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Production Work Handbook
Revised: March, 1997
INTRODUCTION

Article 10, Part 2, Chapter 115C of the North Carolina General Statutes authorizes and directs the State Board of Education to “establish, maintain, and implement such policies, rules and regulations and procedures not in conflict with state law or other State Board policies as necessary to assist local boards of education in the conduct of production work experiences performed in connection with State Board of Education vocational education programs.” (1993, C. 180)

“Production work” means “production activities and services performed by vocational and technical education classes under contract with a second party for remuneration.” Such activities have always been a vital part of the education delivery system and are among the most effective instructional methods for developing skills in students enrolled in Workforce Development programs.

All activities within an education program including those classified as production work are designed to accomplish the following major purposes as specified in G.S. 115C-151:

1. To prepare individuals for paid or unpaid employment in recognized occupations, new occupations, and emerging occupations. (Occupational Skill Development);

2. To prepare individuals for participation in advanced or highly skilled vocational and technical education (Preparation for Advanced Education); and

3. To assist individuals in the making of informed and meaningful occupational choices. (Career Development Introductory.)

To provide leadership and direction to local education agencies (LEAs), this technical assistance resource handbook has been developed by workforce development state staff. This publication contains definitions, rules, regulations, guidelines, and administrative and instructional suggestions that are intended to be of assistance to LEAs planning, implementing, and evaluating “production work” activities as part of their workforce development programs.

The specific purposes of this handbook are to:

A. Establish basic state-level administrative policies and guidelines that interpret Article 10, Part 2 of the North Carolina General Statutes relative to workforce development education production work activities;

B. Provide administrative and instructional resource material to LEAs who wish to develop and implement local board of education policies in this area. (That material is designed to supplement the material provided in program area planning guides.);

C. Provide resource material for instructional personnel in planning and implementing production work activities as an integral part of workforce development education programs; and

D. Provide basic standards for evaluating the effectiveness of production work activities in workforce development education.
LEAs are further encouraged to develop and adopt local board of education policies in this area that are consistent with these State Board of Education guidelines. Such policies will ensure that accountability in workforce development education is a state and local responsibility. Such action will also greatly enhance the quality and effectiveness of workforce development programs at the local level. If requested, the state staff in workforce development education will assist LEAs with implementing these policies and guidelines.

We trust you will find this publication useful.

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CHAPTER I

THE BENEFITS OF PRODUCTION WORK ACTIVITIES IN EDUCATION PROGRAMS

The closer an instructional setting represents the real work situation in which the skills learned in the program will be practiced, the more effective the instruction. Workforce development classrooms, shops, and labs should resemble, and when possible, duplicate the workplace. Production work activities present the optimal situation for “real work” simulation and duplication. Thus, instructional effectiveness and quality should increase when appropriate work activities are implemented.

Production work activities can also provide other benefits and opportunities. The following describes some of the uses that can be made of such activities. Of the examples listed below, those dealing with direct instructional benefits for students are the most critical. Other benefits must be secondary in emphasis and come about more as a by-product than as a purpose.

Production work activities can:

A. Represent the epitome of the “learn-by-doing” philosophy that is so critical to effective education.

B. Present an opportunity for skill identification and validation. Since workforce development programs teach salable skills and thus are based on job competencies, an excellent method for defining “essential” skills is provided by production work activities.

C. Make workforce development programs more attractive to students, thus enhancing the recruitment and placement aspects of workforce development programs.

D. Offer a greater opportunity for teachers to expand the instructional horizons of their program in that many related concepts can be more easily demonstrated to students while they are simultaneously developing specific workforce development competencies in “actual” work situations, the economics of buying and selling, safety, importance of teamwork, interrelatedness of various jobs, etc.

E. Offer students an opportunity to practice workforce development skills in a “simulated work setting” thus allowing for career decision making, career counseling, and other career development aspects to occur simultaneously with skills instruction.

F. Present an opportunity for competency evaluation especially in that students can “demonstrate” learned skills. This type of evaluation may be especially important for disadvantaged and handicapped learners who may have difficulty demonstrating their knowledge and skills through “cognitive oriented assessments.”
G. Offer teachers the opportunity to build an “instructional bridge” between the classroom and the world of work. This bridge can enhance the student’s appreciation and acceptance of classroom instruction.

H. Serve as a vehicle for vocational student organizations in making their activities an integral part of workforce development instruction.

I. Make instructional programs more appealing and motivational to students, thus reducing discipline problems.

J. Extend the school into the community and offer an excellent opportunity to build important relationships. Such activities demonstrate to the business community workforce development programs are “educational” in nature and purpose and in no way are designed to compete economically speaking with the private sector.

K. Involve people in the community in the instructional program through advisory and/or craft committees, project consultants, guest instructors, resource persons, etc.

L. Foster greater teamwork and cooperation among students and programs than is presented by more limited “regular classroom” activities.

M. Present an opportunity to deal with sex, race, language, national origin, and handicap biases and stereotyping problems in that students have an opportunity to work together in a less structured and more relaxed atmosphere than is presented in the “regular classroom.”

N. Result in expanded monetary benefits for the LEA. Since proceeds from such activities must be put in a revolving workforce development account, these funds can enhance the overall quality of workforce development programs by providing resources needed to purchase such things as materials, supplies, and equipment.

O. Provide instructional opportunities for public awareness activities for the school system and the workforce development programs.
CHAPTER II

PREREQUISITE STEPS FOR EFFECTIVE PRODUCTION WORK ACTIVITIES

Before implementing production work activities, essential steps that should be taken. These steps include, but are not limited to:

A. Securing the endorsement of production work activities from the local board of education through official board action.

B. Gaining the support and encouragement for these activities from the LEA administrative staff (superintendent, local director, finance officer, individual school principals, etc.), preferably in writing.

C. Gaining community support in areas related to the instructional aspects of the production work activity through advisory committee participation and public awareness activities. Also overall local workforce development education advisory committee support is essential. (G.S. 115C-165 requires an advisory committee for each program. See page 8.)

D. Developing and implementing comprehensive and clearly understood local board of education policies governing such activities that are consistent with state rules, and guidelines in this area.

E. Hiring knowledgeable and competent instructional personnel who possess expertise in the area(s) of the production work activity.

F. Developing a comprehensive plan covering all aspects of the proposed activity. (NOTE: The size and scope of this plan will depend upon the nature of the proposed activity. See the administrative consideration “Planning” on page 7.)

G. Ensuring that a class schedule permits sufficient time for instruction and supervision of the work related experience.

H. Obtaining appropriate pupil/teacher ratios necessary to facilitate effective instruction. Consult the Workforce Development Education Programs of Study Revised 1997, and program area planning guides.

I. Making adequate provision for transporting students to and from the work site if the activity is to be held off the school campus.

J. Ensuring that an effective fiscal accounting process is implemented and includes:
   1. Adequate purchasing procedures,
   2. Accurate and up-to-date records of all expenditures and receipts; and
   3. A procedure for disposition of the final product/service that is consistent with Purchase and Contract Rules and Regulations (State Department of Administration) as well as applicable local government policies.
K. Implementing an efficient process for getting adequate supplies, materials, and equipment necessary for completing the activity to the work station(s). An appropriate inventory system is also essential.

L. Ensuring that effective safety and health rules, regulations, and procedures (consistent with local, state and federal regulations and guidelines, i.e., OSHA, EPA, NESHAPS, Transportation) are implemented at the school level.

M. Developing a management process to ensure that all applicable permits, inspections, certifications, etc. are secured at the appropriate time.

N. Coordinating the implementation of an effective process for evaluating the entire activity (see page 24).

O. Developing an effective public relations system to publicize the activity.
CHAPTER III

OPERATIONAL CONSIDERATIONS

In conducting programs of workforce development education that incorporate production work activities as a part of instruction, many operational aspects must be considered. These considerations include supervisory, policy, instructional and other related actions, decisions and issues that determine the overall effectiveness of such activities. This section will identify and clarify essential administrative and instructional considerations. Although these considerations are not all inclusive, they represent the major concerns as identified by local directors of workforce development education. The operational considerations indicated have either a legal or State Board policy base or are presented as strong recommendations of the Division of Instructional Services, Workforce Development.

A. INSTRUCTIONAL

1. Curriculum
   a. Selection

   The selection of and planning for curriculum related to production work activities must be appropriately done so as to be an integral part of the scope and sequence of workforce development programs as identified in the Workforce Development Education Programs of Study Revised 1997, and the specific program area planning guides.

   b. Placement

   There are several criteria that must be applied in this process, but the overall concern should be whether the production work actually relates to the competencies being taught in the workforce development program(s). Other factors that relate to this selection process might include:

   (1) Timing the activity to produce maximum return on student skill development.

   (2) Placement of the activity at a point appropriate to student competency attainment.

   (3) Adequacy of facilities and work stations to accommodate the activity.

   (4) Other details such as transportation, class size, and availability of materials and equipment.

   c. Intent

   At no point should the workforce development program be altered to support or enhance a specific production work activity. Rather, production work activities are to be selected and planned to enhance and promote the education and training of future employees in the specific field or occupation(s) related to the workforce development program.
The decision to accept or reject specific projects in a program incorporating production work activities should take into account whether or not the activity actually enriches instruction. LEAs must take care not to let “fund raising” replace or interfere with instruction.

It must also be remembered that workforce development programs are established to instruct students and not as adjuncts to the school’s maintenance services. Care must be taken to ensure that this intent is maintained at all times.

2. Vocational Student Organizations (VSO)

Since vocational student organizations (VSO) are an integral part of the curriculum, any production work activities in which these organizations are engaged should be treated as part of the regular instructional program and thus subject to the guidelines and suggestions in this handbook. LEAs are encouraged to involve VSOs in production work activities.

3. Class Size

Class sizes in programs incorporating production work activities should be based upon (1) the number of work stations available, (2) the overall facility housing the program, (3) the nature of the production work activity, (4) general safety considerations, and (5) the capabilities of the teacher involved. Consult class size criteria in the Workforce Development Education Programs of Study, Revised 1997 for assistance.

4. Facilities/Equipment/Supplies

Appropriate work stations and ample supplies and materials as well as sufficient equipment are necessary for effective use of production work activities in workforce development programs. Refer to the various program area planning guides for assistance here.

5. Program Cooperation

LEAs are encouraged to involve as many courses and programs as possible in production work activities, especially in those activities that are extensive in scope. This facilities programs cooperation. There are two types of cooperation and both are encouraged:

a. Intra-program cooperation - Cooperation among course areas within a given program area. (Example: An activity involving masonry, carpentry, and electrical installation classes.)
b. Inter-program cooperation - Cooperation between various program areas. (Example: Family and Consumer Sciences Education, trade and industrial, agriculture, and marketing education classes involved in the design, construction, interior decorating, landscaping, and marketing of a house.)

Effective planning and staff coordination are essential to achieve this program cooperation. Such cooperation helps demonstrate to students the interrelatedness of various occupations in the economy.
6. Safety and Health

It is the responsibility of the vocational teacher to ensure that appropriate safety and health practices are taught and observed. The local director of workforce development education has the responsibility to in-service and provide technical assistance to personnel engaged in production work activities to ensure that safety and health considerations are properly addressed. This is a responsibility shared with principals.

In addition to the instructional aspects of safety and health, all programs incorporating production work activities must meet applicable local, state and federal (OSHA, EPA, NESHAPS, and Transportation) safety and health guidelines.

7. Transportation

LEAs are encouraged to develop local policies for production work activities that involve student transportation. Group transportation is encouraged where feasible using school buses, activity buses, and vans.

G.S. 115C-242(5) stipulates that public school buses may be used to transport students to and from special vocational or occupational programs under rules and regulations adopted by the county or city board of education. In addition, where proper accounting practices are provided vocational non-matching expansion funds can be used to help defray costs for transportation to and from work experience sites. LEAs are further encouraged to use profits from production work activities to help cover the costs of transporting students to and from production work activity sites.

LEAs conducting production work activities involving the transportation of handicapped students are encouraged to examine 115C-250(a) of the General Statutes for possible assistance in this area.

If the situation will involve students having to provide their own transportation, LEAs should make sure that parents are notified and parental permission for such is obtained and on file in the LEA. Workforce development personnel should closely monitor and regulate such situations.

B. ADMINISTRATIVE

1. Planning

Planning activities include:

a. Local Advisory Council Involvement

Since local advisory councils for workforce development education are critical to successful programs, such councils should be involved in planning production work activities. Perhaps a “production work” subcommittee with expanded representation from the crafts included in the production work activity could be formed to provide advice and assistance in this area. Committee members could also serve as resource consultants, guest instructors, work supervisors, evaluators, etc. during the project. This subcommittee might also include workforce development teachers to facilitate school/community cooperation.
b. School-Level Planning Committee Involvement

School-level planning is also essential to implementing production work activities. The local director, principal, workforce development program area representatives, and others should constitute a school-level planning committee. The functions of this committee could be correlated with or incorporated into the local advisory council activities depending upon the size and scope of the LEA and its production work activities. Regardless of the approach taken, it is essential the planning and program coordination take place at the school level.

c. Advisory Committee on Construction Projects

Section 115C-165 of the General Statutes requires that local board of education appoint an advisory committee composed of no less than 3 persons residing within that administrative unit for each program (or in the case of Trade and Industrial Education, for each specialty). Such persons shall be lay persons who are actively involved in the appropriate project or trade. It also stipulates that no building trade project(s) shall be undertaken without the involvement of the appropriate advisory committee. This committee could serve as an adjunct to the groups described in a and b above if feasible.

d. Selection of the Production Work Activity

Selecting the specific production work activities of the instructional program must be done with great care. The teacher(s), school principal, and local education agency administration must be involved in making the decision. The final authority for selecting and implementing production work activities is the local board of education. In reaching this decision the local board has access to information supplied in this handbook, program area planning guides, and curriculum materials.

e. Operational Plan and Procedures

Following the selection of specific production work activities might include:

(1) Objectives (stated in measurable terms);
(2) Description of the activity;
(3) Major strategies/activities;
(4) Estimated costs/source of funds;
(5) Areas of responsibility;
(6) Timetables for completion;
(7) Other pertinent items (location, schools, programs involved, etc.); and
(8) Fiscal procedures.

For activities that are small or limited in scope (example: customer services), a basic work order or project plan may suffice for planning purposes. It is important to relate planning to instruction and to ensure that students realize that effectiveness and efficiency in work result from adequate planning.
f. Securing Approval for Production Work Activities

LEAs should determine an “approval structure” for production work activities. The following areas are likely to need consideration in this process:

(1) Type of Activity
   (a) Production/customer work
   (b) Non-production work live project

(2) Projected Costs
   (a) Range of cost
   (b) Source(s) of funds involved
   (c) Charges/fees assessed

(3) Location of Activity
   (a) On campus
   (b) Off campus
   (c) Public, private owned site

(4) Contract Requirements
   (a) Verbal
   (b) Written
      1) work order
      2) repair order
      3) production order
      4) formal

(5) Other
   (a) Transportation needs
   (b) Equipment, material, supply needs
   (c) Insurance

Since these and other factors will determine the “authority levels” that need to be incorporated into the approval structure (i.e. teacher, principal, local director, superintendent or designee, local board of education), careful attention should be given to them locally. All persons involved should be included in developing the approval process.

Appendix D provides a sample checklist that could be used in the approval process for production work activities.

2. Personnel

Having qualified personnel is critical to effective workforce development instruction and it is especially important in programs that use production work activities extensively. Local directors and principals should cooperate in the selection and organization of staff to carry out production work activities, it is strongly recommended that only qualified persons be allowed to substitute in these classes.
3. Legal

a. Legal Basis

G.S. 115C-159 through 115C-165 (see Appendix B for Article 10, Part 2) provide the legal basis for secondary vocational education production work activities by encouraging such work experiences within and outside the school. G.S. 115C-160 and 115C-161 authorize the State Board of Education to provide appropriate definitions and to establish rules, regulations, and procedures for production work activities. Except for the specific areas of agriculture and building trades training, it leaves the types of production work activities to the State Board to identify and define. This handbook is designed to fulfill this responsibility.

b. Competition with Free Enterprise

Although the General Assembly has established the legal basis for production work activities, the question of competing with private enterprise continues to surface. G.S. 66-58(a) prohibits government competition with private enterprise in providing goods or services that would normally be provided through businesses operating in the private sector; however, G.S. 66-58(b) exempts counties and municipalities from this provision. Since local school administrative units are a subdivision of the county or municipality, they are also exempted. Nevertheless, local units should exercise great care to avoid competition with private enterprise, if for no other reason than for good public relations. It is generally accepted that when a production work activity is conducted in accord with provisions of Article 10, Part 2, Chapter 115C and the policies, rules, and regulations of the State Board of Education, the activity is for training purposes and, therefore, not competing with private enterprise. In fact, 115C-159 specifies that production work activities “... are a part of the instructional activities in the vocational education programs and are not to be construed as engaging in business.” The question of competition can be further reduced by choosing a product or service for which there are not established suppliers or for which the demand is such that existing suppliers cannot satisfy the need. The production of a service where there is no profit potential is another way to avoid the problem of competition.

Production work activities that fail to adhere to the provisions of Article 10, Part 2 do not have a legal basis for existing and may well be in competition with private enterprise. LEAs are advised to study this issue very carefully before engaging in extensive production work activities. Seeking advice from persons with whom the activities could provide unfair competition is one way to avoid the problem. Once such individuals see the instructional nature of the program, they are generally most supportive of it. LEAs may be wise to consider the involvement of local advisory committees in securing community understanding and support for production work activities (refer to page 8).

c. Clientele/Eligible Recipients of Production Work Activities

(1) Individuals/Groups
All production work activities, whether through a service or a product, are to be available to the general public through procedures established by the local board of education. Such procedures should indicate how customers are to be selected with special attention to services or products for employees of the local education agency. In all cases, it must be clear that preferential treatment is not given to any group or individuals that desire to secure the services or products of a workforce development education program.

In addition to those services or products made available to the public, workforce development education programs may provide such services or products for the local education agency as well as other governmental agencies, non-profit organizations, churches, etc.

Dwellings or other buildings for the LEA may be constructed by workforce development education programs on building sites owned by the local board of education. If and when such dwellings or buildings are not needed by the LEA, they may be declared surplus and disposed of through means described in the section on Sale and Disposition of Products on page 17.

(2) Elements of Accessibility Process

LEAs are encouraged to develop a systematic process for making products and services available to the public. This process should adhere to the following criteria:

- Ensure fair and equal access for all eligible recipients.
- Contain clearly defined steps that are understandable by potential customers.
- Be advertised through a variety of media.
- Result in production work activities correlating in intent and timing with instructional objectives of the vocational program.
- Reflect adequate planning attention by teachers and students.
- Resemble the “access steps” used by private enterprise in making its products and services available.

d. Liability *

(1) Types

In our modern climate of increased legal action, it behooves public educators to stay abreast of the legal aspects of their profession. Knowledge of the law and its implications for instruction should reduce rather than increase anxiety throughout the profession. Primarily programs using production work activities need to be concerned with the following areas:

(a) Personal negligence - Carelessness on the part of the teacher in performing his/her assigned duties that results in personal injury to another party.
(b) Student negligence - Failure on the part of the student to perform a task or to take appropriate personal action that results in injury to another party.

(c) Service liability - Would result from teacher or student negligence in performing customer (i.e. production work) service(s) that would result in injury to another party.

(d) Product liability - Would result from teacher or student negligence in the manufacture of a product having a defect(s) that would result in injury to another party.

* Some parts of this section are based upon the article, “The Teacher’s Ten Commandments: School Law in the Classroom,” by Thomas R. McDaniel. KAPPAN Magazine, June, 1979, pp. 703-708.

(2) Guidelines for Conduct

Fortunately legal action relative to production work activities has been non-existent to this point. Equally fortunate is the fact that tort (“wrong”) claims for teacher negligence have been extremely rare. To maintain this record for workforce development programs, LEAs need to give increased attention to this issue. The best way to prevent liability claims is to (1) develop specific rules and regulations, (2) educate appropriate persons regarding these rules and regulations, and (3) enforce such guidelines. Key guidelines presented for consideration by workforce development educators are described below:

(a) Maintain proper supervision at all times. Increase supervision in potentially dangerous situations.

(b) Establish and enforce rules of conduct in workforce development programs. Put these rules in writing and incorporate them into instruction where feasible.

(c) Be aware of local, state, and federal rules and regulations as they pertain to instructional programs, activities, and services.

(d) Correct any violations immediately. Negligent behavior on the part of a student should result in immediate and appropriate disciplinary action. In short, maintain discipline.

(e) Know basic first aid practices. Keep first aid kits in work station areas.

(f) Advise substitute teachers concerning these guidelines.

(g) Report observed hazards to appropriate administrators (usually the principal) in writing.

(h) Stay in assigned area. Do not leave students unsupervised, especially in potentially hazardous situations. If teachers must leave a situation, they should make sure someone (an adult) is providing proper supervision.

(i) Keep parents advised of expected rules of conduct. Remember that parents cannot sign away their children’s rights. Neither can liability be “signed away.”
(j) Never send students on errands off school grounds unless properly authorized by the principal.

(k) Anticipate problems and plan preventive action before incidents take place.

(l) Establish and maintain appropriate production and performance standards to ensure that high quality program products and services are provided to the consuming public.

To prevent subjection to negligence claims, workforce development educators should determine “reasonably prudent” actions based on good judgement, written policies, and a clear understanding of roles and responsibilities (i.e. “duties”). Liability enters the picture when someone fails to perform a duty thus violating a rule that causes an injury to another person.

It is recommended that appropriate staff development for personnel conducting workforce development programs using work activities be provided on the subject of liability.

4. Fiscal

Production work activities can generate additional resources that help defray the costs involved in providing training for students. While the income derived through such activities can be very beneficial to the program, it is important to remember that the objective of the instructional program and, therefore the production work activity, is to instruct students and not generate revenue.

a. Sources of Funds for Production Work Activities

(1) State-Allotted Workforce Development Funds

Workforce Development funds allocated to LEAs for workforce development education may be used to support workforce development instructional activities in accord with the targeted purposes of the particular funds. Expenditures may be made for such things as:

(a) Instructor salaries - Teachers employed with such funds may supervise production work activities as a part of their instructional program responsibilities.

(b) Equipment - Equipment secured with such funds may be used by students in the instructional process that may include engaging in production work activities.

(c) Supplies/Materials - Supplies/materials purchased with such funds may be used in conducting production work activities. However, when products/services made/performd with these supplies/materials are sold or are for the personal use of teachers, students, or others, a refund to the particular fund account at least equal to the initial investment must be made. This refund, unless otherwise requested by the State Education Agency, shall be utilized by the program for the same purpose(s) for which the initial allotment to the LEA was made. Proceeds realized beyond the initial investment must be used in accord with the purposes of the categorical funds supporting the activity, and may be used for expenditures described in section f of this chapter, Use of Proceeds Derived from Production Work Activities.
(d) Other - Other expenditures identified in the *Fiscal and Policy Guide, A Guide for Administering Vocational and Technical Education* are also eligible. Example: Personnel Development.

(2) Local Funds

Local funds, subject to their availability and any local restrictions, may be used to support any aspect of workforce development production work activities. In accord with G.S. 115C-163 and G.S. 115C-164, local boards of education are authorized and empowered to use supplementary tax funds or other local funds to:

(a) Acquire land for agricultural education instruction programs.

(b) Purchase and develop suitable building sites for construction projects by workforce development education trade classes.

(c) Pay fees to secure and record deeds.

(d) Purchase materials needed to construct building projects and to develop the site and property by other workforce development education classes.

(e) Acquire skilled services for the construction of building projects which may not be able to be supplied by students in workforce development education trade classes (including electrical, plumbing, heating, sewer, water, transportation, grading, and landscaping services).

(f) Contract with recognized building trades, educational foundations, or associations in the purchase of land (in accord with contract requirements set forth by the State Board of Education).

Local funds must adhere to Purchase and Contract guidelines from the Department of Administration except where specific exclusions are granted.

(3) Other Funds

*Non-vocational funds, federal funds, gifts, donations, or other funds may be used for production work activities* so long as the purposes for which the funds are provided are in accord with such use. G.S. 115C-159 authorizes local boards of education to use “available financial resource to support . . .” practical work experiences within and outside the school.

The school should refrain from establishing a value to goods, services, or products donated for use in the workforce development program/production work activity. Donating individuals or organizations should be referred to businesses that deal in the retailing of the particular goods, services, or products for the determination of a value.
(4) Proceeds derived from production work in accord with G.S. 115C-162 and G.S. 115C-163 “... shall be established as a revolving fund to be used solely in operating and improving workforce development education programs.” Such funds may be used for any of the purposes described in a (1) (a)-(d) on the previous pages. In addition to the refund conditions described in a (1) (c) on the previous page, local or other funds initially invested in the activity may be refunded to the original source account. However, proceeds realized beyond the initial investment are subject to the previously referenced statutes.

b. Contracts

G.S. 115C-160(2) refers to “... production work activities and services performed by an education class(es) under contract with a second party for remuneration.” The term “under contract” is interpreted to mean a formal, written agreement between the workforce development program and a second party. At least two types of contracts could be used for carrying out production work activities.

(1) Contracts to provide service. Before performing any service or producing a product for a customer, a concisely written contract should be prepared stating exactly what is to be done and the costs involved. Such contracts may be in the form of a production order, a repair order, a work order, or any other form that stipulates clearly the activity to take place. Samples of such forms are included in Appendix C.

(2) Contracts to obtain services. G.S. 115C-164 authorizes local boards of education to secure services that cannot be provided through the workforce development program and to contract with recognized building trades educational foundations or associations in the purchase of land for a construction project. In securing such services, it is important that both parties know what is expected of them. A contract that stipulates exactly what service or property is being obtained, obligation of the local board of education and the contractor in the matter, and the specific costs involved should reduce the chance of misunderstandings taking place.

c. Charges/Services Fees

When determining charges to be made for production work activities, it is important to remember that the purpose of conducting a production work activity is centered on the training of students instead of the generation of revenue. The following should be given consideration:

(1) It is suggested that production work activities be conducted on a cost-recovery basis.

(2) When performing services or producing a product, the cost of materials plus other related expenses involved in conducting the activity should be the basis on which charges are made.
3. In most instances, a 10%-20% fee above the cost of materials is deemed appropriate to help defray the maintenance and repair costs on equipment used in carrying out the activity. This approach could include a minimum service or shop fee.

4. Another type of service fee could involve the use of a percentage of the normal hourly rate for the job to be performed. Surveying normal and prevailing service fees for the area is prudent action for local personnel to take. Fees should be established so as to not unfairly compete with private enterprise. The matter is left entirely to the LEA. Once a fee schedule is established, it should be applied uniformly within the LEA.

5. Charges should be uniform for similar activities within the LEA.

6. Charges may be in the form of tangible goods (materials, food staples, lumber, etc.) instead of cash.

7. Where substantial outlays of funds are to be involved, consideration should be given to advance payment or deposits by customers.

8. Activities involving projects for the school/LEA will likely be done without charge. However, products or projects of this nature must be supported with funds from the school/LEA. Example: shrubs, plants, etc. used in landscaping a school campus must be provided by the school/LEA from non-workforce development funds.

d. Sale/Disposition of Products

LEAs conducting production work activities that result in a product (food, apparel, furniture, buildings, etc.) that is not needed by the LEA may make the product available to the public in a manner consistent with local board of education policy and not in conflict with state Purchase and Contract regulations (Department of Administration). Products produced for “over-the-counter” sale may be sold to the general public at a price set by the LEA as discussed in the section on Charges. Products of a substantial nature, such as the construction of a dwelling or other building, must be sold through normal competitive bidding procedures. Regardless of the method of disposition used the LEA should take the steps necessary to ensure that it is done in a fair, open, and consistent manner. Appendix B includes Article 12 G.S. 160A-265 through 160A-277 which deals with the sale and disposition of property. The requirements of these statutes coupled with Article 10 of Chapter 115C should provide direction in the sale and disposition of products and services channeled through production work activities.

e. Receipt of Proceeds

A systematic procedure that is both accountable and practical must be used in receiving and properly accounting for proceeds from production work activities. At the discretion of the LEA, the individual school treasurer is a logical recipient of funds paid for production work activities of a general nature. The formal sale of dwellings
would likely involve the LEA finance office, but this again is at the discretion of the LEA. Regardless of whom receives the funds, the following should be considered in establishing the process used:

(1) Proper, documentable receipts should be given for all funds received for production work activities.

(2) All funds received must be deposited to the appropriate school account no later than the end of the next business day after receipt of funds. (Refer to G.S. 115C-162)

Such proceeds shall be established as a revolving fund to be used solely in operating and improving vocational and technical education programs.

(3) A receipts and disbursements record should be made that clearly indicates what was received and what was done with it.

(f) Use of Proceeds Derived from Production Work Activities

(1) Eligible Uses

Proceeds derived from production work activities must be used to support the operation and improvement of workforce development education programs. So long as the purposes of the funds initiating the activity are met, the following are examples of how such proceeds might be used:

(a) Purchase of equipment and materials for use in the instructional program.

(b) Construction/renovation of the workforce development education facility (labs/classrooms).

(c) Extended employment for the instructor to allow the workforce development program to extend beyond the regular term.

(d) Student recognition activities which contribute to public awareness of the workforce development program as well as furthering the career development of the students (such as VSO activities).

(e) Transportation to and from the school to the production work site, for workforce development field trips, etc.

(f) Vocational Student organizations dues.

It must be noted that the use of proceeds is not limited to the vocational program generating the funds. As long as the program is a vocational education program, the proceeds may be used in support of its operation and improvement.
(2) Expenditure Process

The expenditure of proceeds derived from production work activities must also be done in a systematic way. In establishing these procedures, the following should be considered:

(a) Clearly define where the authority lies for decisions on types of expenditures for which the funds may be spent. It is suggested that the teacher and local director of workforce development education be given the authority and responsibility for expanding these funds.

(b) With but few exceptions, funds should be expended through checks written by the school treasurer against the appropriate school account in which the funds are deposited. Cash should be used only when the situation cannot practically accommodate the writing of checks. In such cases a single check against the account could be written in order to provide the cash needed.

(c) In all cases, documentable receipts, invoices, etc. must be provided for all expenditures in order that the funds may be accountable.

(d) All proceeds derived from production work activities are to be accounted for until such time as they are expended. Funds not expended in one fiscal year are carried forward to the next fiscal year or until expended.

g. Audits/Reviews

LEA workforce development programs are subject to the following audits and reviews that relate to production work activities:

(1) Local - LEAs are subjected to an annual independent financial audit of all funds used in the public schools (G.S. 115C-447). Periodically program evaluations are conducted by LEA personnel to examine the instructional effectiveness of programs.

(2) State -

(a) The Administrative Review portion of the Workforce Development Education Statewide Evaluation System examines the fiscal/legal aspects of workforce development program administrative operations. This review is conducted by Workforce Development Education, Division of Instructional Services as required by Article 10, Part 1.

(b) Field Audits are conducted periodically by the Office of Financial and Personnel Services, Department of Public Instruction to determine the compliance of local financial operations relative to state rules, regulations, and guidelines.
h. Purchasing Procedures

Procedures used in purchasing goods/services for production work activities must be consistent with the policies and procedures defined in the North Carolina Administrative Code, Title I, Chapter 5, by the Division of Purchase and Contract, Department of Administration. A summary of these procedures as they apply to the purchase of equipment and materials can be found in the Fiscal and Policy Guide, A Guide for Administering Vocational and Technical Education. In addition to that information, the following should also be taken into consideration:

(1) Since most supplies and materials used in production work activities will probably not be on a state contract, good purchasing practices must be followed. Unless authorized by the State Purchasing Officer to purchase such supplies otherwise, the procedures prescribed by the Division of Purchase and Contract apply.

(2) In some cases individual purchase orders may not be practical and, therefore, a blanket purchase order may need to be used. This is usually the case when small quantities of inexpensive items are needed on a frequent basis. The decision to use such procedures is left to the discretion of the LEA.

(3) Purchases should be made from recognized and eligible vendors. (LEA employees, board members, etc. generally are not considered eligible vendors. Reference G.S. 14-236 and 237.)

(4) Competitive bidding for purchase of services, as well as goods, should be used in accord with Purchase and Contract regulations. (Example: Securing the services of a plumber to plumb a house being constructed by the carpentry and masonry programs.)

i. Inventory Control and management

An accurate and up-to-date inventory of equipment and materials used in vocational education programs must be maintained. Those items specifically related to production work activities should be so identified. A lack of inventory contributes to cost over-runs and poor accountability, regardless of the type of activity conducted.

5. Insurance

It is essential that LEAs examine their insurance situations before engaging in production work activities. The school board attorney and central office staff handling insurance should be involved in this administrative consideration. Teachers and students should be adequately covered by insurance, especially in production work activities with high risk (e.g. construction projects) that are conducted on or off campus.

It is up to each LEA to determine the type and amount of insurance it may wish to carry. The following general types of policies may be considered by local boards of education.

a. General Liability - Policy would cover local school board members and all administrative and instructional personnel.

b. Student/Teacher Accident Insurance - Purchased for each student and teacher that would cover persons on or off campus while in a school sponsored program.
c. Product Insurance - Protection against liability claims related to product(s) generated through vocational classes.

d. Completed Operations - Covers services completed by vocational classes. (Example: electrical, plumbing, serving food, providing child care services, selling products, providing hair care.)

e. Garage Keeper - Would include coverage for maintenance done by auto mechanics classes.

At this time there is no general insurance policy that would cover all activities in vocational education. LEAs will have to negotiate policies with insurance companies of their choice.

LEAs are referred to Section 115C-42 of the General Statutes for further information on liability insurance and waiver of immunity. LEAs are also encouraged to consult their local school board attorney in all legal matters relative to production work activities.

6. Local/State Policies

LEAs are strongly encouraged to incorporate the state-level guidelines in this handbook into local board of education policies and operational procedures. Local directors are further encouraged to analyze existing local board of education and local/state government policies for possible implications for production work activities. The information in this section will provide some direction for this undertaking.

There are several types of policies that may relate to production work activities at the local level. Some examples are:

a. Local Education Policies (Non-Workforce Development)
   (1) Operation of school-owned vehicles (vans, buses)
   (2) Off campus activity guidelines
   (3) Fund raising
   (4) Safety and health guidelines

b. Local Education Policies (Workforce Development)
   (1) Admission criteria
   (2) Charging fees for production work - uniform and consistent for all schools
   (3) Use of shops and laboratories
   (4) Receipt of donated goods, services, or products

c. Local Government Policies
   (1) Building codes
   (2) Disposition of public property
   (3) Land purchases
   (4) Zoning
   (5) Other

d. State Government Policies
   (1) Insurance
   (2) Work permits
   (3) License
(4) Health permits/codes  
(5) Purchasing and contracting  
(6) Building codes (electrical, plumbing, etc.)  
(7) Other as applicable  

Local administrators need to examine these and other policies to ensure that vocational personnel involved are cognizant of the implications for their programs. Local advisory committee members, central office staff, and principals should also be involved in this process.

e. Policy Areas Needing Attention

LEAs should examine existing policies for the purpose of determining new policies that may be needed or revisions that may need to be made to existing policies. Specific areas that may need policy attention could include, but not be limited to:

(1) Fiscal operations  
(2) Disposition of final product  
(3) Student transportation  
(4) Safety and health  
(5) Insurance  
(6) Charging fees  
(7) Use of profits in workforce development programs  
(8) Advisory committee involvement  
(9) Supervision  
(10) Substitutes

The purpose of developing state and local policies in this area is not to complicate or obstruct the development of instructionally appropriate production work activities. Rather it is the intent of these policies to ensure the proper, legal, and efficient operation of production work activities in vocational education.

7. Public Awareness

Each LEA should have an effective public information program that informs citizens about the effective job workforce development programs are doing. Production work activities present an excellent opportunity for improving public awareness.

Public information programs should address both the “school community” and the “general public” in keeping individuals informed about workforce development programs, activities, and service. A variety of media should be employed to tell workforce development education’s story. Local directors should coordinate this public information program.
CHAPTER IV

EVALUATING PRODUCTION WORK ACTIVITIES

Assessing the value of production work activities is a very difficult task. At best this evaluation effort can only point out tangible and measurable outcomes. Sometimes the ultimate value of these activities for the student and the program is not completely apparent. However, in an age of accountability in public education, it is the duty of local education agencies to assess, to the extent possible, the observation value of these tax-supported educational experiences. Realizing that all valuable outcomes may not be completely identified or measured, the following standards are presented to assist LEAs in developing their evaluative techniques and instruments for production work activities. These standards are not all inclusive and should be used only as general guidelines.

A. EVALUATIVE STANDARDS

1. Student
   a. Students have developed the instructional competencies for the workforce development program(s) encompassed by the production work activity as specified by respective workforce development program area competency guides and outlined in the Workforce Development Education Program of Study, Revised 1997 the Standard Course of Study, and other relevant documents.

   b. The completed activity reflects acceptable quality/standards for the craft(s) included in the production work activity.

   c. Students participating in production work activities exhibit acceptable behavior while engaged in the activity.

   d. Students participating in production work activities conduct themselves in a safe manner according to acceptable safety standards (Example: OSHA).

   e. Students exhibit a positive attitude toward the program.

   f. School attendance is satisfactory for the duration of the production work activity.

   g. Students exhibit increased interest in their academic and workforce development education programs.

   h. Students exiting programs that incorporate production work activities into instruction find employment in the field for which they were trained or a related field at acceptable, pre-established rates.

   i. Evidence exists to document that students have increased their skills in the area of business ownership and management (Entrepreneurial) training.
2. Program
   
a. The program meets all State Board of Education quality standards for workforce development education programs as specified through *Workforce Development Education Program of Study, Revised 1997* and as measured through the Program/Administrative process.

b. The financial aspect of the program is fiscally sound and accountable.

c. The program is in compliance with all local board of education policies as well as applicable local government rules and regulations.

d. Follow-up studies reveal that student placement (job and/or advanced education) is appropriate and acceptable in light of previously established standards.

e. Production work activities have resulted in increased financial benefits for the vocational program.

f. Favorable publicity has resulted from production work activities.

g. Increased community interest in and support for workforce development programs can be documented as a result of production work activities.

h. Individual school pride and spirit is evident as the result of production work activities.

i. Increased improvement in academic education skills attributable to participation in production work activity is present.

j. The local board of education elects to continue (and perhaps expand) workforce development education production work activities.

B. LOCAL PROCESSES FOR EVALUATION

l. *Local* - LEA personnel are responsible for evaluating the effectiveness and efficiency of production work activities conducted in their schools. Local directors should coordinate this process and involve a wide range of persons representative of the school and business, industrial, and agricultural communities.
APPENDICES

A. Definitions

B. North Carolina General Statutes - Specific and Related Laws Concerning Production Work Activities

C. Suggested Forms

D. Sample Checklist for Approval of Production Work Activities

E. Bibliography
APPENDIX A

DEFINITIONS DIRECTLY RELATED TO PRODUCTION WORK

The following definitions are provided in order to clarify the numerous terms used to denote workforce development education instructional activities that simulate and, in some cases, actually duplicate activities occurring in the work place:

“Production work” is a generic term meaning production activities and services performed by a vocational education class(es) under contract with a second party for remuneration. G.S. 115C-160 (2). Such activities and services are of an instructional intent and purpose and include activities referenced as live project, customer work, supervised work activities, and other similar terms.

“Live project” means a workforce development activity that (a) involves the construction, manufacture, renovation, preparation, and/or distribution of goods and services; (b) provides real life or simulated “hands-on” experiences to students for the development of specific workforce development skills; (c) involves one or more workforce development program areas; (d) may occur on campus or at off campus sites (controlled) by the LEA; and (e) may or may not involve remuneration.

“Customer work” means a production work activity or service that is performed directly for a person(s) (i.e. customer). Where remuneration is involved it is also a production work activity.

“Supervised work activity” is a term that means production activities, projects, and personal services performed by workforce development education classes under supervision of qualified workforce development instructors in agreement with a second party for remuneration.

These terms are clarified in order that confusion in this area can be reduced or eliminated. It is also necessary to determine when the guidelines inherent in this handbook must be applied as opposed to those instances when the guidelines can or should be applied.

In examining these definitions, “live project” is the term applied most commonly to activities that simulate the world of work. It is noteworthy that live projects “may or may not involve remuneration.” If remuneration is involved, the live project also becomes a “production work” activity as referenced in G.S. 115C-160(2).

For those activities in vocational education that simulate the world of work but do not involve remuneration, the term “live project” is appropriate for denoting these activities. All production work can be considered “live projects” but not all “live projects” are necessarily “production work activities.” The key is whether or not remuneration is involved.
Listed below are some examples of activities that help clarify these definitions:

A. **LIVE PROJECT THAT IS NOT A PRODUCTION WORK ACTIVITY:**
   1. Horticulture class landscaping an area in front of the school.
   2. Cosmetology class providing free hair care services to students enrolled in the program.
   3. Supervised agricultural experiences

B. **LIVE PROJECT THAT IS A PRODUCTION WORK ACTIVITY:**
   1. Vocational classes constructing utility building for public auction.
   2. Food services classes catering a meal for the boosters’ club for a fee.

C. **LIVE PROJECT THAT IS CUSTOMER WORK (i.e. A PRODUCTION WORK ACTIVITY):**
   1. Auto mechanics class refurbishing a church bus for remuneration.
   2. Agriculture land laboratory for practical instruction in such areas as soil and plant science, horticulture, forestry, animal husbandry and other subjects related to the agriculture curriculum.
   3. Building trades training for instruction in the construction of dwellings or other buildings or building sites owned or under contract by the local board of education or governmental unit (reference G.S. 115C-164). Such construction must be approved by the local advisory committee on construction projects required in G.S. 115C-165.
   4. Performance of customer services such as:
      a. Repair of automobiles or other motor vehicles
      b. Preparation of food
      c. Cosmetology services
      d. Banquet services
      e. Child care services
      f. Interior design services
      g. Operation of a greenhouse and nursery
      h. Providing computer services

Regardless of the terms used locally to classify vocational work related activities, it is critical to determine whether the activity is in fact “production work.” All customer work and production work activities come under the auspices of these guidelines. Live projects that are not considered production work *should* be governed by local policies similar to those described in this manual. It is highly recommended that all vocational work related activities whether “live projects,” “production work,” or “customer work” activities be governed by the *same* set of state and local policies to minimize confusion.

Such policies should result in the sound, effective, and efficient operation of workforce development programs that incorporate “work simulation” activities into instruction.
OTHER DEFINITIONS

In addition to the terms defined previously, the following definitions are provided for program clarification purposes:

A. “Building trades training” means the development of workforce development skills through the construction of dwellings or other buildings and related activities by students in workforce development education programs.

B. “Equipment” means a material unit which meets all of the following conditions: (1) it retains its original shape and appearance in use; (2) it is nonexpendable; that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it rather than replace it with an entirely new unit; (3) it represents an investment of money which makes it feasible and advisable to capitalize the item; and (4) it does not lose its identity through incorporation into a different or more complex unit or substance.

C. “Facilities” are classrooms, laboratories, shops, display rooms, and/or any permanent or semi-permanent structure(s) used for instructional activities.

D. “Proceeds” means funds realized through the sale or disposition of products or services from production work activities.

E. “Remunerate” means (1) to pay an equivalent for a service, loss, or expense; (2) recompense; and (3) pay (NOTE: “In Kind” services may constitute remuneration).

F. “Supply/Material” means an article which meets any one or more of the following conditions: (1) it is consumed in use; (2) it loses its original shape or appearance with use; (3) it is expendable; that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace it with an entirely new unit rather than repair it; (4) it is a relatively inexpensive item, having characteristics of equipment, whose small unit cost makes it inadvisable to capitalize the item; and/or (5) it loses its identity through incorporation into a different or more complex unit or substance.

G. “Workforce development education” is that part of education which makes an individual more employable in one group of occupations than in another. The term also means organized education programs which are directly related to preparation of individuals for paid or unpaid employment, or for additional preparation for a career requiring other than a baccalaureate or advanced degree.

H. “Workforce development instruction” means instruction which is designed to prepare individuals upon its completion for paid or unpaid employment in a specific occupation or cluster of closely related occupations in an occupational field, and which is especially suited to the needs of those engaged in or preparing to engage in such occupation or occupations.
1. ARTICLE 10, PART 2, VOCATIONAL EDUCATION PRODUCTION WORK ACTIVITIES

115C-159 Statement of purpose. It is the intent of the General Assembly that practical work experiences within the school and outside the school, which are valuable to students and which are under the supervision of a teacher, should be encouraged as a part of vocational and technical education instruction in the public secondary schools and middle schools when those experiences are organized and maintained to the best advantage of the vocational programs. Those activities are a part of the instructional activities in the vocational programs and are not to be construed as engaging in business. Those services, products, and properties generated through these instructional activities are exempt from the requirements of G.S. 115C-518; The local board shall adopt rules for the disposition of these services, products, and properties. Local boards of education may use available financial resources to support that instruction. (1993, c. 180.)

115C-160 Definitions. The State Board of Education shall provide appropriate definitions necessary to this part of vocational and technical education instruction not otherwise included in this part as used in this part, unless the context requires otherwise:

(1) The term “building trades training” means the development of vocational skills through the construction of dwellings or other buildings and related activities by students in vocational and technical education programs.

(2) The term “production work” means production activities and services performed by vocational and technical education classes under contract with a second party for remuneration. (1993, c. 180)

115C-161 Duties of the State Board of Education. The State Board of Education is authorized and directed to establish, maintain, and implement such policies, rules, regulations, and procedures not in conflict with State law or other State Board policies as necessary to assist local boards of education in the conduct of production work experiences performed in connection with approved State Board of Education vocational and technical education programs. (1993, c. 180)

115C-162 Use of proceeds derived from production work. Unless elsewhere authorized in these statutes, local boards of education shall deposit to the appropriate school account, no later than the end of the next business day after receipt of funds, all proceeds derived from the sale of products or services from production work experiences. These proceeds shall be established as a revolving fund to be used solely in operating and improving vocational and technical education programs. (1993, c. 180)

115C-163 Acquisition of land for agricultural education instructional programs. Local boards of education may acquire by gift, purchase, or lease for not less than the useful life of any project to be conducted upon the premises, a parcel of land suitable for a land laboratory to provide students with practical instruction in soil science, plant science, horticulture, forestry, animal husbandry, and other subjects related to the agriculture curriculum. Each deed, lease, or other agreement for land shall be made to the respective local board of education in which the school offering instruction in agriculture is located; and title to such land shall be examined and approved by the school attorney.
Any land laboratory thus acquired shall be assigned to the agricultural education program of the school, to be managed with the advice of an agricultural education advisory committee.

The products of the land laboratory not needed for public school purposes may be sold to the public, provided, however, that all proceeds from the sale of products shall be deposited in the appropriate school account no later than the end of the next business day after receipt of funds. The proceeds shall be established as a revolving fund to be used solely in operating and improving vocational and technical education programs. (1993, c. 180)

115C-164 Building trades training. In the establishment and implementation of production work experience policies, the State Board of Education shall be guided as follows:

(1) Local boards of education are authorized to use supplementary tax funds or other local funds available for the support of vocational and technical education to purchase and develop suitable building sites on which dwellings or other buildings are to be constructed by vocational and technical education trade classes of each public school operated by local boards of education. Local boards of education may use these funds for each school to pay the fees necessary in securing and recording deeds to these properties for each public school operated by local boards of education and to purchase all materials needed to complete the construction of buildings by vocational and technical education trade classes and for development of site and property by other vocational and technical education classes. Local boards of education may expend these funds to acquire skilled services, including electrical, plumbing, heating, sewer, water, transportation, grading, and landscaping needed in the construction and completion of buildings which cannot be supplied by the students in vocational and technical education trade classes.

(2) Local boards of education may, in conjunction with or in lieu of subdivision (1) of this section contract with recognized building trades educational foundations or associations in the purchase of land for the construction and development of buildings. Provided, however, that all contracts are in accordance with the requirements set forth by the State Board of Education. (1993, c. 180)

115C-165 Advisory committee on production work activities. The board of education of each local school administrative unit in which the proposed production work activities are to be undertaken shall appoint appropriate advisory committees of no less than three persons residing within that administrative unit for each program (or in the case of Trade and Industrial Education, for each specialty) for the purpose of reviewing and making recommendations on such production work activities. Respective advisory committee members shall be lay persons who are actively involved in the appropriate business or trade. No production work activity shall be undertaken without the involvement of the appropriate advisory committee. (1977, c. 490, s. 4; 1981, c. 423, s. 1; 1983, c. 750, s. 3)
ARTICLE 12.

Sale and Disposition of Property.

§ 160A-265. Use and disposal of property.

In the discretion of the council, a city may; (i) hold, use, change the use thereof to other uses, or (ii) sell or dispose of real and personal property, without regard to the method or purpose of its acquisition or to its intended or actual governmental or other prior use.

Editor’s note - G.S. 115C-518(a) refers to the disposition of school property pursuant to the procedures described in this Article.

§ 160A-266. Methods of sale; limitation.

(a) Subject to the limitations prescribed in subsection (b) of this section, and according to the procedures prescribed in this Article, a city may dispose of real or personal property belonging to the city by:

1. Private negotiation and sale;
2. Advertisement for sealed bids;
3. Negotiated offer, advertisement, and upset bid;
4. Public auction; or
5. Exchange.

(b) Private negotiation and sale may be used only with respect to personal property valued at less than ten thousand dollars ($10,000) for any one item or group of similar items. Real property and personal property valued at ten thousand dollars ($10,000) or more for any one item or group of similar items may be sold by any method permitted by this Article other than private negotiation and sale, or may be exchanged as permitted by G.S. 160A-271.

Provided, however, a city may dispose of real property and personal property valued at ten thousand dollars ($10,000) or more for any one item or group of similar items by private negotiation and sale where (i) said real or personal property is significant for its architectural, archaeological, artistic, cultural or historic associations, or significant for its relationship to other property significant for architectural, archaeological, artistic, cultural or historic associations, or significant for its natural, scenic or open condition; and (ii) said real or personal property is to be sold to a nonprofit corporation or trust whose sole purposes include the preservation or conservation of real or personal properties of architectural, archaeological, artistic, cultural, historical, natural or scenic significance; and (iii) where a preservation agreement or conservation agreement as defined in G.S. 121-35 is placed in the deed conveying said property from the city to the nonprofit corporation or trust. Said nonprofit corporation or trust shall only dispose of or use said real or personal property subject to covenants or other legally binding restrictions which will promote the preservation or conservation of the property, and, where appropriate, secure rights of public access.

(c) A city council may adopt regulations prescribing procedures for disposing of personal property valued at less than five hundred dollars ($500.00) for any one item or group of similar items in substitution for the requirements of this Article. The regulations shall be designed to secure for the city fair market value for all property disposed of and to accomplish the disposal efficiently and economically. The regulations may, but need not, require published notice, and may provide for either public or private exchanges and sales. The council may authorize one or more city officials to
declare surplus any personal property valued at less than five hundred dollars ($500.00) for any one item or group of similar items, to set its fair market value, and to convey title to the property for the city in accord with the regulations. A city official authorized under this section to dispose of property shall, on the first day of February, report in writing to the council on any property disposed of under such authorization from July 1 through December 31 of the previous year, and shall on the first day of August report in writing to the council on any property disposed of under such authorization from January 1 through June 30 of that year. The written report shall generally describe the property sold or exchanged, to whom it was sold, or with whom it was exchanged, and the amount of money or other consideration received for each sale or exchange since the last such report was submitted.


When the council proposes to dispose of property by private sale, it shall at a regular council meeting adopt a resolution or order authorizing an appropriate city official to dispose of the property by private sale at a negotiated price. The resolution or order shall identify the property to be sold and may, but need not, specify a minimum price. A notice summarizing the contents of the resolution or order shall be published once after its adoption, and no sale shall be consummated thereunder until 10 days after its publication.


The sale of property by advertisement for sealed bids shall be done in the manner prescribed by law for the purchase of property, except that in the case of real property the advertisement for bids shall be begun not less than 30 days before the date fixed for opening bids.

§ 160A-269. Negotiated offer, advertisement, and upset bids.

A city may receive, solicit, or negotiate an offer to purchase property and advertise it for upset bids. When an offer is made and the council proposes to accept it, the council shall require the offeror to deposit five percent (5%) of his bid with the city clerk, and shall publish a notice of the offer. The notice shall contain a general description of the property, the amount and terms of the offer, and a notice that within 10 days any person may raise the bid by not less than ten percent (10%) of the first one thousand dollars ($1,000) and five percent (5%) of the remainder. When a bid is raised, the bidder shall deposit with the city clerk five percent (5%) of the increased bid, and the clerk shall readvertise the offer at the increased bid. This procedure shall be repeated until no further qualifying upset bids are received, at which time the council may accept the offer and sell the property to the highest bidder. The council may at any time reject any and all offers.


(a) Real Property. - When it is proposed to sell real property at public auction, the council shall first adopt a resolution authorizing the sale, describing the property to be sold, specifying the date, time, place, and terms of the sale, and stating that any offer or bid must be accepted and confirmed by the council before the sale will be effective. The resolution may, but need not, require the highest bid motion shall state the general purpose of the executive session and must be approved by the vote of a majority of those present and voting.
(b) Personal Property. - When it is proposed to sell personal property at public auction, the council shall first adopt at a regular council meeting a resolution or order authorizing an appropriate city official to dispose of the property at public auction. The resolution or order shall identify the property to be sold and set out the date, time, place, and terms of the sale. The resolution or order (or a notice summarizing its contents) shall be published at least once and not less than 10 days before the date of the auction.


A city may exchange any real or personal property belonging to the city for other real or personal property by private negotiation if the city receives a full and fair consideration in exchange for its property. A city may also exchange facilities of a city-owned enterprise for like facilities located within or outside the corporate limits. Property shall be exchanged only pursuant to a resolution authorizing the exchange adopted at a regular meeting of the council upon 10 days’ public notice. Notice shall be given by publication describing the properties to be exchanged, stating the value of the properties and other consideration changing hands, and announcing the council’s intent to authorize the exchange at its next regular meeting.

§ 160A-272. Lease or rental of property.

Any property owned by a city may be leased or rented for such terms and upon such conditions as the council may determine, but not for longer than 10 years (except as otherwise provided herein) and only if the council determines that the property will not be needed by the city for the term of the lease. In determining the term of a proposed lease, periods that may be added to the original term by options to renew or extend shall be included. Property may be rented or leased or rental agreement adopted at a regular council meeting upon 10 days’ public notice. Notice shall be given by publication describing the property to be leased or rented, stating the annual rental or lease payments, and announcing the council’s intent to authorize the lease or rental at its next regular meeting.

No public notice need be given for resolutions authorizing leases or rentals for terms of one year or less, and the council may delegate to the city manager or some other city administrative officer authority to lease or rent city property for terms of one year or less. Leases for terms or more than 10 years shall be treated as a sale of property and may be executed by following any of the procedures authorized for sale of real property.


A city shall have authority to grant easements over, through, under, or across any city property or the right-of-way of any public street or alley that is not a part of the State highway system. Easements in a street or alley right-of-way shall not be granted if the easement would substantially impair or hinder the use of the street or alley as a way of passage. A grant of air rights over a street right-of-way or other property owned by the city for the purpose of erecting a building or other permanent structure (other than utility wires or pipes) shall be treated as a sale of real property, except that a grant of air rights over a street right-of-way for the purpose of constructing a bridge or passageway between existing buildings on opposite sides of the street shall not be treated as a grant of an easement.
§ 160A-274. Sale, lease, exchange and joint use of governmental property.

(a) For the purposes of this section, “governmental unit” means a city, county, school administrative unit, sanitary district, fire district, the State, or any other public district, authority, department, agency, board, commission, or institution.

(b) Any governmental unit may, upon such terms and conditions as it deems wise, with or without consideration, exchange with, lease to, lease from, sell to, purchase from, or enter into agreements regarding the joint use by any other governmental unit of any interest in real or personal property that it may own.

(c) Action under this section shall be taken by the governing body of the governmental unit. Action hereunder by any State agency, except the Department of Transportation, shall be taken by the Department of Transportation or its duly authorized delegate. Provided, any county board of education or board of education for any city administrative unit may, upon such terms and conditions as it deems wise, lease to another governmental unit for one dollar ($1.00) per year any real property owned or held by the board which has been determined by the board to be unnecessary or undesirable for public school purposes.

§ 115C-518. Disposition of school property; easements and rights-of-way.

(a) When in the opinion of any local board of education the use of any building site or other real property or personal property owned or held by the board is unnecessary or undesirable for public school purposes, the local board of education may dispose of such according to the procedures prescribed in General Statutes, Chapter 160A, Article 12, or any successor provisions thereto. Provided, when any real property to which the board holds title is no longer suitable or necessary for public school purposes, the board of county commissioners for the county in which the property is located shall be afforded the first opportunity to obtain the property. The board of education, shall offer the property to the board of commissioners at a fair market price or at a price negotiated between the two boards. If the board of commissioners does not choose to obtain the property as offered, the board of education may dispose of such property according to the procedure as herein provided. Provided that no State or federal regulations would prohibit such action. For the purposes of this section references in Chapter 160A, Article 12, to the “city,” the “council,” or a specific city official are deemed to refer, respectively, to the school administrative unit, the board of education, and the school administrative official who most nearly performs the same duties performed by the specified city official. A local board of education may also sell any property other than real property through the facilities of the North Carolina Department of Administration. The proceeds of any sale of real property or from any lease for a term of over one year shall be applied to reduce the county’s bonded indebtedness for the school administration unit disposing of such real property or for capital outlay purposes.

(b) In addition to the foregoing, local boards of education are hereby authorized and empowered, in their sound discretion, to grant easements to any public utility, municipality or quasi-municipal corporations to furnish utility services, with or without compensation except the benefits accruing by virtue of the location of the said public utility, and to dedicate portions of any lands owned by such boards as rights-of-way for public streets, roads or sidewalks, with or without compensation except the benefits accruing by virtue of the location or improvement of such public streets, roads or sidewalks.
(c) Any sale, exchange or lease of real or personal property by any local board of education prior to June 18, 1982, and pursuant to the authority of G.S. 115-126 is hereby validated, ratified and confirmed. (1955, c. 1372, art. 15, s. 2; 1959, c. 324; c. 573, s. 11; 1961, c. 395; 1975, c. 264; c. 879, s. 46; 1977, c. 803; 1981, c. 423, s. 1; 1981 (Reg. Sess., 1982), c. 1216; 1983, c. 731; 1985 (Reg. Sess., 1986), c. 975, s.22.)


For provisions regarding Ashe, Avery, Brunswick, Chowan, Forsyth, Harnett, Haywood, Lee, Macon, Nash, Orange, Pasquotank, Richmond and Sampson Counties and local boards of education for school administrative units in or for Ashe, Avery, Brunswick, Chowan, Forsyth, Harnett, Haywood, Lee, Macon, Nash, Orange, and Pasquotank Counties, see the editor’s note under § 153A-158.1.

Cross References. – For provision exempting services, products, and properties generated through vocational education instructional activities from the requirements of this section, see § 115C-159. As to sale, lease, exchange and joint use of governmental property by State and local governmental property by State and local governmental units, see § 160A-274.

Editor’s Note. – Session Laws 1985 (Reg. Sess., 1986), c. 975, which deleted “district or” preceding “administrative unit” in the sixth sentence of subsection (a), provided in s. 25 that the provisions of the act should not be construed to abolish or in any manner affect any supplemental tax or any local taxing district.

Chapter 115, including § 115-126, referred to in this section, was repealed by Session Laws 1981, c. 423, s. 1, and has been recodified as Chapter 115C.

Case Notes

Editor’s Note. – Many of the cases below were decided under corresponding provisions of former Chapter 115 and earlier statutes.

Power to Acquire Land. – Subsection (d) of former § 115-126 did not give the board of education any additional power to acquire land for school purposes. This power was given by §§ 115-27, 115-35(b) and 115-125 (see now §§ 115C-40, 115C-36 and 115C-517). Painter v. Wake County Bd. of Educ., 288 N.C. 165, 217 S.E.2d 650 (1975).
There is nothing in the Constitution which prohibits the board of education from exchanging land which it owns for other land for school purposes. Painter v. Wake County Bd. of Educ., 288 N.C. 165, 217 S.E.2d 650 (1975).

No Claim Would Lie Against Board of Commissions. – The court did not err in determining complaint failed to state a claim as to the proposed sale of school and its adjacent property; the county board of education, not the board of commissioners, holds all school property and is capable of selling and transferring the same for school purposes; applying this law to the case under review, no claim with respect to disposition of the school property would lie against defendant board of commissioners. Moore v. Wykle, 107 N.C. App. 120, 419 S.E.2d 164, cert. denied, 332 N.C. 666, 424 S.E.2d 405 (1992).

If a discrepancy in valuation exists it bears only on the question of abuse of discretion, and any such discrepancy is only one of the factors to be considered in determining whether the board has abused its discretion. Painter v. Wake County Bd. of Educ., 288 N.C. 165, 217 S.E.2d 650 (1975).

Burden to Overcome Presumption. – The burden was on plaintiffs to overcome the presumption that the board of education, in proposing an exchange of property, was acting in good faith and in accord with the spirit and purpose of former § 115-126. Painter v. Wake County Bd. of Educ., 288 N.C. 165, 217 S.E.2d 650 (1975).

Lease of Surplus Lands. – A city school administrative unit contemplated by § 115-4 (see now § 115C-66) was a governmental agency separate and distinct from the city, and such administrative unit, having acquired more land than presently needed for school purposes, had legislative authority to lease the surplus, either for a public or private purpose, so long as it exercised its discretion in good faith. Where lease stipulated that use was to be for a public or semipublic purpose, the law would presume that the parties intended and contemplated use of the property without unlawful discrimination because of race, religion or other illegal classification. State v. Cooke, 248 N.C. 485, 103 S.E.2d 846 (1958), appeal dismissed, 364 U.S. 177, 80 S. Ct. 1482, 4 L. Ed. 2d 1650, rehearing denied, 364 U.S. 856, 81 S. Ct. 29, 5 L. Ed. 2d 80 (1960).

Delegation of Authority. – Where a chartered school district acquired property by foreclosure of a loan made from its sinking fund, the property thus acquired being in no way connected with the operation of its schools, and the trustees of the district instructed the property committee to consider any offers for the property in excess of a stipulated sum, and delegated “power to act” in the matter, and where the chairman thereafter entered into a contract for the sale of the property for a price in excess of the minimum amount stipulated by the trustees, upon a suit by a taxpayer of the district to restrain conveyance to the purchaser in the contract, it was held that the trustees of the district were without power to delegate authority to sell the school property, and the district was not bound by the contract entered into, and a decree restraining the execution of the contract was proper. Bowles v. Fayetteville Graded Schools, 211 N.C. 36, 188 S.E. 615 (1936).

Statutory Discretion Was Not Withdrawn by Purchase of Facility. – Where plaintiffs alleged that defendants made unauthorized diversions of school bond proceeds to purposes other than those authorized by the bond resolution, namely for purpose of facility, although the sale of the school property may have resulted from the purchase of facility, the Board of Education’s statutory discretion to determine that the school property was surplus property no longer needed for school purposes was not withdrawn by its actions with respect to the facility. Moore v. Wykle, 107 N.C. App. 120, 419 S.E.2d 164, cert. denied, 332 N.C. 666, 424 S.E.2d 405 (1992).
3. SELECTED LAWS RELATED TO CONSTRUCTING SCHOOL FACILITIES

Vocational shops, field houses, press boxes, storage buildings, or other school facilities are sometimes constructed or renovated by students as a live project. If such a project is being considered, LEA’s are encouraged to discuss the feasibility of this approach with the Division of School Support. The following are selected state laws which are related to live projects on school sites:

G.S. 115-C-521 (c) The building of all new school buildings and the repairing of all old school buildings shall be under the control and direction of, and by contract with, the board of education for which the building and repairing is done. If a board of education is considering building a new school building to replace an existing school building, the board shall not invest any construction money in the new building unless it submits to the State Superintendent and the State Superintendent submits to the North Carolina Historical Commission an analysis that compares the cost and feasibility of building the new building and of renovating the existing building and that clearly indicates the desirability of building the new building. No board of education shall invest any money in any new building until it has (i) developed plans based upon a consideration of the State Board’s facilities guidelines, (ii) submitted these plans to the State Board for its review and comments, and (iii) reviewed the plans based upon a consideration of the comments it receives from the State Board. No local board of education shall contract for more money than is made available for the erection of a new building. However, this subsection shall not be construed so as to prevent boards of education from investing any money in buildings that are being constructed pursuant to a continuing contract of construction as provided for in G.S. 115C-441 (c1). All contracts for buildings shall be in writing and all buildings shall be inspected, received, and approved by the local superintendent and the architect before full payment is made therefor. Nothing in this subsection shall prohibit boards of education from repairing and altering buildings with the help of janitors and other regular employees of the board.

133-1.1. (a) In the interest of public health, safety and economy, every officer, board, department, or commission charged with the duty of approving plans and specifications or awarding or entering into contracts involving the expenditure of public funds in excess of one hundred thousand dollars ($100,000) for the repair of public buildings where such repair does not include major structural change, or in excess of forty-five thousand dollars ($45,000) for the construction of, or additions to, public buildings or State-owned and operated utilities shall require that such plans and specifications be prepared by a registered architect, in accordance with the provisions of Chapter 83 of the General Statutes, or by both architect and engineer, particularly qualified by training and experience for the type of work involved, and that the North Carolina seal of such architect or engineer together with the name and address of such architect or engineer, or both, be placed on all such plans and specifications.

- G.S. 143-52 Outline requirements for proper bidding.
- Section 405 of the North Carolina State Building Code prohibits the use of every heating appliance which produces an unprotected open flame.

- Section 101.6 (c) of the Building Code states. “Alterations: When alterations are made to an existing building which affect its structural strength exits, fire hazards, electrical systems, or sanitary conditions, such alterations shall comply with current requirements of the Code.”
4. STATE LAWS RELATED TO PRODUCTION WORK ACTIVITIES IN SECONDARY VOCATIONAL EDUCATION

Public School Laws

1. Eye Safety Devices Required - Article 10, Part 3 (Section 115C-166 to 169)
   Outlines the legislative requirements for eye safety devices that apply to secondary vocational and technical education programs.

2. Use and Operation of School Buses/Purchase of Activity Buses - Article 17, Part 1 (Section 115C-242 and 247)
   Describes the legal aspects of using school buses and activity buses in public education, which apply to vocational production work activities.

3. Discipline - Article 27 (Section 115C-390 to 392)
   Establishes the legal basis and process procedures for discipline in the public schools.

4. School Sites and Property - Article 37 (Section 115C-517 to 525)
   Specifies legal requirements regarding the purchase, erection, maintenance, repair and disposition of public school real property. These laws govern land purchases, buildings, vehicles, equipment, materials and supplies used by and for public schools. Regulations regarding fire safety are also included.

5. Liability Insurance and Immunity Defense of Board of Education Members and Employees - Article 5 (Section 115C-42 to 44)
   Describes the legal aspects of liability insurance and waiver of immunity when such insurance is secured. Also specifies the procedures for local boards of education to use in providing legal defense for its members and employees in the event of a liability tort claim. Also described are the legal aspects of suits and actions initiated by or against local boards of education.

6. Bus Driver Liability and Waiver of Immunity - Article 17 (Section 115C-255)
   Describes the linkage of bus driver liability to general liability and waiver of immunity by local boards of education.

7. Claims Payment - Article 17 (Chapter 115C-257-262)
   Outlines the legal implications of claims payment relative to accidents involving public school buses. Also described is the linkage between such claims and general tort liability in public education.

8. State Insurance of Public School Property - Article 38 (Section 115C-533 to 543)
   Establishes the requirements relative to insuring all public school property against loss or damage (buildings, equipment and contents thereof).

9. Fiscal System - Article 31 (Section 115C-440 to 448)
   Provides the legal base for a fiscal system for public education which includes procedures for budgeting, accounting, investing, depositing and auditing monetary resources of individual schools and the local administrative unit.
10. Other state/local laws affect the operation of production work activities and should be reviewed carefully before such activities are implemented. These laws include, but are not limited to, the following:

- Health codes
- Building codes
- Child care
  - Certification
  - Licensure
- Competition with private enterprise
- Other

Consult your school board attorney for assistance in this area.
SUGGESTED FORMS

(Samples Attached)
City Schools - Anytown, North Carolina

ANYTOWN HIGH SCHOOL

REPAIR ORDER

Date__________________________________Make _________________________________
Engine No. ____________________________License No. ____________________________
Speedometer___________________________Order Taken by _________________________
Name__________________________________________________________________Address _______________________
Phone No. _______________________________

INSTRUCTIONS

Value of Parts Brought in___________ Repair Order Charge___________ Total Charges___________
Initial Deposit___________ Service Charge___________ Total Credits___________
Additional Deposits___________ Total Parts Purchased (List Price)___________ Total Payments or Refund___________
Total Deposits___________ 10% of cost of parts___________
(Including Parts Brought In)
Total Charges___________

It is understood that this school assumes no responsibility for loss or damage in vehicle or parts at any time.

Released by _____________________________This work Authorized by ______________________________
Received by _______________________________This signature indicates that the owner has received her/his vehicle and that the repairs
agreed to have been satisfactory completed.

Accounting
Thereby authorize repair work to be done as described above with necessary parts, to be used at your regular prices, I agree to pay cash on delivery of car with satisfactory terms to you, and until paid in full it shall constitute a lien on this car. I further agree that you will not be held responsible for car or articles left in car in case of fire, theft, accidents or other causes beyond your control. My car may be driven by your employees for road test at my own risk.

DATE PROMISED ___________________________ WORK AUTHORIZED BY ________________________________________________

DATE DELIVERED ___________________________ RECEIVED BY ________________________________________________
In accordance with your request and based on the specifications furnished, we quote the following prices for the work indicated. Your signature on this form indicating acceptance, will make this a contract.

(Show Full Description of Work to be Performed)

Total Quoted Price $ _______________________

Payment of the above amount, subject to any subsequent adjustments or changes authorized and agreed to hereafter, will be on the following terms:

1. Payment in full when contract is signed and accepted ....................................... $ ______________
2. Payment in full within 30 days after completion of job ........................................ $ ______________
   (This applies only to regular “Charge Account” customers) ....................................... $ ______________
3. Partial payment as follows:
   1st. When this Contract is signed and accepted ................................................. $ ______________
   2nd. ___________________________________________________________________ $ ______________
   3rd. ___________________________________________________________________ $ ______________
   4th. ___________________________________________________________________ $ ______________

Final payment must be made prior to completion of work. Failure to meet payments when due, as above, will result in stoppage of work.

IN WITNESS WHEREOF the parties to these presents have hereunto set their hands and seals to this and one or more other instruments of like tenor and date, this _______ day of ________________ 19_____.

presence of: (Witness for each signature)

____________________________________ , Teacher
____________________________________ , Principal
____________________________________ , Witness
____________________________________ , Local Director
____________________________________ , Owner
Production Order

Customer’s Name ________________________________
Address ________________________________

Estimated Labor: Hours @ $ Per Hour (Discounted Rate) $ _________
Estimated Materials Charge* Plus Mark-up @ % $ _________

QUOTED PRICE $ _________

The above work is authorized in accordance with the terms as checked:

Advance Payment _____ C. O. D. _____ 30 days _____ Contract ______

Customer’s Signature ____________________________________________
Customer’s Order No. ________________________ Tel. No. ________________

CHANGES TO JOB SPECIFICATIONS:

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ADJUSTED PRICE $ _________
ADD SALES TAX $ _________
TOTAL PRICE $ _________

SCHOOL COSTS – EXCLUSIVE OF SCHOOL LABOR

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TOTAL SCHOOL COSTS $ _________

RECORD OF PAYMENT

Recorded

BILL Inv. No. ________
DEPOSIT No. ____________

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