils).

Goal — Offer a rigorous public K–12 education

Measure: Reading/Writing Proficiency

Target:
Rank among top 10 states in reading proficiency (120% of US average)

Actual: 97%

Trend: Mixed

US Rank (2005): 33rd (tie)

Southeast Rank (2005): 4th

Definition: Percent of 4th graders rated proficient or better in reading per the National Assessment for Educational Progress (NAEP), where Proficient represents a demonstrated academic mastery over challenging subject matter for a specified grade level

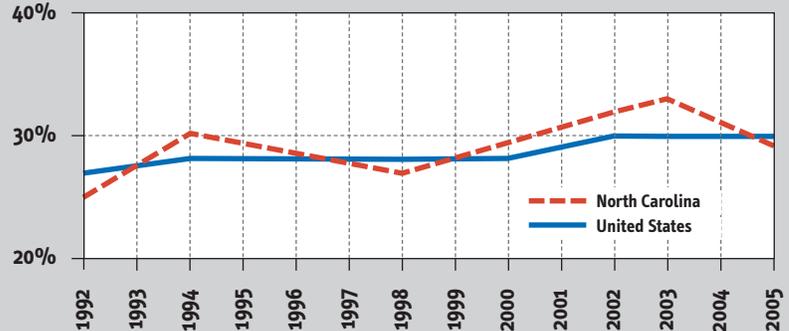
Sources: US Dept. of Education, National Center for Education Statistics, NAEP Reading Assessment

Relevance: The NAEP, as a federally-authorized, standardized and continual assessment of student competence in key subject areas, provides a relative measure of public school quality for grades 4–8.

Notes: With small differences among NAEP scores, future state rankings could change significantly (NCES cautions that NAEP score differences among many states are not statistically significant)

The reading proficiency rate of NC's 4th graders improved from 25% in 1992 to 29% in 2005. However, NC's 4th grade reading proficiency rate fell below the national rate in 2005 (after rising above it in 2002 and 2003) and its competitive rank fell to its lowest level ever. NC now only has the 33rd best score in the nation and the 4th best score in the SE region (where 8 state scores were not significantly different).

Percent of public school 4th graders proficient or better in reading



The percentage of 8th graders performing well on national assessments in reading has declined substantially over the past seven years. In 2005, only 27% of eighth graders scored at or above “proficient” on NAEP reading exam (down from 31% in 1992 and low compared to 38% for top states) and 34% of eighth graders scored at or above “proficient” on NAEP writing exam (up from 27% in 1992, but low compared to 41% for top states). In 2005, according to NCES (the Nation’s Report Card), NC had the 33rd best average reading score for 8th graders in the US. In 2002, NC had the 6th best average writing score for 8th graders in the US.

Measure: Math/Science Proficiency

Target:
Rank among top 10 states in math proficiency (120% of US average)

Actual: 114%

Trend: Improving

US Rank (2005): 13th (tie)

Southeast Rank (2005): 1st

Definition: Percent of 4th graders rated proficient or better in math per the National Assessment for Educational Progress (NAEP), where Proficient represents a demonstrated academic mastery over challenging subject matter for a specified grade level

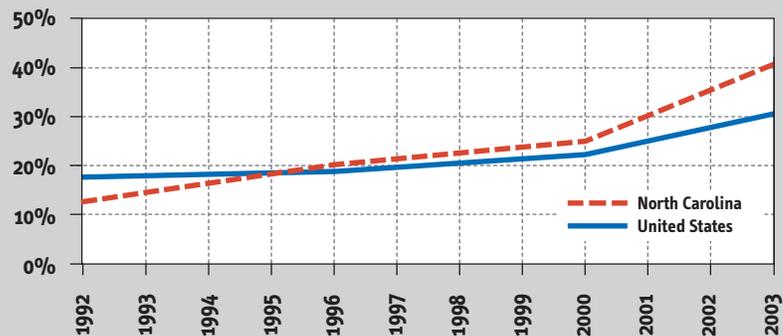
Sources: US Dept. of Education, National Center for Education Statistics, NAEP Math Assessment

Relevance: The NAEP, as a federally-authorized, standardized and continual assessment of student competence in key subject areas, provides a relative measure of public school quality for grades 4–8

Notes: With small differences among NAEP scores, future state rankings could change significantly (NCES cautions that NAEP score differences among many states are not statistically significant)

The math proficiency rate of NC's 4th graders improved dramatically from 21% in 1996 to 40% in 2005, keeping NC's rate well above the national rate. In 2005, NC earned the best math proficiency score for 4th graders in the region, and the 13th best in the nation.

Percent of public school 4th graders proficient or better in math



In 2005, 32% of eighth graders scored at or above “proficient” on NAEP math exam (up from 12% in 1992, but lower than 38% for top states) and 22% of eighth graders scored at or above “proficient” on NAEP science exam (down from 24% in 1992 and lower than 41% for top states). In 2005, NC had the 18th best average math score for 8th graders in the US and the 2nd best in the SE region. In 2005, NC's science proficiency scores were the same as the national average for 4th graders and below the national average for 8th graders. Seventy-two percent of NC's high school students (grades 9–12) take at least one upper-level math course²⁴, one of the best ratios in US; over the past 12 years this percentage has risen at one of the fastest rates in the nation.

Goal — Offer a rigorous public K–12 education

Measure: High School Graduation

Target: Rank among top 20 states in public high school graduation rate (100% of US average)

Actual: 93%

Trend: Mixed

US Rank (2005): 38th

Southeast Rank (2005): 3rd

Definition: Ratio of estimated public high school graduates for current school year to 9th grade enrollment from 4 years earlier

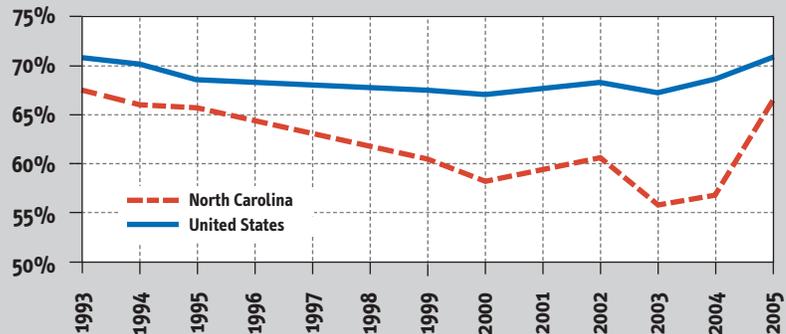
Sources: NEA Rankings & Estimates and NCES Common Core of Data (CCD) Database

Relevance: Low high school graduation rates reflect potential quality problems in public schools which can undermine work force skills and contribute to broader social ills

Notes: There are four recognized methods for calculating high school graduation rates: NCES, Manhattan Institute, Postsecondary Opportunity and Urban Institute; the US Education Department may require a new standard for states (i.e., graduates with regular diplomas/9th grade class adjusted for transfers)

NC may be turning the corner in improving high school graduation rates. In 2005, NC's competitive rankings rebounded, earning NC the 38th best graduation rate in the US and 3rd best rate in the SE region. Higher state graduation standards can suppress graduation rates even as they produce more competent graduates. In 2002, the Manhattan Institute ranked NC 37th in the US and 4th in the SE. According to the Manhattan Institute, from 1993 to 2002, the national high school graduation rate fell from 72% in 1993 to 71%, but the percent of high school graduates with the requisite skills for college rose from 28% to 34%.

Public high school graduation rate



Graduation rates vary widely among racial groups, but NC's racial gap is less than the national racial divide. In 2002, the national graduation rate gap was 24.6 percentage points between white and African-American students and 20.9 percentage points between white and Hispanic students. In contrast, the NC graduation rate gap was 16.5 percentage points between white and African-American students and 9.2 percentage points between white and Hispanic students.

Measure: College Preparedness

Target: At least 100% of US average SAT score

Actual: 98%

Trend: Improving

US Rank (2005): 14th

Southeast Rank (2005): 2nd

Definition: Average combined math and verbal score on Scholastic Aptitude Test (SAT)

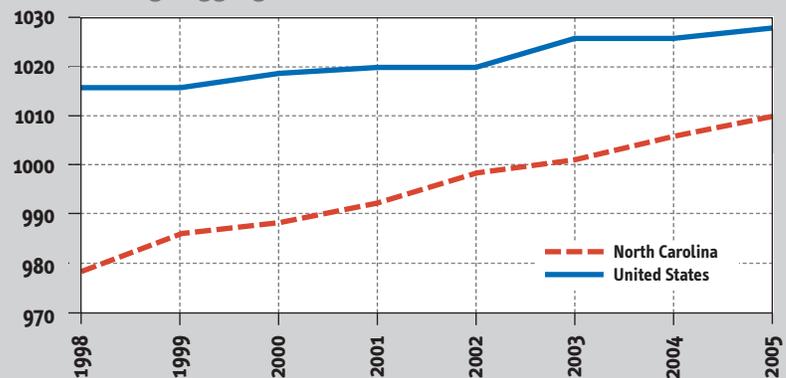
Source: The College Board

Relevance: SAT scores may reflect public school quality, but should be reviewed in the context of other indicators

Notes: High SAT participation states (i.e., states with a participation rate of at least 50%) tend to have lower aggregate SAT scores than states with lower participation rates. NC had the 14th highest participation rate in the US and the 2nd highest participation rate in the SE. College Boards project a 5-point average score decline in the math and verbal sections of the new SAT test.

In 2005, NC continued to improve its SAT scores, narrowing its gap with the US average and climbing in the state rankings. Since 1998, NC has reduced its national SAT score differential by 20 points. From 2000 to 2005, NC improved its national ranking from 48th to 42nd and its regional ranking from 8th to 7th. Among high SAT participation states, NC is ranked 14th (of 23) in the US and 2nd (of 5) in the SE region. More NC students are taking the SAT; from 2001 to 2005, the percent of NC seniors taking the SAT increased from 65% to 74%.

Average aggregate SAT score



NC students are making impressive strides as measured by college advanced placement tests. Since 1992, the percent NC's 11th and 12th graders taking and scoring well (3 or higher) on Advanced Placement tests has jumped from 7% to 20%, outpacing the national increase. From 2000 to 2005, NC showed the 2nd greatest improvement among all states in terms of the percent of its high school students scoring 3 or higher on an AP Exam. In 2005, 17.1% of NC's high school students scored a 3 or better on an AP exam, the 9th highest ratio in the nation and the 3rd highest in the Southeast (but the NC mean score remains below 3).

Goal — Build a premier public higher education system

Measure: Community College Access

Target: Rank among 10 most affordable states in community college costs (less than 80% of US average)



Actual: 68%

Trend: Mixed

US Rank (2005): 6th

Southeast Rank (2005): 1st

Definition: Average in-state public community college tuition and fees for one year (unadjusted for inflation)

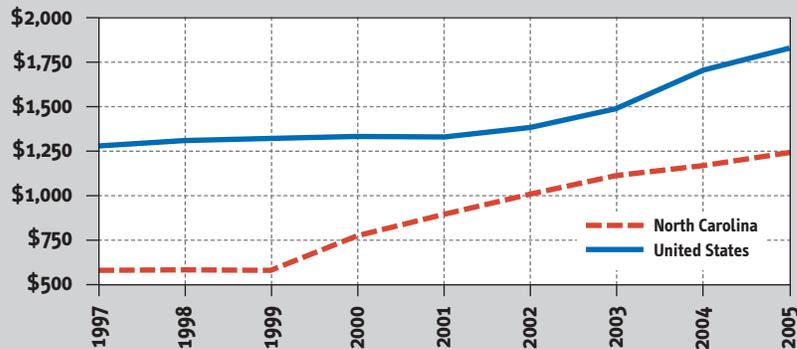
Sources: US Education Department, National Center for Education Statistics, Digest of Education Statistics; US Bureau of Census

Relevance: There is a moderate correlation between two-year college degree and higher pay levels

Note: NCCCS serves a much higher percentage of adults (13.4%) when non-credit programs are included

While NC's average community college enrollment costs climbed from 45% of the national average in 1997 to 68% of the US average in 2005, they remain the lowest in SE region and among the lowest in the country. The ratio of NC's community college enrollment costs to the national average has actually fallen since 2002.

Average community college costs



The share of family income needed by all income groups to pay for NC community colleges rose from 18% in 1992 to 23% in 2005 (net college costs equal tuition, room and board after financial aid) while the share of family income needed for low- and middle-income families (which enroll 84% of NC's college students) to pay for community college reached 34%. In 2002, 4.3% of NC's adult population was served by its community college credit programs, the 19th highest score in the US and 3rd best in the SE region (but still slightly below the national average).

Measure: Community College Resources

Target: Rank among top 10 states in student/faculty ratio (less than 80% of US average)



Actual: 59%

Trend: Mixed

US Rank (2003): 3rd

Southeast Rank (2003): 1st

Definition: Ratio of full-time equivalent students enrolled in community colleges in fall per full-time equivalent faculty

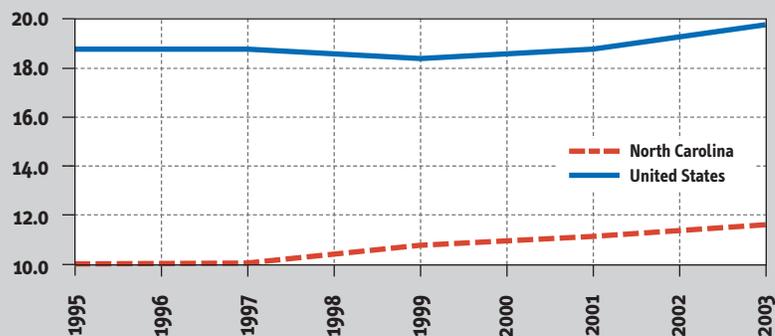
Sources: US Education Department, National Center for Education Statistics, Digest of Education Statistics

Relevance: The ratio of students to faculty provides one indicator of the quality of community college instruction.

Note: NC's student/faculty ratio includes faculty for non-credit programs, but some state community college systems do not offer non-credit programs

NC has been a consistently high performer in this indicator, ranking 1st in the SE region and among the top 5 states in the nation since 1995. However, NC's community college student/faculty ratio has gradually increased since 1995, and its average salary for full-time instructional faculty lags far behind the national average.

Community college student/faculty ratio



From 2001 to 2005, total funding (appropriations, tuition and fees) for NC's public two-year colleges increased by 36% and full-time equivalent enrollment increased by 31%, but per full time equivalent student funding adjusted for inflation fell by 8%. In 2004–05, NC had the lowest funding per student in the region. In 2005, NC's average salary for full-time instructional faculty was only \$39,359, about 73% of the national average salary, and the 47th highest in the US. In 2004, NC awarded 16,339 associate degrees, the 9th most in the US and 2nd most in the SE region. In 2004–2005, only about 48% of NC's first-year students returned their second year, down slightly from 49% in 1992 and low compared to 62% for top states.

Goal — Build a premier public higher education system

Measure: University Access

Target: Rank among 10 most affordable states in university costs (less than 80% of US average)



Actual: 71%

Trend: Declining

US Rank (2005): 11th

Southeast Rank (2005): 3rd

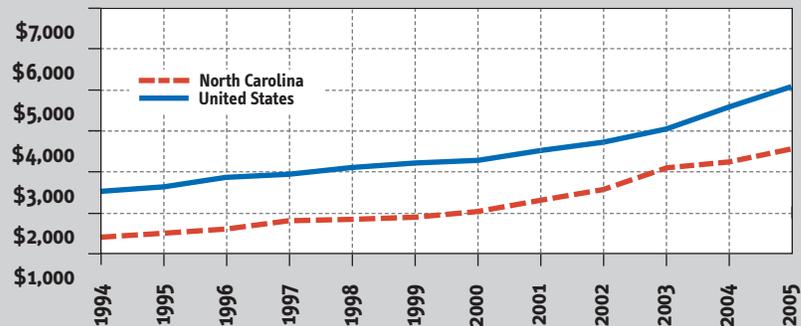
Definition: Average in-state tuition and required fees for full-time students in public four-year institutions of higher education for one academic year

Sources: US Dept. of Education, National Center for Education Statistics, Digest of Education Statistics

Relevance: Average costs per student reflect the relative affordability of higher education (without adjustments for tuition assistance)

From 1994 to 2005, NC's rank for average public university tuition and fee costs fell from 1st to 11th in the US and from 1st to 3rd in the region, due in part to recent tuition hikes. Still, NC continues to enjoy some of the most affordable public universities (and best college bargains) in the nation. Its average tuition and fees for public higher education are less than 71% of the national average, and its average tuition and fees are only 21.5% of the median family income (for lowest quintile), compared to 29.9% for the US. In 2004, it had the 2nd lowest tuition and fees as a percentage of median family income in the SE region.

Average undergraduate annual tuition/fees (public 4-year)



The share of family income needed to pay for public four-year college costs (i.e., tuition, room and board after financial aid) rose from 19% in 1992 to 26% in 2005, but the share of family income needed for low- and middle-income families (which enroll 84% of college students in NC) rose to 39%. In 2005, NC's undergraduate students borrowed an average of \$3,752. NC has one of highest student in-migration rates in US, but in 2003, only 30% of NC's adults aged 18 to 24 were enrolled in a two- or four-year institution, tying it for 43rd in the nation.

Measure: University Resources

Target: Rank among top 10 states in public university spending (at least 120% of US average)



Actual: 134%

Trend: Improving

US Rank (2004): 10th

Southeast Rank (2004): 2nd

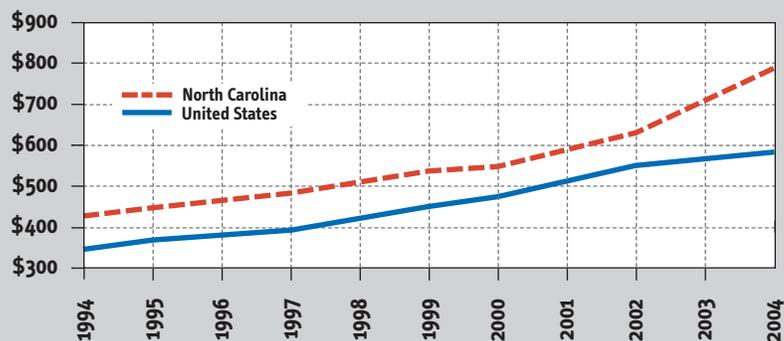
Definition: Per capita state and local government expenditures (operating and capital outlays) for higher education

Sources: US Census Bureau, Governments Division, State and Local Government Finances

Relevance: Per capita higher education expenditures provide a relative indicator of a state's commitment to quality higher education

NC's financial commitment to its public universities remains strong. In 2004, NC spent \$790 per capita on public higher education, the 10th highest ratio in the US and the 2nd highest in the SE region. When accounting for personal income levels, NC's competitive rank for public university spending rose to 6th among all 50 states.

State & local government per capita higher education costs



NC's 16 campus system continues to enjoy high marks for quality and value among university rating services (e.g., US News and World Report, Princeton Review and Kiplinger's). UNC-Chapel Hill, North Carolina State, UNC-Asheville, Appalachian State and UNC-Wilmington have received top rankings. From 2001 to 2005, total funding (appropriations, tuition and fees) for NC's public four-year colleges increased by 35% and full-time equivalent enrollment increased by 18%, but per full time equivalent student funding adjusted for inflation increased by only 1%

Goal — Build a premier public higher education system

Measure: University Faculty

Target: Rank among top 10 states in university student/faculty ratio (less than 80% of US average)

Actual: 101%

Trend: Mixed

US Rank (2003): 28th (tie)

Southeast Rank (2003): 6th

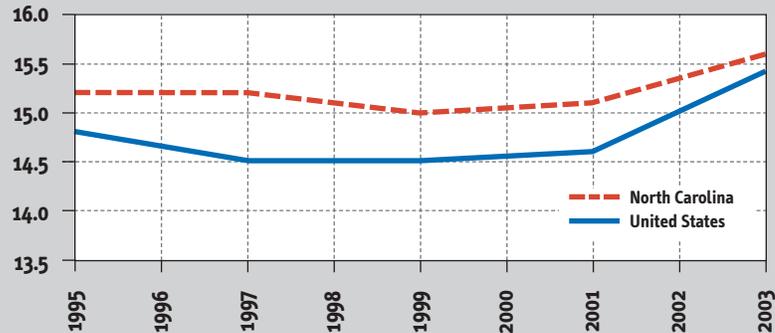
Definition: Ratio of full-time equivalent students enrolled in public universities in fall per full-time equivalent faculty

Sources: US Education Department, National Center for Education Statistics, Digest of Education Statistics

Relevance: The ratio of students to faculty represents one of several potential indicators of the quality of university instruction

NC is ranked near the median, nationally and regionally, in faculty resources per student, but NC's salaries for university faculty appear quite competitive. In 2005, NC's average salary for full-time instructional faculty was \$79,568, above the national average salary (\$73,913) and the 11th highest in the US and highest in the SE region.

University student/faculty ratio



In 2005, 80% of NC's four-year public college/university freshmen students returned for their second year (compared to 82% for top states) and only 58% of NC's first-time, full-time students completed their bachelor's degree within six years of college entrance (compared to 64% for top states). NC awards 17 certificates, degrees and diplomas per 100 undergraduate students, up from 15 in 1992, but less than the 20 issued by top states).

Measure: University Innovation

Target: Rank among top 10 states in university R & D (over 130% of US average)

Actual: 123%

Trend: Mixed

US Rank (2003): 16th

Southeast Rank (2003): 2nd

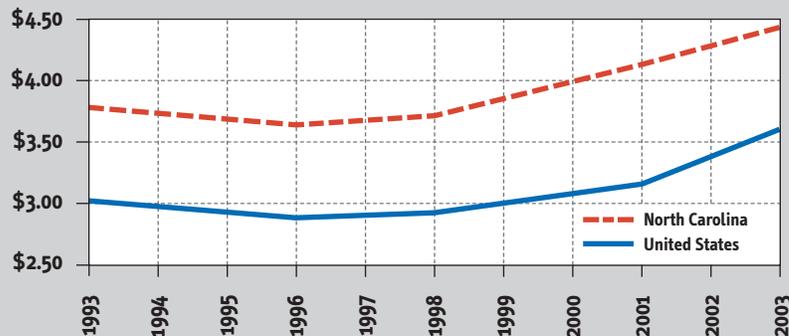
Definition: Research and development expenditures by all colleges and universities per \$1,000 of Gross State Product (GSP) in current dollars

Sources: National Science Foundation, Division of Science Resources Statistics, Science and Engineering Indicators

Relevance: Academic research reflects university competitiveness for research funding & potential university contributions to future economic development

From 1998 to 2003, North Carolina, fell from 11th to 16th in the nation, and 1st to 2nd in the SE region, in this indicator of university innovation. Still, NC remains a leader in university research and development as measured by numerous indicators, including expenditures as a percent of GSP.

Academic R & D costs/\$1,000 GSP



In 2003, NC scored in the top ten in the nation in several indicators of academic innovation. NC was 9th in the US and 3rd in the Southeast region in the rate of university-created businesses per \$1 billion in university R & D. NC was 7th in the US in the ratio of academic patents per 1,000 science and engineering (S&E) doctorate holders, and 2nd in the SE region. NC produced the 7th most academic articles per 1,000 S&E doctorate holders in the US (the 2nd most in the region). NC colleges and universities received the 7th highest amount of federal financial support for S&E in the nation and the highest amount in the SE region. The only indicator for which NC fell below the top ten was its ratio of S&E degrees to total higher education degrees, where NC ranked 15th in the nation (but still 2nd in the region).

Such indicators as teacher compensation, professional development and licensing are improving.

Our standards of school accountability, perhaps due in part to the gap between state and national test scores, have come under harsher scrutiny.

Long-term progress in elementary and secondary education includes the following highlights:

- Teacher recruitment – Despite some slippage since 2001, our average teacher pay has become more competitive over the last decade, especially when compared to statewide wage levels
- Classroom resources – Since 1993, our pupil-teacher ratios have improved (even as our enrollment has risen dramatically), but recent progress by other states has left our pupil-teacher ratio above the national average for the first time since 1993
- Reading/writing proficiency – While our standardized reading scores for fourth graders have improved dramatically since 1992, they fell significantly in 2005, as did our competitive rankings
- Math/science proficiency – While our standardized math scores for fourth graders have improved dramatically since 1992, they fell slightly in 2005
- High school graduation – Since 1993, our high school graduation rate has fallen and our competitive rankings have languished
- College preparation – Since 1998, our average SAT scores have steadily improved even as our participation rate has increased, but our competitive rankings remain mediocre

Such indicators as teacher compensation, professional development and licensing are improving. In 2005, for example, 81% of North Carolina's 7th to 12 graders were taught by teachers with an undergraduate or graduate major in the subject they are teaching, up from 61% in 1992 and competitive with the top states.²⁵ In 2004, 63% of our middle grade math teachers were certified in math (compared to a 61% US average) and 76% of our high school math teachers were certified in math (compared to a 89% US average).²⁶ North Carolina also is one of several states requiring high school teachers to pass subject-matter tests and have subject-matter majors for their initial license, and paying for teacher professional development.²⁷

Our standards of school accountability have come under harsher scrutiny. In 2005, 82% of North Carolina's fourth-grade students met state reading standards, but only 62% scored at or above the NAEP Basic level and only 29% scored at or above the NAEP Proficient level in reading. Similarly, in 2005, 84% of our eighth-grade students met state standards in math, but only 72% scored at or above the NAEP Basic level in math and 32% scored at or above the NAEP Proficient level. Even with lower standards, 192 or 8% of NC's public schools in 2005 were on the federal No Child Left Behind (NCLB) "in need of improvement" list²⁸ and the gulf between high school graduation requirements and college academic requirements has required NCCCS and the UNC System to place more freshmen into remedial math and English classes. The 2006 *ABCs of Public Education* report issued by the NC State Board of Education reflected more rigorous math standards and, as a result, showed significantly lower math scores than in the prior year.

The highlights of our long-term progress in higher education may be summarized as follows:

- Community college access – Since 1997, our average community college costs have climbed from 45% to 68% of the national average, but our costs remain among the lowest in the nation (and the lowest in the Southeast region);
- Community college resources – From 1995 to 2003 (the most recent year for which data is available), our aggregate community college student/faculty ratio increased by over 10%, but remained the 3rd best in the nation and best in the region;²⁹
- University access – Since 1994, our average undergraduate tuition/fees for public four-year colleges has increased by over 150% and our competitive ranks have slipped, yet our overall costs have remained relatively low;
- University faculty – From 1995 to 2003, our aggregate university student/faculty ratio increased slightly and competitive rankings were stable.

The affordability and access of North Carolina's public four-year colleges and universities will likely persist as a contentious issue. Article IX, Section 9 of the state constitution, which states in part that the "General Assembly shall provide that the benefits of ... public institutions of higher education, as far as practicable, be extended to the people ... free of expense," has helped keep North Carolina's college costs extremely low. But, in order to maintain academic standards and compete for the best faculty and students, North Carolina has increased tuition at least seven times and doubled tuition for in-state students in the past ten years.

“If [high school graduation rates and university affordability] are not addressed, they could undermine North Carolina’s access to an educated, competitive workforce and weaken its economy over time.”

—National Center for Public Policy and Higher Education

As a result, the share of family income needed for all income groups to pay college costs³⁰ at public four-year colleges rose from 19% in 1992 to 26% in 2005. The share of family income needed for low- and middle-income families (which enroll 84% of college students) to pay four-year college costs rose to 39%. However, during the same time, North Carolina’s investment in need-based financial aid (as compared to federal investment) increased from 3% in 1992 to 39% in 2005. In 2005, North Carolina’s undergraduate students borrowed an average of \$3,752 to attend college.³¹

Rising enrollment, including net in-migration from other states, indicate that our colleges and universities remain relatively affordable. While only 39% of our young people enroll in college by age 19 (compared to a US average of 53%)³² and only 30% of our 18- to 24-year olds enroll in college (compared to 41% for top states),³³ enrollment at North Carolina’s four-year public colleges and universities continues to grow. In addition, our public colleges and universities continue to attract students from other states. In 2004, 9,610 more students entered North Carolina than left it to attend college, the 4th highest in-migration rate in the US and the highest in-migration rate in the SE region.³⁴

Still, North Carolina’s high school graduation rate and higher education costs loom as serious threats to our future. According to the National Center for Public Policy and Higher Education, “Since the early 1990s, North Carolina has consistently improved its performance in preparing students for and enrolling them in higher education. However, compared with leading states, relatively few 9th graders graduate from high school in four years. North Carolina has seen a double-digit drop in this rate over the past decade, and this rate is now among the lowest in the country. Moreover, the affordability of higher education in the state continues to fall. If these trends are not addressed, they could undermine North Carolina’s access to an educated, competitive workforce and weaken its economy over time.”³⁵

The state’s progress on individual goals and measures for this imperative is discussed in more detail on the scorecard pages that follow.

The statewide performance indicators presented in the scorecards obscure the achievement gaps that continue to separate whites, blacks and Hispanics in North Carolina.

The concentration of minority students in our worst performing schools is disturbing.

Racial Lens

The statewide performance indicators presented in the scorecards obscure the achievement gaps that continue to separate whites, blacks and Hispanics in North Carolina. The following facts illustrate this educational divide and the progress we are making to address it:

Key Racial Educational Indicators

Target/Measure	Performance Data
Reading/writing proficiency	<ul style="list-style-type: none"> From 1998 to 2005, the percent of black 4th graders scoring at or above the NAEP basic level in reading increased from 35% to 41%, the ratio of Hispanic students declined from 58% to 46% and the ratio of white students rose from 69% to 74%³⁶ In 2003, our African-American achievement gap for NAEP reading scores was considerably less than the national average for 4th graders and our black 4th graders had the 11th highest score in the US³⁷
Math/science proficiency	<ul style="list-style-type: none"> From 2000 to 2005, the percent of black 8th graders scoring at or above the NAEP basic level in math increased from 40% to 53% while the ratio of white 8th graders increased from 79% to 82%³⁸ From 2003 to 2005, the percent of Hispanic 8th graders scoring at or above the NAEP Basic level in math increased from 55% to 59%³⁹ In 2003, our African-American achievement gap for NAEP math scores was considerably less than the national average for 8th graders; our black 8th graders had the 6th highest score in the US⁴⁰
High school graduation	<ul style="list-style-type: none"> In 2003, the high school graduation rates were 67% for white males (76% US average), 64% for white females (83% US average), 46% for black males (45% US average), 62% for black females (59% US average), 42% for Hispanic males (50% US average) and 48% for Hispanic females (61% US average)⁴¹
College preparation	<ul style="list-style-type: none"> From 1997 to 2005, the gaps in NC between average SAT scores for white students and average SAT scores for black and Hispanic students widened⁴² In 2005, North Carolina's average SAT scores were 1061 for white students, 851 for black students and 937 for Hispanic students⁴³

The concentration of minority students in our worst performing schools is disturbing. For 2004–05, black students accounted for 31% of total statewide enrollment, but 85% of the enrollment at the state's 17 lowest-performing high schools.⁴³ In these 17 high schools, only 46% of the students performed at grade level on end-of-course tests (in contrast to a 75% statewide average), only 59% of the students took the SAT (versus a 74% statewide average), the average SAT score was 181 points below the statewide average and only 69% of teachers were fully licensed (versus 85% statewide average).⁴⁴

National Performance

As indicated earlier herein, we are being graded whether we like it or not. Each year, several reputable national organizations issue scorecards ranking the relative educational performance of North Carolina and other states. As illustrated by the table below, North Carolina's educational progress is seen by others as mixed.

Key Indicator Systems – Grading North Carolina

Organization/Report	Progress Indicators	US
Morgan Quitno Press/ <i>Smartest State</i>	21 Educational Factors	23rd
Education Week/ <i>Quality Counts</i>	Standards & Accountability	B
	Teacher Quality	B
	School Climate	C+
National Center for Public Policy & Higher Education/ <i>Measuring Up</i>	Resource Adequacy & Equity	C-
	Preparation	B+
	Participation	B-
	Affordability	F
	Completion	B+
Fordham Foundation	Benefits	B
	Public School Academic Standards	C-
Hoover Institution (Stanford)	Standard Proficiency Testing Factors	F

Education Week, in its annual 50-state report card on education, “Quality Counts,” assigned North Carolina mixed grades in its four focus areas.

The National Center for Public Policy and Higher Education, in its biennial report card, “Measuring Up,” awarded mixed grades to North Carolina in five focus areas.

The Hoover Institution at Stanford University concluded that North Carolina has one of the poorest standard proficiency testing programs in the nation.

In education ... North Carolina competes against other nations, not just other states.

In 2006, Education Week, in its annual 50-state report card on education, “Quality Counts,” assigned North Carolina mixed grades in its four focus areas. As shown in the table above, North Carolina received a B for standards and accountability; only Mississippi received lower than a B in the Southeast Region, while Florida, South Carolina and West Virginia received A’s. We received a B for improving teacher quality; in the Southeast Region, South Carolina received an A, Virginia received a B+ and four states received lower than a B. North Carolina received a C+ for school climate, the highest score in our region (tied with four states). Finally, while we received a C- for resource equity, only two states received better than a C+ on this indicator.

In 2006, the National Center for Public Policy and Higher Education, in its biennial report card, “Measuring Up,” awarded mixed grades to North Carolina in five focus areas. In four of these subjects, we showed improvement. We received a B+ for Preparation (up from a B in 2004). In this subject, only 7 states in the nation and one in the region received higher grades. We also received a B- in Participation (up from C+ in 2004), a B+ in Completion (up from B in 2004) and a B in Benefits (up from C in 2004). North Carolina received an F for Affordability (down from D- in 2004), but it should be noted that only 7 states avoided an F in affordability (California and Utah with a C-, Hawaii, Idaho, Minnesota and New Jersey with a D and Washington with a D-). North Carolina received an Incomplete in Learning (same as 2004).

In 2006, the Hoover Institution at Stanford University concluded that North Carolina has one of the poorest standard proficiency testing programs in the nation. NC was one of only three states (along with Tennessee and Oklahoma) receiving an F for the rigor of its state proficiency standards. This grade was based on a “truth in advertising” methodology that tried to assess the difference between state and national (NAEP) scores. As the report commented, “once again, we discover that Suzy could be a good reader in North Carolina, where standards are low, but a failure in neighboring South Carolina, where standards are higher.”⁴⁵

Global Performance

In education and the other imperatives tracked by the Progress Board, North Carolina competes against other nations, not just other states. Thus, where practical, our educational progress should also be benchmarked against the educational performance of international competitors.

Fortunately, there are several organizations that track international performance in education. Those entities include the United Nations Educational, Scientific and Cultural Organization (UNESCO), Institute of International Education, International Association for the Evaluation of Educational Achievement (IEA), Organization for Economic Cooperation and Development (OECD) and Program for International Student Assessment (PISA). These organizations, and the periodic reports they issue, provide some added context for gauging North Carolina’s educational performance. Some highlights:

Key Global Educational Indicators

Target/Measure	Performance Data
Classroom Resources	<ul style="list-style-type: none"> ■ In 2002, average US expenditures per student were \$8,556 for elementary and secondary schools (3rd of 27; \$6,134 international average)⁴⁶ ■ In 2002, US spent 4.1% of GDP on elementary and secondary education (11th of 28; 3.8% international average)⁴⁷ ■ In 2003, the average US pupil-teacher ratio was 15.5 for elementary schools (9th of 17 nations), 15.5 for junior high schools (11th of 16) and 15.6 for senior high schools (10th of 17)⁴⁸
Math/Science Proficiency	<ul style="list-style-type: none"> ■ In 2003, US 4th graders scored 518 in math (12th of 25; 495 international average) and US 8th graders scored 504 in math (10th of 45; 466 international average)⁴⁹ ■ In calculus, US students ranked 22nd of 23 nations, but our top AP calculus students (those earning AP calculus grades of 1 or 2) demonstrated the same math achievement as students from the top nation (France)⁵⁰ ■ In 2003, US 4th graders scored 536 in science (6th of 23); US 8th graders scored 527 in science (8th of 45; 473 international average)⁵¹ ■ In physics, US students ranked 23rd of 23 nations, but our top AP physics students (those earning AP physics grades of 1 or 2) surpassed students in all nations except Norway and Sweden⁵²
University Access	<ul style="list-style-type: none"> ■ About 33% of young adults, aged 18 to 24, in North Carolina are enrolled in college, a favorable rate compared to many countries, but lower than the top-performing nations for this measure (South Korea, Greece, Finland, Belgium, Ireland and Poland)⁵³
University Resources	<ul style="list-style-type: none"> ■ In 2002, average US expenditures per student were \$20,545 for postsecondary schools (2nd of 26; \$10,641 international average)⁵⁴ ■ In 2002, US spent 2.6% of GDP on higher education (1st of 28; 1.4% average)⁵⁵ ■ With 17 out of 100 students enrolled completing certificates or degrees, NC's completion rate is only 72% of the United Kingdom's rate (the top-performing nation on this measure) and lower than that of 15 developed nations (i.e., Japan, Portugal, Australia, Switzerland, Denmark, Ireland, New Zealand, France, Iceland, Korea, Belgium, Sweden, the Slovak Republic and Poland)⁵⁶

It appears that our national commitment to education, at least as measured by spending, is strong, particularly in higher education.

The US' advanced math and physics students are "not leading, but lagging behind other students around the world."

—Trends in International Math and Science Study

One should be cautious in drawing conclusions from international data, but some broad themes emerge. First, it appears that our national commitment to education, at least as measured by spending, is strong, particularly in higher education. In 2002, for instance, the US spent 6.7% of Gross Domestic Product (GDP) on total education, ranking it the highest of 28 nations.⁵⁷ However, such investments do not necessarily translate into academic excellence, especially in math and science achievement. In fact, one report concluded that the US' advanced math and physics students are "not leading, but lagging behind other students around the world."⁵⁸

State Initiatives & Progress

Our governor, General Assembly and other public leaders recognize the importance of the educational imperative. The \$18.9 billion FY07 state budget includes \$7.2 billion for public education (including lottery funds for class-size reduction and teacher pay raise), \$0.8 billion for community colleges and \$2.3 billion for universities (including lottery funds for scholarships). Much of the 9.8% general fund spending increase for FY07 is allocated to pay raises, an 8% teacher pay raise and a 5.5% state employee pay raise.

The [FY07] appropriation bill includes significant funding increases for public education.

The appropriation bill enacted earlier this year includes significant increases for public education. The FY07 budget includes nearly \$820 million for K–12 schools, including funds for teacher salaries and lottery proceeds for school construction and class-size reduction. The budget eliminated over \$44 million in discretionary cuts, restored the base per-student allotment, fully funded the Low Wealth Expansion Fund (about \$42 million) and increased funding (\$27 million) for the Disadvantaged Student Supplemental Fund (DSSF). The new North Carolina lottery is projected to generate \$547 million for education in FY07. The FY07 state budget provided the largest increase since the Basic Education Plan was funded over two decades ago.

The FY07 state budget also provided some additional funding for the NCCCS. The state increased community college funding by \$64 million or 8.4% from the prior year. In addition, the state funded a 6% pay raise and a 2% one-time bonus for community college instructors and established new minimum pay requirements (e.g., \$38,607 for a doctorate degree). This will help address North Carolina's low community college salaries (among the lowest in the nation). Finally, the FY07 budget provided added funds for the enrollment growth reserve which was created in FY06.

North Carolina has adopted several policies that advance the long-term goals for the educational imperative, including the following:

- First-grade readiness – North Carolina established a pre-kindergarten program to prepare disadvantaged four-year olds for success in school (the More at Four program); by 2005, 74% of the four-year olds living in poverty (and 19% of all four-year olds) were in publicly funded pre-K programs and our maximum class size for publicly-funded pre-K programs met recommended standards⁵⁹
- Primary education – North Carolina has reduced its class sizes in the early elementary grades (kindergarten through third grade) and the FY07 budget should enable the state to continue this initiative
- Secondary education – Governor Easley initiated two high school reform programs—the Learn and Earn Program and New Schools Project—funded in part by over \$15 million in grants from the Bill & Melinda Gates Foundation; 11 new academically rigorous high schools opened in 2005 and 21 in 2006
- Secondary education – the State Board of Education and NCCCS are working together to develop a statewide assessment tool to better prepare high school sophomores for the 11th and 12th grades
- State standards – The North Carolina Department of Public Instruction (DPI) has agreed to adopt national standards for tracking graduation and dropout rates and is considering ways to strengthen the ABCs Accountability Program
- Community College Quality – NCCCS is expanding teacher preparation programs to meet the estimated need for 80,000 new teachers over next decade and partnering with the UNC system to allow future teachers to take baccalaureate degree courses needed for teacher certification at community colleges⁶⁰
- University Access – UNC enacted a 6.5% annual tuition cap for the next four years and continues to offer programs to ease access to higher education (e.g., Carolina Covenant at UNC-CH and NCSU and the National College Savings Program (the 529 college savings plan)
- University Resources – The UNC System continues to implement the UNC Higher Education Bond Program (approved by voters in 2000) to expand facilities throughout the 16-campus UNC system

The external pressures we face to attain educational excellence will likely escalate before they ease.

The external pressures we face to attain educational excellence will likely escalate before they ease. Our courts have affirmed the state's constitutional duty to provide all school-age children a sound basic education and the Leandro mandate calls for specific educational resources. Mounting global competition will likely increase pressures to make our public system of elementary, secondary and higher education system more seamless, innovative and productive.

By holding our leaders accountable, we can help give our children—and their children—a better state in which to live

What's Next?

Statement of Need – North Carolina has a proud history of facing the future. Just as previous generations made tough choices that benefit us, we can now act to benefit future generations. By holding our leaders accountable, we can help give our children—and their children—a better state in which to live. We know that thinking and acting strategically—witness university system consolidation, banking reform and the Research Triangle Park—offers us a competitive edge. Yet, thinking strategically—taking the long view—often means facing the future with a cohesive vision, measurable targets and sound strategies. In fact, it is where we have used strategic targets and actions that we have enjoyed some of our greatest successes. In education, for instance, we improved our average teacher pay as well as our average math proficiency scores.

New Direction – In the hope of strengthening our state's strategic capabilities and our competitiveness as a state, the North Carolina Progress Board has adopted the following four-point plan:

- Build a permanent, fact-based campaign for North Carolina's future around the new strategic scorecard and other useful value-added data products;
- Develop real-time data delivery and other enhanced communications capabilities for keeping leaders and citizens current on breaking developments and trends;
- Engage communities in benchmarking their progress, enhancing their strategic capabilities and bridging the gap between Raleigh-centric policies and community interests; and
- Adopt a new entrepreneurial, sustainable business model to increase private sector involvement, provide incentives for effective academic involvement and make better use of fragmented or under-utilized public policy resources.

The new *Strategic Scorecard System* is the foundation of a series of new, easy-to-understand data products. The *Strategic Scorecard System* will serve as the primary tool for tracking our progress as well as the focal point for framing strategic issues. As a natural part of our ongoing work to update the *Strategic Scorecard System*, we will offer several new products in simple, standard formats, including public program summaries (*Progress Profiles*), research paper abstracts (*Progress Digests*), non-partisan issue trend summaries (*Progress Watch*) and practical menus of best practices and other promising solutions offered by diverse advocates (*Progress Ideas*). We will make the above products available to the public through our website (the North Carolina Progress Portal).

FY07 Plan – We are working hard to improve the new *Strategic Scorecard System*. We are creating a structured quality control review process to obtain input from more stakeholders on our goals, targets and methodology. We are working with counties and regional entities to develop a community-based benchmarking program for the entire state. We are exploring ways to tap our state's vast academic resources in the public policy arena—including those from all public campuses. We are migrating from a reliance on printed reports to real-time website delivery and continuous progress updates. With such efforts, we hope that the *Strategic Scorecard System* will become a durable framework for assessing our state's competitiveness in the years ahead.

To carry out our plan for this year, we will seek greater assistance from the private sector and our state's academic institutions. If you would like to learn more about our new data products or ways in which you can help chart our state's future, visit our website at www.ncprogress.org or call us at 919-513-3900.

Acknowledgments

The North Carolina Progress Board would like to thank the staff and consultants who helped prepare this update (see our website for a full list of board members and other contributors). The Board also would like to express its appreciation to the many organizations that provided information and other invaluable assistance.

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We hope that the *Strategic Scorecard System* will become a durable framework for assessing our state's competitiveness in the years ahead.

Notes

1. For the purpose of regional rankings, the Southeast Region includes ten states: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.
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4. Southern Regional Education Board (SREB), SREB Fact Book on Higher Education, 2005
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9. The other states were AZ, CA, CO, GA, FL, NV, SC, TX and VA.
10. US Department of Education, National Center for Education Statistics, Digest of Education Statistics 2005, July 2006.
11. The National Center for Public Policy and Higher Education, Measuring Up 2006.
12. SREB Goals for Education, Challenge to Lead: North Carolina 2006.
13. North Carolina Department of Public Instruction, Facts and Figures 2005-2006.
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16. National Center for Education Statistics
17. Chapter 115A of the North Carolina General Statutes.
18. American Association of Community Colleges, National Profile of Community Colleges: Trends & Statistics, 4th Edition.
19. NCCCS, The NCCCS Fact Book, 2006
20. UNC Long-Range Plan, 2004-2009.
21. Chapter 116, Section 4 of the General Statutes, as amended by the General Assembly July 1, 1972.
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22. The National Center for Public Policy and Higher Education, Measuring Up 2006.
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25. The National Center for Public Policy and Higher Education, Measuring Up 2006.
26. SREB, Goals for Education, Challenge to Lead: North Carolina 2006.
27. Education Week, Quality Counts 2006
28. SREB, Goals for Education, Challenge to Lead: North Carolina 2006.
29. Reported NCCCS faculty data include non-credit faculty which many state community college systems exclude.
30. Net college costs equal tuition, room and board after financial aid.
31. The National Center for Public Policy and Higher Education, Measuring Up 2006.
32. The National Center for Public Policy and Higher Education, Measuring Up 2006.
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35. The National Center for Public Policy and Higher Education, Measuring Up 2006.
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43. North Carolina Department of Public Instruction.
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