



LEGISLATIVE NEWSLETTER

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A Good Case for Good Economics, Politics – and CTE: Scott Mooneyham, in an Insider Afternoon Update this week, made an excellent case for a sound economy and reasonable UNC costs for students. The column, “The Unsustainable Path of our Universities,” also may inadvertently underscore the importance of CTE to North Carolina’s economy, jobs and training:

RALEIGH -- Lately, former University of North Carolina system president Erskine Bowles has been going around the country trying to sell the public and public officialdom on the idea that the nation's current fiscal course is unsustainable.

"I think we face the most predictable economic crisis in history," Bowles recently told The Wall Street Journal. "The economics is very clear. The politics, very difficult."

Bowles was speaking in his role as co-chair of President Obama's deficit reduction commission, which came up with a set of unpopular, painful and so far unacted upon budget cuts and tax hikes.

He went on to tell the newspaper how every single dollar spent last year by the U.S. government on discretionary programs could be seen as being borrowed.

"That's a formula for failure in anybody's book," he said.

Funny thing is, he could have used similar words, speaking in his previous role as UNC system president, about the current unsustainable path of our public universities.

The universities themselves may not be borrowing the money. But they are living on borrowed money. It's just that the borrowing is by students and their families.

Consider that the average college student in North Carolina graduated with \$25,250 of debt in 2010. Among the 16 public UNC system schools, tuition and fees for resident undergraduates will average \$5,275 this year.

So, for an average resident student who takes five years to graduate, almost all of their tuition payments could be seen as coming from student loans.

That's not the unsustainable trend though.

Like the country's rising entitlement costs weighed against borrowing and revenue, it's the rate of tuition increases weighed against debt and the ability of students to pay off that debt that can't be sustained down the road.

Over the last decade, tuition at UNC system schools more than doubled, rising 119 percent. That's an average annual increase of 11.9 percent. At UNC-Chapel Hill, tuition and fees jumped from \$3,219 in the 2001-02 school year to \$7,008 this year.

Meanwhile, the average student is graduating with about 50 percent more debt than they did a decade ago.

While college administrators engage in some hand-wringing about rising tuition and declining state support, they don't seem to acknowledge the obvious: Another doubling of tuition over the next decade -- combined with rising debt, rising student loan defaults and a questionable job market -- is untenable.

Something will have to give. At some point, a university financing crisis becomes predictable.

University administrators can pretend that's not the case. They can keep on with their plans for more double-digit tuition increases.

Or they begin to recognize that their huge, complex institutions require significant reform to cut costs.

University officials may believe they have a problem with legislators and taxpayers right now. Down the road, their bigger problem is going to be with their customers -- the students.

It would be nice to hear one of those former UNC officials come home to do a little preaching about that unsustainable road.

NCDPI and Wake Schools Eye Morehead School Deal: Wake County schools and the NC Department of Public Instruction are considering a plan that could help state education leaders keep the Governor Morehead School for the Blind open while also providing space for a new Wake school. Under the potential deal, Wake would lease the land housing the Morehead School in Raleigh and use vacant parts of the campus. That would reduce the burden on state

education leaders seeking to find money to keep the Morehead School open on the site. "It would be fantastic to save that program and use that land," Wake County Superintendent Tony Tata said last week. "It makes too much sense not to do it." Legislators want to close one of the three state residential schools for deaf and blind students to save \$5.5 million a year.

Legislators asked the DPI to recommend which school to close. But after brisk lobbying from parents and lawmakers, state schools superintendent June Atkinson announced last month a plan that would keep the three schools largely unchanged. The Governor Morehead School for the Blind in Raleigh would become a satellite of the Eastern North Carolina School for the Deaf in Wilson, with its administration consolidated there. The Raleigh school would keep its students and its name. The plan for the schools will include a recommendation to lease vacant space on the campuses to charter schools, regional schools, or school districts in efforts to raise money.

House Leader to Retire: Rep. Dale Folwell announced recently that he is not seeking a fifth term in the General Assembly. Folwell, R-Forsyth and the House speaker pro tem, is double-bunked in the new redistricting maps with Rep. Larry Brown. He said he's not sure yet what his next move will be, adding that a recent GOP straw poll showed he would have strong support in a run for state treasurer, auditor, or lieutenant governor. "A week ago," he said, "another representative came into my office and told me, 'At some point, you're going to have to back off doing your job and think about leading.'" Folwell said he'd accomplished most of what he came to the House to do.

Quote of the Week: *"Should I say it's bad manners?"*

- Sen. Bill Rabon, R-Brunswick, on a potential re-election challenge by Rep. Carolyn Justice, R-Pender (Wilmington Star-News, 12/10/11)



HAPPY AND SAFE HOLIDAYS EVERYBODY!

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