

SENATE APPROPRIATIONS COMMITTEE

ON

EDUCATION/HIGHER EDUCATION

**REPORT
ON THE
CONTINUATION AND EXPANSION BUDGETS**

House Bill 97

June 15, 2015

Public Education

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$8,106,033,100	\$8,106,033,100

Legislative Changes

A. Reserve for Salaries and Benefits

1 Compensation Increase Reserve - Educators

\$152,270,984	R	\$152,270,984	R
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Provides funds to adjust the tiers of the salary schedule, to increase starting teacher pay from \$33,000 to \$35,000 per year, to grant an experience-based step increase for eligible educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.

2 Compensation Increase Reserve - DPI State Agency Teachers

\$271,634	R	\$271,634	R
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Provides funds to adjust the tiers of the salary schedule, to increase starting teacher pay from \$33,000 to \$35,000 per year, to grant an experience-based step increase for eligible educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.

3 Compensation Increase Reserve - School-based Administrators (SBAs)

\$4,550,919	R	\$4,550,919	R
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Provides funds for an experience-based step increase for SBAs earning a year of creditable experience and funds an \$809 top of the salary schedule bonus. Any funds remaining may be used to implement Section 9.5.

4 Compensation Increase Reserve - DPI School-based Administrators (SBAs)

\$2,900	R	\$2,900	R
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Provides funds for an experience-based step increase for SBAs earning a year of creditable experience and funds an \$809 top of the salary schedule bonus. Any funds remaining may be used to implement Section 9.5.

B. Technical Adjustments

5 Average Daily Membership (ADM) (Multiple)

\$100,236,542	R	\$207,195,864	R
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Revises allotted FY 2015-16 ADM to reflect 17,338 more students than are included in FY 2014-15 allotted ADM and an additional 17,701 students in FY 2016-17 as compared to FY 2015-16. This adjustment includes revisions to multiple position, dollar, and categorical allotments.

Total allotted ADM for FY 2015-16 is 1,537,643 and total allotted ADM for FY 2016-17 is 1,555,344.

6 Exceptional Children Headcount (1860)

\$404,103

R

\$404,103

R

Adjusts funding budgeted for the Children with Disabilities preschool and school age allotments to reflect actual student headcount. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2015 headcount and does not modify per-student funding.

7 Average Certified Personnel Salaries (Multiple)

(\$14,839,270)

R

(\$14,977,035)

R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2014. The adjustment does not reduce any salary paid to certified personnel, nor does it reduce the number of guaranteed State-funded teachers, administrators, or instructional support personnel.

8 Classroom Teachers (1800)

\$254,586,185

R

\$254,586,185

R

Adjusts the receipts budgeted for the Classroom Teachers allotment to reflect a new distribution of Lottery receipts. This adjustment, while eliminating Lottery support for this allotment, does not impact the combined total funding from Lottery and other General Fund sources available to it.

9 Noninstructional Support Personnel (1800)

(\$345,571,558)

R

(\$361,666,883)

R

Adjusts the receipts budgeted for the Noninstructional Support Personnel allotment to reflect a new distribution of Lottery receipts. This adjustment, while nearly eliminating General Fund support for this allotment, does not impact the combined total funding from Lottery and other General Fund sources available to it.

C. Public School Funding Adjustments**10 Low Wealth Supplemental Funding (1800)**

(\$10,091,091)

R

(\$10,091,091)

R

Adjusts the supplemental allotment for school districts in low wealth communities to align funding availability with actual school district eligibility. This adjustment will not reduce funding to eligible districts. A related provision in this act adjusts the Low Wealth formula to provide the same amount of supplemental funding to school districts in certain low wealth counties as received in the 2012-2013 fiscal year. These local school administrative units have an average daily membership of more than 23,000 students and are in counties that also contain a base of the Armed Forces of the United States. \$205.5 million will be available in this allotment.

11 Teacher Assistants (1800)

(\$57,516,650)

R

(\$166,146,805)

R

Reduces funding for this allotment. \$181.5 million will be available in this allotment in FY 2015-16 and \$75.4 million will be available in FY 2016-17.

12 Class Size Reduction (1800)

\$79,932,891 R \$192,931,335 R

Increases funding to school districts for guaranteed Classroom Teacher positions in grades K-3. In FY 2015-16, ratios will be decreased by 1 student per teacher in grades 1-3. In FY 2016-17, ratios will be decreased by 2 students per teacher in grades 1-3 and by 1 student per teacher in kindergarten. The new allotment ratios to provide guaranteed positions from this allotment are as follows:

2015-16

1-3: 1 teacher per 16 students

2016-17

K: 1 teacher per 17 students

1-3: 1 teacher per 15 students

Total funding for guaranteed classroom teacher positions, inclusive of salary and benefits costs, will be \$4.17 billion in FY 2015-16 and \$4.34 billion in FY 2016-17.

13 Textbooks and Digital Resources (1800)

\$29,000,000 R \$29,000,000 R

Increases General Fund support for textbooks and digital resources, bringing total funding for this allotment, inclusive of State receipts, to \$59.6 million in FY 2015-16 and \$59.9 million in FY 2016-17.

14 Cooperative and Innovative High Schools (1821)

\$621,338 R \$932,007 R

Provides Cooperative and Innovative High Schools (CIHS) allotment support to fulfill the funding requests for new CIHSs. Funding will support schools in Pitt, Watauga, and Wilson Counties. These schools will receive the \$310,669 allotment provided to other CIHS programs. Wilson Academy of Applied Technology will begin to receive funds in FY 2016-17, as it is anticipated to open a year later than the other CIHSs listed above. Total support in the Public Schools budget for CIHS programs will be \$24.2 million in FY 2015-16 and \$24.5 million in FY 2016-17.

15 Cooperative and Innovative High School Tuition (1821)

\$800,000 R \$800,000 R

Provides additional support to the Department of Public Instruction (DPI) for the payment of tuition at four-year colleges and universities on behalf of students taking college-level classwork through CIHS programs. Total support for tuition will be \$2.5 million.

16 Transportation (1830)

(\$20,079,807) R (\$20,079,807) R

Reduces by approximately 4% the total budget for the allotment, which supports the salaries of transportation personnel, diesel fuel, replacement parts, and the maintenance of yellow school buses. This reduction reflects a lower projected cost for diesel fuel (\$2.35/gallon) than is included in the base budget (\$3.15/gallon). Total funding for this allotment will be \$449.4 million in FY 2015-16 and \$454.7 million in FY 2016-17.

Senate Appropriations Committee on Education/Higher Education

FY 15-16**FY 16-17****17 ADM Contingency Reserve (1800)**

\$2,500,000

R

\$2,500,000

R

Provides funding for the ADM Contingency Reserve to offset the potential costs associated with two virtual charter schools beginning operations in the 2015-16 school year. Total support for the reserve will be \$8.8 million.

18 Excellent Public Schools Act (Multiple)

\$3,812,141

R

\$8,520,748

R

Provides additional funds to the Department of Public Instruction to carry out elements of the Excellent Public Schools Act contained in Section 7A.1 and Section 7A.7 of S.L. 2012-142. DPI will have \$41.8 million available to implement these requirements in FY 2015-16 and \$46.5 million in FY 2016-17.

19 Education Value Added Assessment System (EVAAS) (1800)

\$871,474

R

\$871,474

R

Provides additional support to expand EVAAS capacities in support of the Read to Achieve program as well as student and teacher performance measurement. Total State support for EVAAS will be \$3.7 million.

20 Workers' Compensation Adjustment Reserve (1901)

(\$596,080)

R

(\$596,080)

R

Decreases funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

E. Department of Public Instruction**21 DPI Flexible Reduction (Multiple)**

(\$4,781,195)

R

(\$4,781,195)

R

Reduces State General Fund support for DPI by 10%. The State Board of Education may allocate this reduction at its discretion. \$43.0 million will remain available to support DPI operations.

22 Office of Educator Licensure (Multiple)

Reflects the elimination of the Licensure Section of the Department of Public Instruction, whose duties and responsibilities will be administered by a new entity, the Office of Educator Licensure, with a direct reporting relationship to the North Carolina State Board of Education. The receipt-supported positions associated with the Licensure Section are eliminated by January 1, 2016. Receipt-supported positions may be established within the Office of Educator Licensure, from the proceeds of the fees previously established in G.S. 115C-296(a2).

Total Legislative Changes

\$176,385,460

R

\$276,499,257

R

Total Position Changes**Revised Budget**

\$8,282,418,560

\$8,382,532,357

Community Colleges

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$1,048,495,115		\$1,048,495,115	

Legislative Changes

A. Reserve for Salaries and Benefits

23 Compensation Increase Reserve - NCCCS Instructional Personnel	\$21,374,722	R	\$21,374,722	R
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Provides funds for salary increases for North Carolina Community College System (NCCCS) instructional personnel. Local community college boards are provided flexibility in allocating these funds.

B. Technical and Formula Adjustments

24 Enrollment Growth Adjustment (Multiple)	(\$6,466,443)	R	(\$6,466,443)	R
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Adjusts funds for the biennium based on the decline in community college enrollment.

The Community College System total enrollment declined by 4,864 Full Time Equivalent (FTE) students (2.1%) from the budgeted amount in the FY 2014-15 certified budget for a savings of \$6.5 million.

25 Summer Enrollment Funding (Multiple)			\$2,944,296	R
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Allows the Community College System to include curriculum courses contained within the Universal General Education Articulation Agreement between the University of North Carolina and the North Carolina Community College System for enrollment funding calculation needs. These courses are funded at the Tier 2 rate of \$4,907 per FTE. There are currently 600 FTE enrolled in these courses.

26 Curriculum Tuition (1620)	(\$16,138,793)	R	(\$16,138,793)	R
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Increases curriculum tuition by \$4.00 per credit hour and budgets the expected increase in receipts.

Tuition will increase from \$72 to \$76 per credit hour for residents and from \$264 to \$268 for non-residents. Tuition for resident students will increase by a maximum of \$128 per year, from \$2,304 to \$2,432.

27 Workers' Compensation Adjustment Reserve (1625)	\$37,366	R	\$37,366	R
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Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

C. Other Adjustments**28 Procurement Efficiencies (Multiple)**

(\$2,519,343)	R	(\$2,519,343)	R
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Reduces funds related to purchase and contract to reflect efficiencies created by participation in the State's Procurement Transformation Program administered by the Department of Administration.

29 Audit Services (1300)

\$551,752	R	\$551,752	R
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Restores funding for the System Office's Audit Services division.

7.00

7.00

30 Equipment (1623)

\$4,444,296	NR		
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Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the \$49.0 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment allocation formula.

31 Caldwell Community College Truck Driver Training Program (1624)

\$150,000	R	\$150,000	R
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Provides funds for the Caldwell Community College Truck Driver Training program.

32 NC Works Career Coaches

\$500,000	R	\$1,000,000	R
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Establishes a program to place local community college-employed career coaches in high schools.

33 Fayetteville Technical Community College Botanical Lab (1624)

\$100,000	NR	\$100,000	NR
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Increases support for the Botanical Lab at Fayetteville Technical Community College by \$100,000 nonrecurring in each year of the biennium. The total program funding for both FY 2015-16 and FY 2016-17 will be \$200,000.

D. Financial Aid Adjustments**34 Yellow Ribbon G.I. Education Enhancement Program (1900)**

(\$1,000,000)	R	(\$1,000,000)	R
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Eliminates funding for the Yellow Ribbon Program which leveraged federal matching funds to reduce tuition costs for certain non-resident veterans.

35 Resident Tuition for Certain Non-Resident Veterans (1620)

\$2,000,000	R	\$2,000,000	R
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Provides funds to offset a reduction in tuition receipts as a result of granting certain non-resident veterans resident status for tuition purposes. The federal Veterans Access, Choice, and Accountability Act of 2014 requires public institutions of higher education to charge certain non-resident veterans no more than the resident tuition and fee rates or risk losing approval to receive federal educational benefits. This item funds the expected costs of compliance with that Act for the Community College System.

Total Legislative Changes	(\$1,510,739)	R	\$1,933,557	R
	\$4,544,296	NR	\$100,000	NR
Total Position Changes	7.00		7.00	
Revised Budget	\$1,051,528,672		\$1,050,528,672	

Motorcycle Safety Program

Budget Code: 26800

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$1,696,937	\$1,496,937
Recommended Budget		
Requirements	\$542,742	\$542,742
Receipts	\$542,742	\$542,742
Positions	0.00	0.00

Legislative Changes

Requirements:

Study for Driver Training	\$0 R	\$0 R
Directs the Community College System Office to study the implementation of statewide Driver Training for FY 2016-17.	\$200,000 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$0 R	\$0 R
	\$200,000 NR	\$0 NR
	0.00	0.00

Receipts:

Study for Driver Training	\$0 R	\$0 R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR

Senate Appropriations Committee on Education

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$742,742	\$542,742
Revised Total Receipts	\$542,742	\$542,742
Change in Fund Balance	(\$200,000)	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$1,496,937	\$1,496,937

UNC System

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$2,647,296,221		\$2,647,304,656	

Legislative Changes

A. Reserve for Salaries and Benefits

36 Compensation Increase Reserve - NCSSM Teachers	\$100,365	R	\$100,365	R
Provides funds to increase starting teacher pay from \$33,000 to \$35,000 per year, to grant an experience-based step increase for educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.				
37 Compensation Increase Reserve - NCSSM School-based Administrators (SBAs)	\$5,624	R	\$5,624	R
Provides funds for an experience-based step increase for SBAs earning a year of creditable experience and funds an \$809 top of the salary schedule bonus. Any funds remaining may be used to implement Section 9.5.				

B. Technical and Formula Adjustments

38 Enrollment Growth Adjustment (16011)	\$49,324,741	R	\$80,261,279	R
Fully funds projected enrollment growth at the University of North Carolina (UNC) System. Enrollment is expected to increase by 3,345 Full Time Equivalent (FTE) students (1.7%) in FY 2015-16 and 3,017 FTE students (1.5%) in FY 2016-17.				
39 Building Reserves (Multiple)	\$470,912	R	\$714,678	R
	\$170,282	NR	\$91,170	NR
Provides funding for new and renovated buildings coming online during the FY 2015-17 biennium at Appalachian State University, East Carolina University, North Carolina State University, and UNC-Wilmington.				
40 Workers' Compensation Adjustment Reserve (16011)	\$4,929,337	R	\$4,929,337	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				

C. Other Adjustments

41 Management Flexibility Reduction (16011)	(\$17,913,812)	R	(\$17,913,812)	R
Mandates a management flexibility reduction for the UNC operating budget. The UNC Board of Governors shall not allocate this reduction on an across-the-board basis to constituent institutions.				

42 East Carolina University: Medical School Sustainability Funds (16011)

Provides funds to stabilize the Brody School of Medicine due to lower revenues.

\$8,000,000 NR \$8,000,000 NR

43 Elizabeth City State University: Budget Stabilization Funds (16086)

Provides funds to Elizabeth City State University to stabilize enrollment. The funds will be used to enhance technology related to enrollment and recruitment of students, campus access and safety, and human resource management.

\$3,000,000 NR

44 Mountain Area Health Education Center (16022)

Provides funds to the Mountain Area Health Education Center for surgery and family medicine residencies in the MAHEC service area.

\$5,900,000 R \$5,900,000 R

45 Western Governors University Challenge Grant (16015)

Provides a challenge grant to Western Governors University for development of a North Carolina campus contingent on the University raising \$5 million in private funds.

\$2,000,000 NR

46 Academic Summer Bridge Program (16011)

Eliminates funding for the Academic Summer Bridge Program.

(\$1,193,000) R (\$1,193,000) R

47 Hunt Institute (16020)

Eliminates General Fund support for The Hunt Institute.

(\$737,230) R (\$737,230) R

48 Bowles Center for Alcohol Studies (16021)

Eliminates the diversion of revenue from the Highway Fund to the Bowles Center for Alcohol Studies.

49 Union Square Campus, Inc. (16011)

Provides additional funds to the Union Square Campus, Inc., a non-profit entity providing nursing education and training facilities with North Carolina A&T, UNC Greensboro, Guilford Technical Community College, and Cone Health. This project received \$2 million in nonrecurring funds in FY 2014-15.

\$2,000,000 NR

D. Financial Aid Adjustments**50 Yellow Ribbon G.I. Education Enhancement Program (16011)**

Eliminates funding for the Yellow Ribbon Program which leveraged federal matching funds to reduce tuition costs for certain non-resident veterans.

(\$4,863,276) R (\$4,863,276) R

Senate Appropriations Committee on Education/Higher Education

FY 15-16

FY 16-17

51 Resident Tuition for Certain Non-Resident Veterans (16011)

\$9,300,762

R

\$9,300,762

R

Provides funds to offset a reduction in tuition receipts as a result of granting certain non-resident veterans resident status for tuition purposes. The federal Veterans Access, Choice, and Accountability Act of 2014 requires public institutions of higher education to charge certain non-resident veterans no more than the resident tuition and fee rates or risk losing approval to receive federal educational benefits. This item funds the expected costs of compliance with that Act for the UNC System.

52 Opportunity Scholarships (16015)

\$6,800,000

R

\$6,800,000

R

Increases funds for the Opportunity Scholarships program. The program provides scholarship grants of up to \$2,100 per semester for eligible students to attend nonpublic schools. The total program funding will be \$17.6 million.

53 National Guard Tuition Assistance Program (16012)

\$200,000

R

\$200,000

R

Increases funding for the National Guard Tuition Assistance Program by 10%, which provides financial aid to active members of the North Carolina Army or Air National Guard. The total program funding after the adjustment will be \$2.1 million.

54 Special Education Scholarships (16015)

\$250,000

R

\$250,000

R

Increases funds for the Special Education Scholarships program by 6%. The program provides scholarship grants of up to \$4,000 per semester for eligible students. The total funding after this adjustment will be \$4.2 million.

Total Legislative Changes

\$52,574,423

R

\$83,754,727

R

\$15,170,282

NR

\$8,091,170

NR

Total Position Changes

Revised Budget

\$2,715,040,926

\$2,739,150,553
