

House Appropriations Subcommittee on Education

House Budget Recommendations

April 20, 2011

Public Education

GENERAL FUND

	FY 11-12		FY 12-13	
Recommended Budget	\$7,923,543,951		\$7,923,543,951	

Legislative Changes

A. Technical Adjustments

1 ADM Adjustment

\$55,882,651	R	\$143,087,414	R
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Fully funds both years of average daily membership (ADM) growth for public schools, providing \$55.8 million in FY 2011-12 and \$143.1 million in FY 2012-13. This adjustment, which accounts for changes in multiple allotments, has traditionally been included in the continuation budget.

2 Average Salary Adjustment

(\$21,838,817)	R	(\$22,040,287)	R
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Adjusts several budget lines to account for the decrease in average salaries between FY 2009-10 and FY 2010-11. This adjustment has traditionally been included in the continuation budget.

3 Children With Disabilities Headcount Adjustment

(\$7,000,000)	R	(\$7,000,000)	R
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Reduces the Children With Disabilities allotment by \$7.0 million in anticipation of the April headcount being less than the budgeted headcount. This adjustment is intended to reflect actual student headcount and not reduce funding per student. This adjustment will leave \$687.9 million in FY 2011-12 and \$689.0 million in FY 2012-13.

B. Other Public School Funding Adjustments

4 LEA Adjustment

(\$42,123,478)	R	(\$105,696,322)	R
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Increases the LEA Adjustment reduction by \$42.1 million in FY 2011-12 and by \$105.7 million in FY 2012-13. The State Board of Education will distribute this reduction to all LEAs and charter schools on the basis of ADM. LEAs and charters will then be responsible for identifying budget reductions in order to meet their share of the LEA Adjustment. The total LEA Adjustment will be \$346.9 million in FY 2011-12 and \$410.4 million in FY 2012-13.

5 Teacher Assistants

(\$258,647,482)	R	(\$254,193,602)	R
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Funds teacher assistants on the basis of ADM in grades K-1 only. Previously, teacher assistants were funded on the basis of ADM in grades K-3. LEAs will still have the discretion to place teacher assistants in classrooms serving grades K-3. \$269.1 million will be available in FY 2011-12, and \$290.2 million will be available in FY 2012-13 to fund teacher assistants.

6 Education Reform Studies

Provides \$1.0 million of nonrecurring funding for various studies of educational polices across all levels of education. Funding will be available to hire an outside consultant to examine various topics. Additional detail on the topics of study can be found in Section 7.X.

\$1,000,000 NR

7 Testing

Eliminates funding for four End of Course tests eliminated by S.L. 2011-8 and not required by federal law. Those tests are United States History, Civics and Economics, Algebra II, and Physical Science. The remaining testing funds are then reduced a further 10%, leaving \$8.8 million available for testing in each year of the biennium.

(\$2,725,029) R (\$2,729,677) R

8 Dropout Prevention Grants

Eliminates funding for the Dropout Prevention Grant program.

(\$13,290,683) R (\$13,290,683) R

9 Student Diagnostics

Eliminates funding for the Student Diagnostics pilot program.

(\$10,000,000) R (\$10,000,000) R

10 Learn & Earn Virtual Schools

Eliminates funding provided to four schools to provide on-line access to Learn & Earn. Students in affected schools will retain access to Learn & Earn Online courses provided through the Community College system.

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

11 Learn & Earn Online

Eliminates funding for Learn & Earn Online courses provided through the UNC system. Funding remains within the Community College budget to provide Learn & Earn Online courses provided through the Community College system.

(\$4,875,000) R (\$4,875,000) R

12 At-Risk Student Services

Reduces the At-Risk Student Services allotment by 12% in each year of the biennium. The At-Risk Student Services will be funded at \$220.8 million in FY 2011-12 and at \$222.0 million in FY 2012-13.

(\$30,215,891) R (\$30,374,711) R

13 Noninstructional Support Personnel

Reduces this allotment, which supports clerical, janitorial, substitute teaching and other personnel, by 15% in both years of the biennium. \$337.1 million will remain in this allotment in FY 2011-12 and \$340.3 million will remain in FY 2012-13.

(\$59,497,471) R (\$60,054,792) R

14 Textbooks

Provides support for consumable book and classroom kits while eliminating other textbook funding on a nonrecurring basis throughout the biennium. A related provision prohibits the State Board of Education from adopting any new textbooks throughout the biennium. \$36.5 million will remain in this allotment in FY 2011-12 and \$37.6 million will remain available in FY 2012-13.

(\$79,127,500) NR (\$79,000,000) NR

15 Instructional Supplies

Reduces funding for this allotment by approximately 42%. \$53.0 million will remain in this allotment in FY 2011-12 and \$53.7 million will remain available in FY 2012-13.

(\$38,245,358) NR (\$38,417,147) NR

16 Academically or Intellectually Gifted

Reduces funding for this allotment by 12%. \$62.2 million will remain in this allotment in FY 2011-12 and \$62.8 million will remain in FY 2012-13.

(\$8,480,111) R (\$8,559,558) R

17 Central Office Administration

Reduces the allotment to LEAs for the salaries and benefits of central office staff by 10%. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. \$96.8 million will remain to support these local staff in FY 2011-12 and \$97.0 million will remain available in FY 2012-13.

(\$10,757,059) R (\$10,784,059) R

18 School Building Administration

Reduces the funding for assistant principal months of employment by 21% or the equivalent of 3,827 assistant principal months of employment. This reduction does not reduce any guaranteed principal positions. \$301.8 million will remain in this allotment in FY 2011-12 and \$304.0 million will remain available in FY 2012-13.

(\$24,790,256) R (\$25,023,016) R

19 Instructional Support

Reduces this allotment, which supports guidance counselors, social workers, media specialists and other miscellaneous personnel, by 5% or an equivalent reduction of 290 positions. \$435.8 million will remain in this allotment in FY 2011-12 and \$439.8 million will remain available in FY 2012-13.

(\$22,934,278) R (\$23,180,222) R

20 Limited English Proficiency

Reduces funding for the program by 10% in both years of the biennium. \$67.5 million will remain in this allotment in FY 2011-12 and \$73.0 million will remain in FY 2012-13.

(\$7,505,512) R (\$8,114,226) R

21 Transportation

Reduces funding for the allotment, which supports the salaries of transportation personnel as well as the maintenance of yellow buses, by approximately 10%. \$392.9 million will remain in this allotment in FY 2011-12 and \$396.8 million will remain available in FY 2012-13.

(\$20,680,229) R (\$20,884,532) R

22 School Bus Replacement

Reduces funding for State replacement of school buses in excess of 20 years old or 200,000 miles of service. The \$36.8 million that will remain is sufficient to support all financing payments due for previously purchased buses and to purchase approximately 700 of the 1,587 buses slated for replacement.

(\$20,000,000) NR (\$20,000,000) NR

23 Mentoring

(\$9,214,190)	R	(\$9,214,190)	R
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Eliminates funding for this allotment. School districts may use State and other funding sources to provide mentoring services for beginning teachers.

24 School Technology Fund

(\$10,000,000)	R	(\$10,000,000)	R
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Eliminates General Fund support for this purpose. An additional \$18.0 million for the Fund will remain available from the proceeds of the Civil Penalty and Forfeiture Fund.

25 Staff Development

(\$12,565,063)	R	(\$12,626,995)	R
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Eliminates funding for this allotment. School districts may use State and other funding sources to support professional development.

26 Uniform Education Reporting System

(\$2,101,213)	R	(\$2,101,213)	R
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Reduces funding for the Uniform Education Reporting System (UERS) and the related NC WISE system as it moves into an operations and maintenance phase. This adjustment will leave \$10.2 million in annual appropriations available for UERS operations.

27 More at Four Funding Reduction

(\$16,000,000)	R	(\$16,000,000)	R
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Reduces More at Four General Fund support by \$16 million, or approximately 20%.

28 More at Four Transfer

(\$65,011,651)	R	(\$65,011,651)	R
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Transfers the remaining \$65 million in General Fund appropriations to the Department of Health and Human Service's Division of Child Development (DCD) to provide a dedicated high-quality pre-K program within its Child Care Subsidy program. In addition, Section x.x of the budget bill redirects \$63 million in Lottery funding for the program to DCD. A related provision in Section 10.x of the bill details the particulars of the transfer.

29 Geographically Isolated Schools Allotment

(\$411,503)	R	(\$411,503)	R
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Eliminates support for the additional teaching positions provided to one school district with the characteristics required under Section 7.26 of S.L. 2009-451.

30 Liability Insurance for Public School Personnel

\$3,700,000	R	\$3,700,000	R
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Establishes a single State-funded liability insurance policy for all North Carolina public schools employees. The State Board of Education shall use funding provided to establish this policy with the North Carolina Department of Public Instruction serving as the master policy holder.

C. Pass-through Funds**31 Teacher Cadet**

(\$34,000)	R	(\$34,000)	R
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Reduces State support for this program by 10%.

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FY 11-12

FY 12-13

32 Science Olympiad

(\$127,500) R

(\$127,500) R

Provides an additional year of nonrecurring funds for North Carolina Science Olympiad, a nonprofit organization, to sponsor tournaments and continue to support the number of schools participating in the program. It is the intent of the General Assembly that NC Science Olympiad will replace State funding with other forms of support in FY 2012-13.

\$127,500 NR

33 Kids Voting

(\$50,000) R

(\$50,000) R

Eliminates State support for this program.

34 NC Science, Math and Technical Education Center

(\$100,000) R

(\$100,000) R

Eliminates State support for the North Carolina Science, Mathematics and Technology Education Center, Inc.

35 Tarheel Challenge

(\$76,772) R

(\$76,772) R

Reduces program funding by 10%, providing \$690,947 in State support that is used to match federal funds. The program is a quasi-military program for high school dropouts or expellees.

D. Department of Public Instruction**36 DPI Curriculum Division**

(\$1,119,336) R

(\$1,119,336) R

Eliminates 13.5 State-funded positions working on curriculum issues. Of these, 9.5 State-funded positions are eliminated from the Curriculum, Instruction & Technology section, and 4.0 State-funded positions are eliminated from the Career and Technology Education (CTE) section. 39.5 positions (13.86 State-funded) will remain in the Curriculum, Instruction & Technology section, while 33.0 positions (8.93 State-funded) will remain in the CTE section.

-13.50

-13.50

37 DPI Technology Services

(\$2,712,988) R

(\$2,712,988) R

Eliminates 30.0 State-funded positions from DPI's Technology Services section. 102.85 positions (70.72 State-funded) will remain in this section.

-30.00

-30.00

38 DPI Communications

(\$246,586) R

(\$246,586) R

Eliminates 4.0 State-funded positions in the Communications section. 15.0 positions (10.8 State-funded) will remain in this section.

-4.00

-4.00

39 DPI District and School Transformation

(\$1,328,617) R

(\$1,328,617) R

Eliminates 13.0 State-funded positions from the District & School Transformation section. 65.0 permanent positions (45.54 State-funded) will remain in this section. Additionally, this section has added 75.0 time-limited positions through federal Race to the Top funding.

-13.00

-13.00

40 DPI Accountability

(\$94,441) R

(\$94,441) R

Eliminates 1.0 State-funded position from the Accountability section. 26.0 positions (8.45 State-funded) will remain in this section.

-1.00

-1.00

	FY 11-12		FY 12-13	
41 DPI Instructional Technology	(\$93,682)	R	(\$93,682)	R
Eliminates 1.0 State-funded position from the Instructional Technology section. 9.15 positions (7.20 State-funded) will remain in this section.	-1.00		-1.00	
42 Office of Early Learning	(\$134,252)	R	(\$134,252)	R
Eliminates the 1.55 State-funded positions in the Office of Early Learning. 29.45 positions are funded through federal funds or receipts. Remaining Lottery-supported positions will be subject to transfer or elimination.	-1.55		-1.55	
43 DPI School Planning	(\$261,963)	R	(\$261,963)	R
Eliminates the 3.0 State-funded positions in the School Planning section. 5.0 receipt-supported positions will remain in this section.	-3.00		-3.00	
44 DPI Educator Recruitment and Development	(\$411,886)	R	(\$411,886)	R
Eliminates 4.58 State-funded positions supporting statewide professional development alignment. 6.42 federally-supported positions will remain in this section.	-4.58		-4.58	
45 Learn and Earn Administration	(\$139,050)	R	(\$139,050)	R
Eliminates the State-funded position at DPI supporting Learn & Earn Online.	-1.00		-1.00	
46 Governor's Education Cabinet	(\$206,063)	R	(\$206,063)	R
Eliminates funding for the 2.0 positions that DPI provides to support the NC Education Cabinet housed in the Office of the Governor.	-2.00		-2.00	
47 NC Professional Teaching Standards Commission	(\$235,646)	R	(\$235,646)	R
Eliminates the State funding and positions supporting the NC Professional Teaching Standards Commission.	-2.00		-2.00	
48 Teacher Academy	(\$4,762,874)	R	(\$4,762,874)	R
Eliminates State funding for the Teacher Academy, a provider of professional development services for teachers.	-14.00		-14.00	
49 North Carolina Center for the Advancement of Teaching (NCCAT)	(\$6,102,495)	R	(\$6,102,495)	R
Eliminates State funding for NCCAT, a provider of professional development services for teachers.	-80.25		-80.25	
50 Connectivity	(\$794,675)	R	(\$794,675)	R
Eliminates the \$350,000 annual transfer from Connectivity to support the e-Learning Portal. Eliminates the \$300,000 annual transfer from Connectivity to support the evaluation of the Connectivity initiative. An additional \$144,675 is reduced from other Connectivity funding. \$19.5 million will remain to support the Connectivity initiative.				

51 Residential Schools for the Deaf and Blind

(\$1,691,445) R

(\$1,691,445) R

Reduces funding for the residential schools for the deaf and blind by 5%. Approximately \$32.1 million will remain available to support the three residential campuses in Morganton, Raleigh, and Wilson.

52 Governor's Schools

(\$849,588) R

Eliminates State funding for the Governor's Schools. A related provision in Section 7.X provides the State Board with the discretion to make the program receipt-supported beginning with the summer 2012 program. Funding remains available to provide the program in summer 2011.

Total Legislative Changes

(\$622,806,536) R

(\$597,952,684) R

(\$136,245,358) NR

(\$137,417,147) NR

Total Position Changes

-170.88

-170.88

Revised Budget

\$7,164,492,057

\$7,188,174,120

Community Colleges

GENERAL FUND

	FY 11-12	FY 12-13
Recommended Budget	\$1,102,475,214	\$1,102,475,214

Legislative Changes

A. Technical Adjustments

53 Enrollment Growth

\$34,140,158	R	\$47,699,747	R
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Provides funds to fully fund enrollment growth, including enrollment growth for equipment funding, in both years of the biennium.

According to the FY 2010-11 spring enrollment census, enrollment has increased by 3.3% (8,081 full-time-equivalent students or FTE) above the FY 2010-11 budgeted enrollment of 243,854. Curriculum enrollment has increased by 6,928 FTE (3.6%), continuing education enrollment has increased by 1,396 FTE (4.9%), and basic skills enrollment has decreased by 243 FTE (-1.1%). Total equipment funding for FY 2011-12 is \$5,643,030, which maintains the amount per equipment FTE at the FY 2009-10 level. Total requirements for the enrollment growth increase are \$45,058,958, of which \$10,918,800 is funded from receipts.

Estimated enrollment growth during the FY 2011-12 year is also fully funded with an additional appropriation of \$13,559,589, \$584,775 of which is for equipment. This adjustment is based on estimated enrollment growth of 1.5% (3,672 FTE). Total requirements for the enrollment growth are \$18,478,365, of which \$4,918,776 is funded from receipts.

54 Hickory Metro Higher Education Center

(\$264,833)	R	(\$264,833)	R
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Transfers categorical funding for the Hickory Metro Higher Education Center at Catawba Valley Community College to the UNC System budget.

B. State Aid Adjustments

55 Management Flexibility Reduction

(\$44,095,124)	R	(\$51,761,305)	R
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Reduces funds in the State Aid budget. As directed in Section 8.x, the State Board of Community Colleges shall distribute the flexibility reduction, accounting for the unique needs of each college. Each college reduced shall have the flexibility to adjust its budget to implement this reduction, but shall not impact those activities directly involved in retraining displaced workers. Including the \$29.0 million management flexibility reduction in the base budget, the total reduction is \$73.1 million in FY 2011-12 and \$80.8 million in FY 2012-13.

56 Curriculum Tuition

(\$47,664,650) R (\$60,393,549) R

Increases curriculum tuition by \$10 per credit hour in FY 2011-12 and an additional \$2.50 per credit hour in FY 2012-13, and makes a corresponding General Fund reduction in anticipation of increased tuition receipts.

For FY 2011-12, resident tuition will increase from \$56.50 to \$66.50 for residents and from \$248.50 to \$258.50 for nonresidents. Tuition for full-time resident students will increase by a maximum of \$320 per year, from \$1,808 to \$2,128.

For FY 2012-13, resident tuition will increase from \$66.50 to \$69 for residents and from \$258.50 to \$261 for nonresidents. Tuition for full-time resident students will increase by a maximum of an additional \$80 per year, from \$2,128 to \$2,208.

57 Continuing Education Fee

(\$664,509) R

Increases continuing education fees by \$5 per course, beginning in FY 2012-13, and takes a corresponding General Fund reduction in anticipation of increased tuition receipts. The new fees will be as follows:

Classes 1-24 hours - \$70,
Classes 25-50 hours - \$125,
Classes 51+ hours - \$180.

58 Funding Formula

(\$22,670,636) R (\$22,670,636) R

Eliminates categorical funding for Health Sciences (\$16,842,300), Technical Education (\$5,500,000), and Special High Cost Programs allotment for Heavy Equipment (\$328,336), and restructures the curriculum and continuing education funding formulas to provide weighted funding based on the type of instruction, as directed in Section 8.x.

Curriculum courses in high-cost areas such as healthcare, technical education, and lab-based science courses shall be weighted more heavily than other curriculum courses.

Continuing education courses that lead to a third-party credential or certification and courses providing an industry-designed curriculum shall be weighted more heavily than other continuing education courses.

59 Basic Skills

(\$10,000,000) R (\$10,000,000) R

Reduces funding for basic skills education by 12.4%. Total funding remaining for the program will be \$86,246,787, with \$70,483,463 in State funding and \$15,763,628 in federal funding.

60 Institutional and Academic Support

(\$8,548,090) R (\$8,548,090) R

Eliminates funding for one of the 5.5 general institutional positions in the institutional and academic support enrollment allotment funding formula for community colleges. Total funding remaining in this allotment will be \$452.5 million.

61 Customized Training

Reduces the Customized Training budget on a one-time basis. Total recurring funding for the program is \$12,457,121; however, per G.S. 115D-5.1(f2), unexpended funds for the program do not revert and are instead carried forward to the next year. After this reduction, the total amount available for expenditure in the biennium is expected to be \$31,810,340, or \$15,905,170 per year.

(\$7,500,000) NR

62 BioNetwork

Reduces funds for BioNetwork grants and centers by 6.6%. \$205,582 will be reduced from BioNetwork centers (5% reduction) and \$84,646 from grants to colleges (30% reduction). Total funding remaining for the program will be \$4,106,056.

(\$290,228) R (\$290,228) R

63 Minority Male Mentoring

Reduces funding for the Minority Male Mentoring program by 10%. Total funding remaining for the program will be \$890,000.

(\$90,000) R (\$90,000) R

64 NC Military Business Center

Reduces the categorical allotment to the NC Military Business Center at Fayetteville Technical Community College by 10%. Total funding remaining for the program will be \$1,125,000.

(\$125,000) R (\$125,000) R

65 Textile Technology Center

Reduces the categorical allotment to the Textile Technology Center at Gaston College by 10%. Total funding remaining for this program will be \$821,258.

(\$91,251) R (\$91,251) R

66 Manufacturing Solutions Center

Reduces the categorical allotment for the Manufacturing Solutions Center at Catawba Valley Community College by 10%. Total funding remaining for this program will be \$514,904.

(\$57,212) R (\$57,212) R

67 Haywood Regional High Technology Center

Eliminates the categorical allotment for the Regional High Technology Center at Haywood Community College. The college will continue to receive regular FTE formula funding for the enrollment at the Center.

(\$582,383) R (\$582,383) R

68 Botanical Laboratory

Eliminates the categorical allotment for the botanical laboratory at Fayetteville Technical Community College. The college will continue to receive regular FTE formula funding for the enrollment in the botanical program.

(\$264,000) R (\$264,000) R

69 NC REAL

Eliminates pass-through funding for NC Rural Entrepreneurship through Action Learning (NC REAL).

(\$250,000) R (\$250,000) R

C. Student Aid Adjustments**70 NC Community College Grant Program**

Reverts the existing fund balance of \$5.7 million to the Escheats Fund and increases annual appropriations by \$2.5 million for a total budget of \$16.5 million per year.

The funds for this item are shown in the Community College System - Trust - General Fund (Budget Code: 66801) section of this report.

71 Tuition Waivers

(\$444,000)	R	(\$444,000)	R
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Eliminates tuition waivers for community college faculty and staff, NC Civil Air Patrol, and individuals engaged in civil preparedness activities. Colleges are permitted to use State and local funds to pay for tuition and registration fees for one course per semester for full-time faculty and staff.

D. Community Colleges System Office Adjustments**72 System Office Positions**

(\$1,265,975)	R	(\$1,265,975)	R
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Eliminates 19 positions in the Community Colleges System Office, including 8 vacant, 2 expected-to-be-vacant, and 9 filled positions. The positions are as follows:

-19.00	-19.00
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Executive Division - 3 vacant and 2 filled positions;

IT & Workforce Development Division - 3 vacant, 2 expected-to-be-vacant, and 4 filled positions;

Business and Finance Division - 1 vacant and 1 filled position; and

Academic and Student Services Division - 1 vacant and 2 filled positions.

73 System Office Operating Funds

(\$265,417)	R	(\$265,417)	R
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Reduces operating funds for travel, training, information technology, and other expenses.

74 2+2 E-learning Initiative

(\$97,000)	R	(\$97,000)	R
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Reduces the budget of the 2+2 E-learning initiative by 13%. Total funding remaining for the program will be \$653,000.

75 Receipt-supported Positions

(\$322,180)	R	(\$322,180)	R
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Shifts 3.5 positions from General Fund appropriations to receipts. Positions and receipt source are as follows:

-3.50	-3.50
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Accountant (2 positions) - indirect cost receipts;

Education Program Director (1 position) - Proprietary School receipts;

Education Consultant II (.25 position) and Education Program Director II (.25 position) - federal receipts.

House Subcommittee on Education

FY 11-12**FY 12-13****76 GED Program**

(\$208,533) R

(\$208,533) R

Shifts the General Education Development (GED) program entirely to receipt support. Section 8.x permits the State Board of Community Colleges to increase the fee assessed to individuals taking the GED exam. The current fee is \$7.50.

-2.50

-2.50

The fees will be used to support the costs of administering the tests, including scoring the tests and printing the GED certificates. A total of 2.5 positions will be shifted from appropriation to receipt support, including 2 GED & Adult High School Tech positions, and one-half of the Education Program Director position.

Total Legislative Changes

(\$103,456,354) R

(\$110,956,354) R

(\$7,500,000) NR

Total Position Changes

-25.00

-25.00

Revised Budget**\$991,518,860****\$991,518,860**

NC Community College System – Trust – General

Budget Code: 66801

	FY 2011-12	FY 2012-13
Beginning Unreserved Fund Balance	\$5,919,657	\$5,919,657
Recommended Budget		
Requirements	\$26,282,132	\$26,282,132
Receipts	\$26,282,132	\$26,282,132
Positions	0.00	0.00
Legislative Changes		
Requirements:		
NC Community College Grant Program	\$2,518,798 R	\$2,518,798 R
Reverts the existing fund balance of \$5.7 million to the Escheats Fund. Increases the annual appropriation from the Escheat Fund by \$2.5 million, for a total program budget of \$16.5 million per year.	(\$5,731,912) NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$2,518,798 R	\$2,518,798 R
	(\$5,731,912) NR	\$0 NR
	0.00	0.00
Receipts:		
NC Community College Grant Program	\$2,518,798 R	\$2,518,798 R
Decreases receipts from fund balance by \$5.7 million and increases receipts from the Escheat Fund by \$2.5 million, for a total program receipts of \$16.5 million per year.	(\$5,731,912) NR	\$0 NR
Subtotal Legislative Changes	\$2,518,798 R	\$2,518,798 R
	(\$5,731,912) NR	\$0 NR

House Appropriations Subcommittee on Education

	FY 2011-12	FY 2012-13
Revised Total Requirements	\$23,069,018	\$28,800,930
Revised Total Receipts	\$23,069,018	\$28,800,930
Change in Fund Balance	\$0	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$5,919,657	\$5,919,657

UNC System

GENERAL FUND

	FY 11-12	FY 12-13
Recommended Budget	\$2,887,492,464	\$2,886,730,386

Legislative Changes

A. Technical Adjustments

77 Enrollment Growth

\$46,818,123	R	\$46,818,123	R
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Fully funds projected enrollment growth for FY 2011-12 at the University of North Carolina. The projected enrollment increase of 1.2% equates to an additional 2,337 full-time-equivalent (FTE) students. Total requirements will increase by \$56,474,924, of which \$10,656,801 will be funded by increased tuition receipts, for a net State appropriation of \$46,818,123.

78 Hickory Metro Higher Education Center

\$264,833	R	\$264,833	R
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Transfers funds for the Hickory Metro Higher Education Center from the North Carolina Community College System budget to the budget for Appalachian State University.

B. Base Budget Adjustments

79 Management Flexibility Reduction

(\$469,224,273)	R	(\$470,749,947)	R
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Mandates a management flexibility reduction for the UNC operating budget. As directed in Section 9.x, the UNC Board of Governors shall not allocate this reduction on an across-the-board basis to constituent institutions.

80 UNC Hospitals Subsidy

(\$44,011,882)	NR	(\$44,011,882)	NR
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Eliminates for the biennium the State subsidy to UNC Hospitals.

81 Coastal Wave Energy Research

(\$2,000,000)	R	(\$2,000,000)	R
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Eliminates State funds for a consortium of constituent institutions to research, design, and construct devices to capture the energy of ocean waves.

82 Center for Public Television Continuation Review

(\$11,997,888)	R	(\$11,997,888)	R
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Eliminates recurring funding for the Center for Public Television and provides nonrecurring funds with a twelve percent reduction for FY 2011-12. Restoration of any funding in FY 2012-13 is subject to UNC-TV's development of a plan to operate without State appropriation by FY 2014-15.

\$10,558,141	NR	-116.00	
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FY 11-12**FY 12-13****83 East Carolina School of Dentistry Operations**

\$3,500,000 R \$5,000,000 R

Provides funds to the East Carolina School of Dentistry for new faculty and staff and operating costs to prepare for its first class of students, which will enroll in fall 2011, and to establish dental service learning centers throughout the State where faculty and students will serve patients.

27.00

39.00

Of the new funds appropriated, approximately \$3.4 million in FY 2011-12 and approximately \$4.5 million in FY 2012-13 will be used for salaries, wages and benefits. Total State appropriations will be \$15 million in FY 2011-12 and \$16.5 million in FY 2012-13.

84 Building Reserves

\$18,531,614 R \$29,233,551 R

Provides funds to operate new or renovated UNC buildings completed in FY 2011-12. Specifically, funds are for the housekeeping, maintenance, and security requirements for the added building square footage. The FY 2011-12 amount provides funding for a partial year; the FY 2012-13 appropriation represents the full-year cost.

282.80

282.80

C. Student Aid Adjustments**85 UNC Need-based Financial Aid Program**

\$26,420,037 R \$27,997,037 R

Shifts program funding to a higher proportion from the General Fund, due to diminishing Escheat Fund principal. In FY 2011-12, total funds available for the UNC Need-based Financial Aid program from all sources will be \$301,446 lower than the FY 2011-12 base budget. In FY 2012-13, total funds available will be \$4,956,358 lower, and students will be limited in the length of time they can receive the grant (Section 9.x). An additional \$89 million in forward-funding is provided in FY 2011-12, to increase program stability (Section 9.y).

Total funding includes:

FY 2011-12

General Fund - \$37,420,037

Escheat Fund - \$127,354,154

Lottery Fund - \$51,356,563

FY 2012-13

General Fund - \$38,997,037

Escheat Fund - \$32,122,242

Lottery Fund - \$51,356,563

Note: Section 5.x and 9.z appropriate funds from the Lottery Fund and Escheat Fund, respectively.

86 Student Incentive Grant

(\$800,827) R (\$800,827) R

Eliminates funding for the Student Incentive Grant, as federal matching funds have been eliminated. In addition to the funds shown here, \$3,613,601 in Escheat Fund program funding is also reduced, for a total reduction of \$4,414,428.

87 Nonresident Graduate Student Tuition Remissions

(\$8,640,045)	R	(\$8,640,045)	R
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Reduces funding for nonresident graduate student tuition remissions by 20%. Total funding remaining for the program will be \$34,560,178.

88 Nonresident Tuition Waivers

(\$7,947,640)	R	(\$7,947,640)	R
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Eliminates certain tuition waivers for nonresident students.

These waivers include:

- Nonresident students with full academic scholarships (\$6,055,000);
- Special Talent undergraduate tuition waivers (\$529,967);
- Nonresident teachers (\$984,443); and
- Nonresident Prospective Teacher Scholars program (\$378,230).

89 Academic Common Market

		(\$1,215,000)	R
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Phases out funding for the Academic Common Market program, beginning in FY 2012-13. Based on tuition waived in FY 2009-10, it is estimated that \$726,494 will remain in program funding in FY 2012-13.

90 Legislative Tuition Grant

(\$5,826,968)	R	(\$5,826,968)	R
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Reduces funds for the Legislative Tuition Grant (LTG) by 10%. LTG provides aid to North Carolina residents attending private colleges. The total funding remaining for this program is \$52,442,713.

91 State Contractual Scholarship Fund

(\$4,589,696)	R	(\$4,589,696)	R
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Reduces funds for the State Contractual Scholarship Fund (SCSF) by 10%. SCSF provides aid to needy NC students attending private colleges. Total funding remaining for this program will be \$41,307,267.

92 Other Private School Aid

(\$32,100)	R	(\$32,100)	R
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Reduces funding for grants to North Carolina resident students attending Mid Atlantic Christian University and the College at Southeastern by 10%. Total funding remaining for this program will be \$288,900.

93 Private Medical School Aid

(\$1,279,000)	R	(\$1,279,000)	R
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Eliminates funding for the Private Medical School aid program. Students funded under this program are eligible to apply for the Board of Governors Medical School Loan program.

94 Principal Fellows

		(\$362,000)	R
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Reduces program slots by 10% beginning in FY 2012-13. Total funding remaining for the program in FY 2012-13 will be \$3,258,000.

95 Future Teachers Scholarship-loan

(\$455,000)	R	(\$455,000)	R
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Eliminates the remaining budget of the Future Teachers Scholarship-loan, which was abolished in 2009.

House Subcommittee on Education

FY 11-12**FY 12-13****96 Health, Science, and Mathematics Scholarship-loan**

\$1,100,000 R

\$1,100,000 R

Shifts the portion of program funding previously provided from the Escheat Fund to General Fund support. Total program funding will remain at \$1,922,779.

97 Board of Governors Medical Scholarship-loan

\$645,000 R

\$645,000 R

Shifts the portion of program funding previously provided from the Escheat Fund to General Fund support. Total program funding will remain at \$1,869,180.

98 Board of Governors Dental Scholarship-loan

\$450,239 R

\$450,239 R

Shifts the portion of program funding previously provided from the Escheat Fund to General Fund support. Total program funding will remain at \$939,160.

99 Nurse Education Scholarship-loan

\$800,000 R

\$800,000 R

Shifts the portion of program funding previously provided from the Escheat Fund to General Fund support. Total program funding will remain at \$867,756.

100 Teacher Assistant Scholarship Fund

\$600,000 R

\$600,000 R

Shifts the portion of program funding previously provided from the Escheat Fund to General Fund support. Total program funding will remain at \$814,714.

Total Legislative Changes

(\$413,663,591) R

(\$402,987,328) R

(\$33,453,741) NR

(\$44,011,882) NR

Total Position Changes

309.80

205.80

Revised Budget

\$2,440,375,132

\$2,439,731,176