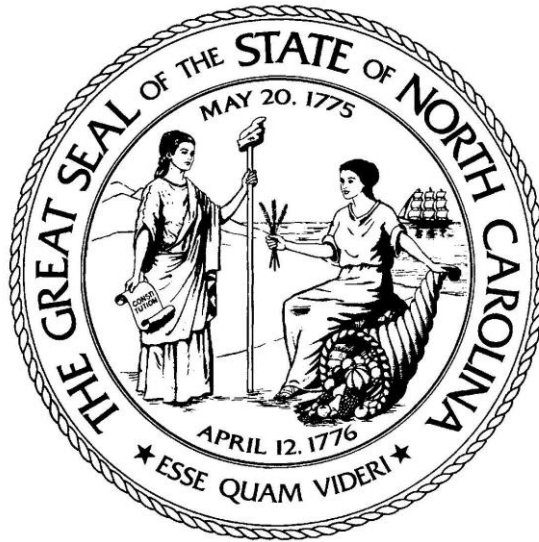


House Appropriations Subcommittee on Education

Proposed Subcommittee Report for S402: Appropriations Act of 2013



June 7, 2013

Public Education

GENERAL FUND

	FY 13-14	FY 14-15
Recommended Budget	\$7,984,924,757	\$8,111,097,830

Legislative Changes

A. Technical Adjustments

1 Average Daily Membership (ADM)

\$11,776,341	R	\$12,316,344	R
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Revises projected ADM to reflect 6,642 more students than originally projected in FY 2013-14 and 6,636 more students than originally projected in FY 2014-15. This adjustment includes revisions to all position, dollar, and categorical allotments.

Total revised allotted ADM for FY 2013-14 is 1,509,985, an increase of 17,192 students over FY 2012-13. Total revised allotted ADM for FY 2014-15 is 1,526,591, an increase of 16,606 students over FY 2013-14.

2 ADM Adjustment: Opportunity Scholarships

(\$12,085,436)	R	(\$35,853,560)	R
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Adjusts the FY 2013-14 and FY 2014-15 ADM to reflect the estimated decrease in public school enrollment resulting from the Opportunity Scholarship Grants authorized by Section x.xx of this act.

3 Average Salaries for Certified Personnel

(\$19,373,083)	R	(\$19,480,756)	R
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Makes two adjustments to projected certified personnel salaries. First, budgeted funding for certified personnel salaries is revised based on actual salary data from December 2012. Secondly, an additional negative adjustment is made to allow for the budgeting of \$7.5 million transferred in FY 2011-12 and FY 2012-13 from budgeted personnel salaries to support the ACT suite of assessments. These adjustments do not reduce any salary paid to certified personnel, nor do they reduce the number of guaranteed State-funded teachers, administrators, or instructional support personnel.

4 Civil Penalties

(\$25,950,674)	NR		
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Increases budgeted receipts from Civil Penalties and takes a corresponding General Fund reduction to reflect one-time transfers from the Department of Transportation in FY 2012-13. These funds are used to support State Public School Fund requirements.

5 Sales Tax Receipts Transfer to State Public School Fund

(\$5,025,426)	R	(\$6,553,965)	R
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Increases the annual transfer from the Department of Revenue (DOR) to the State Public School Fund based on projected growth in State sales tax proceeds. This transfer was initiated in S.L. 2005-276 in lieu of a State sales tax refund to local school administrative units (LEAs). Funds from the DOR transfer are used to support State Public School Fund requirements. The total DOR transfer will be \$51.3 million in FY 2013-14; \$52.8 million in FY 2014-15.

6 Low Wealth Supplemental Funding

(\$18,435,300) R (\$18,435,300) 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. \$209.0 million will be available in this allotment in FY 2013-14 and FY 2014-15.

C. Other Public School Funding Adjustments**7 Limited English Proficiency**

(\$3,000,000) R (\$3,000,000) R

Reduces the allotment for Limited English Proficiency to account for declining enrollment based on revised student headcount figures. \$78.3 million will be available in this allotment in FY 2013-14; \$85.0 million will be available in FY 2014-15.

8 ACT Assessments

\$7,500,000 R \$7,500,000 R

Provides a dedicated source of State funding for the administration of the ACT testing suite, which include the ACT, PLAN, EXPLORE, and WorkKeys diagnostic assessments.

9 School Bus Replacement

(\$29,823,055) R (\$39,102,605) R

Reduces funding for school bus replacement and modifies the school bus replacement standards pursuant to Section x.xx. Currently, school buses are eligible for replacement after 20 years or 200,000 miles of service. This item modifies the mileage and age standards and appropriates sufficient funding to replace all school buses meeting the revised criteria. 539 buses will be replaced in FY 2013-14; 579 buses will be replaced in FY 2014-15. \$37.8 million will be available for this purpose in FY 2013-14; \$49.6 million will be available in FY 2014-15.

10 Stop Arm Cameras

\$690,000 R \$690,000 R

Provides funding to purchase two school bus stop arm safety cameras for all 115 LEAs in both years of the biennium. The cameras are intended to improve student safety by serving as a visible deterrent to potential stop arm violators and documenting actual violations for use in prosecution.

11 LEA Flexibility Adjustment

\$0 R \$7,740,076 R

Provides funding to reduce the LEA Adjustment by 2.0% in FY 2014-15. The State Board of Education shall distribute the remainder of the LEA Adjustment to all LEAs and charter schools on the basis of ADM. LEAs and charter schools will then be responsible for identifying budget reductions in order to meet their share of the Adjustment. \$376.1 million will remain in the Adjustment in FY 2013-14 and \$368.4 million will remain in FY 2014-15.

12 Small County Supplemental Funding

(\$631,944) R (\$3,192,877) R

Restructures this allotment to restrict eligibility to only those counties with ADM of 3,200 or less and provides per-pupil funding on a sliding scale based on the size of the school district. LEAs made ineligible under this formula will have their allotment phased-out over a five-year period. A related provision, Section x.xx, provides additional details on this change. \$44.9 million will remain in this allotment in FY 2013-14 and \$42.4 million will remain in FY 2014-15.

13 Instructional Supplies

(\$12,000,000)	R	(\$12,000,000)	R
\$7,816,365	NR	\$10,408,978	NR

Modifies the funding sources for this allotment without making a net overall adjustment to Instructional Supplies over the biennium. The General Fund recurring reduction is fully offset by \$4.2 million in Lottery receipts in FY 2013-14 and \$1.6 million in Lottery receipts in FY 2014-15 and nonrecurring General Fund monies. \$50.7 million will be available in this allotment in FY 2013-14; \$51.7 million will be available in FY 2014-15.

14 Education Value Added Assessment System (EVAAS)

\$850,000	R	\$850,000	R
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Increases General Fund support for EVAAS to continue expansion initially supported by receipts in FY 2012-13. That expansion enables: 1) direct access to value-added information for teachers who teach classes with an End of Course/End of Grade test, and 2) capability for users to export EVAAS data and merge it with other relevant analyses. Total EVAAS funding will be \$2.7 million.

15 EVAAS School Performance Grades

		\$100,000	R
\$300,000	NR		

Provides funds for the data collection, analysis and calculation of school performance grades, as described in Section 9.4.

16 Teacher Assistants

(\$24,621,965)	R	(\$29,114,988)	R
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Reduces Teacher Assistants funding by 4% in FY 2013-14 and 5% in FY 2014-15 and allocates funding on the basis of student headcount in grades K-3. In FY 2013-14, \$546.2 million will remain in this allotment. In FY 2014-15, \$558.3 million will remain in this allotment.

17 Education-Based Salary Supplements

		(\$18,900,000)	R
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Phases out education-based salary supplements in FY 2014-15 for certain education personnel not compensated for such supplements in FY 2013-14, as directed in Section x.xx.

18 Excellent Public Schools Act

\$5,000,000	R	\$5,000,000	R
\$13,578,841	NR		

Provides additional funds to the Department of Public Instruction to carry out elements of the Excellent Public Schools Act contained in Section 7A.1 of S.L. 2012-142, except for the reading plans and workshops for parents of retained students authorized by the Act in G.S. 115C-83.1H(d).

19 Educator Effectiveness and Compensation Task Force

\$62,000	NR		
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Supports the costs associated with a newly established North Carolina Educator Effectiveness and Compensation Task Force, created in Section x.xx.

20 Opportunity Scholarships

\$10,000,000	R	\$40,000,000	R
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Provides funds for Opportunity Scholarship Grants, as authorized by Section x.xx of this act. The program will create scholarship grants of up to \$4,200 per year for eligible students to attend nonpublic schools.

21 Advanced Placement/International Baccalaureate

\$1,500,000 R \$15,802,800 R

Provides support to encourage Advanced Placement (AP) and International Baccalaureate (IB) participation in all LEAs, defray student fees for AP/IB tests, and award incentive bonuses to teachers of students deemed to successfully complete AP/IB tests. FY 2013-14 funds support the creation and initial efforts of the North Carolina Advanced Placement Partnership, as prescribed by Section x.xx. FY 2014-15 funds support the Partnership, student test fees, and teacher incentive bonuses.

22 School Safety

\$12,000,000 R \$12,000,000 R

Provides \$10 million in recurring support for School Resource Officers in elementary and middle schools and \$2 million for installing and maintaining panic alarms in public schools. Section x.xx describes the rules related to the distribution of this funding.

23 Career Technology Education Test Fees and Incentive Bonuses

\$1,252,157 R \$7,011,200 R

Provides support to defray student fees for examinations leading to industry certifications and credentials and to fund incentive bonuses to LEAs on the basis of student certification in high-value fields, as identified by the State Board of Education and the Department of Commerce. Test fees will be supported in both years of the biennium while the incentive bonuses will begin in FY 2014-15, governed by the guidelines found in Section x.xx.

24 Education Innovation Grants

\$2,464,100 R \$2,464,100 R

Provides support for a pilot program that will make competitive grants to foster innovation in education with a goal to graduate more career- and college-ready students. Section x.xx details the program rules.

25 Cooperative and Innovative High School Allotment

\$310,669 R \$310,669 R

Provides funding for Yadkin Valley Regional Career Academy to receive Cooperative and Innovative High School allotment support.

D. Pass-through Funds**26 Teach for America**

\$500,000 R \$500,000 R

Provides additional State support to Teach for America (TFA), an organization that focuses on new teacher recruitment, training, and placement in high-need school districts.

27 Tarheel ChalleNGe

(\$767,719) R (\$767,719) R

Transfers funding from the Department of Public Instruction for Tarheel ChalleNGe, a National Guard program for at-risk youth, to the Department of Public Safety (DPS) budget. The State funds were transferred to DPI in 2009, but federal matching funds remain with DPS. This transfer consolidates all of the funding for Tarheel ChalleNGe in one place. A corresponding increase can be found in the Justice and Public Safety Section of this budget.

28 Teaching Fellows

(\$3,000,000) NR (\$3,000,000) NR

Reinstates the Teaching Fellows program pursuant to Section xx.x. Sufficient funding would remain to restore the program and begin recruiting a new class of Teaching Fellows in FY 2014-15.

E. Department of Public Instruction**29 Office of Charter Schools**

\$320,000 R

\$320,000 R

Adds three consultant positions to DPI's Office of Charter Schools. These positions will be used to keep pace with the increase of newly-established charter schools in North Carolina. Funds are included for salaries and benefits, travel, technology needs, and miscellaneous expenses.

3.00

3.00

30 DPI Flexible Reduction

(\$520,327) R

(\$520,327) R

Reduces State support for Department of Public Instruction operations, including salaries and benefits, by 1.2%. The State Board of Education may allocate this reduction at its discretion.

Total Legislative Changes

(\$72,120,988) R

(\$74,316,908) R

(\$7,193,468) NR

\$7,408,978 NR

Total Position Changes

3.00

3.00

Revised Budget

\$7,905,610,301

\$8,044,189,900

Community Colleges

GENERAL FUND

	FY 13-14	FY 14-15
Recommended Budget	\$1,037,430,475	\$1,037,430,475

Legislative Changes

A. Enrollment

31 Enrollment Model Funding Change

(\$19,893,462)	R	(\$19,893,462)	R
\$551,572	NR	\$551,572	NR

Modifies the community college enrollment funding model. Currently, community colleges are funded based on the higher of the prior year's actual enrollment or the three-year average enrollment. This adjustment shifts the three-year average to a two-year average, and accounts for varying enrollment among the tiered funding levels.

The State Board of Community Colleges shall allocate the \$551,572 nonrecurring in each year to phase in the reduction for those colleges most affected by the policy change.

32 NC Guaranteed Admission Program Enrollment Reserve

\$4,451,700	NR
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Transfers funds from the UNC System to fund an enrollment growth reserve in FY 2014-15. The State Board of Community Colleges shall distribute the reserve to those colleges experiencing an increase in enrollment from students participating in the NC Guaranteed Admission Program (NC GAP), as described in Section 11.x. NC GAP will provide certain students with guaranteed admission to a UNC campus as a junior, upon completion of an associate's degree. In future years, funding for these students will be incorporated in regular enrollment growth funding.

B. Tuition and Fees

33 Curriculum Tuition

(\$10,433,065)	R	(\$10,433,065)	R
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Increases curriculum tuition by \$2.50 per credit hour and makes a corresponding General Fund reduction in anticipation of increased tuition receipts.

Tuition will increase from \$69 to \$71.50 per credit hour for residents and from \$261 to \$263.50 for nonresidents. Tuition for full-time resident students will increase by a maximum of \$80 per year, from \$2,208 to \$2,288.

34 Continuing Education Fee

(\$664,509)	R	(\$664,509)	R
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Increases continuing education fees by \$5 per course 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.

35 Senior Citizens Tuition Waiver

(\$970,000) R

(\$970,000) R

Eliminates the tuition waiver found in G.S. 115D-5(b)(11) that waives tuition for up to six hours of credit instruction and one course of noncredit instruction per academic semester for senior citizens age 65 or older who are qualified as legal residents of North Carolina.

C. Performance Funding**36 Restore Management Flexibility Reduction**

\$9,000,000 R

\$12,000,000 R

Provides funding to restore a portion of the management flexibility reduction. These funds will be distributed to colleges in accordance with the Community College Institutional Performance Accountability structure, as amended in Section 10.x.

37 Curriculum Formula Funding

(\$7,500,000) R

(\$7,500,000) R

Reduces regular formula funding for curriculum instruction. These funds will instead be distributed in accordance with the Community College Institutional Performance Accountability structure, as amended in Section 10.x.

38 Continuing Education Funding Formula

(\$1,500,000) R

(\$1,500,000) R

Reduces regular formula funding for continuing education instruction. These funds will instead be distributed in accordance with the Community College Institutional Performance Accountability structure, as amended in Section 10.x.

39 Basic Skills Funding Formula

(\$3,000,000) R

Reduces regular formula funding for basic skills instruction. These funds will instead be distributed in accordance with the Community College Institutional Performance Accountability structure, as amended in Section 10.x.

D. Other State Aid Adjustments**40 Equipment**

\$10,000,000 NR

Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the \$49 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment formula.

41 Manufacturing Solutions Center

\$150,000 R

\$150,000 R

Provides additional funding for the Manufacturing Solutions Center at Catawba Valley Community College. Total funding for this program will be \$696,922.

42 Textile Technology Center

\$150,000 R

\$150,000 R

Provides additional funding for the Textile Technology Center at Gaston College. Total funding for this program will be \$503,954.

43 Customized Training

Reduces the Customized Training budget on a one-time basis. Total recurring funding for the program is \$12.5 million; 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. The total amount available for expenditure in FY 2013-14 is projected to be \$20.8 million.

(\$2,000,000) NR

44 Data Connectivity

Eliminates a portion of the recurring funding for data connectivity at each community college's main campus. Due to their concentrated buying power, community colleges were able to negotiate lower rates and these funds have remained unspent. Total funding remaining for the initiative will be \$4,986,528.

(\$647,972) R

(\$647,972) R

45 BioNetwork

Reduces funds for the BioNetwork program. Total funding remaining for the program will be \$4,159,611.

(\$100,000) R

(\$100,000) R

46 Botanical Laboratory

Eliminates support for the categorical allotment for the botanical laboratory at Fayetteville Technical Community College. The college will continue to receive regular FTE formula funding for enrollment at the botanical laboratory, and may use other State funding allocated to it to continue the program.

(\$264,000) R

(\$264,000) R

E. Community Colleges System Office Adjustments**47 GED Program Office**

Shifts \$104,266 in FY 2013-14 and \$208,533 in FY 2014-15 from the Basic Skills Block Grant to the Community Colleges System Office to administer the Adult High School and General Education Development (GED) Programs.

2.50

2.50

S.L. 2011-145 shifted this program's budget and the associated 2.5 positions from General Fund appropriations to receipt support from GED exam fees. Due to changes in the GED exam, these fees will no longer be paid to the System Office as of January 1, 2014. This item shifts the program budget, including two GED and Adult High School Tech positions and one-half of the Education Program Director position, back to General Fund appropriations.

48 System Office Advertising and Travel

Reduces the System Office budget for advertising (\$100,000) and travel (\$20,000).

(\$120,000) R

(\$120,000) R

49 Audit Services

Eliminates funding and positions for the Audit Services division of the System Office. Section 10.x repeals the statutory requirement for these positions.

(\$551,572) R

(\$551,572) R

-7.00

-7.00

Total Legislative Changes	(\$33,344,580)	R	(\$33,344,580)	R
	\$8,551,572	NR	\$5,003,272	NR
Total Position Changes	-4.50		-4.50	
Revised Budget	\$1,012,637,467		\$1,009,089,167	

UNC System

GENERAL FUND

	FY 13-14	FY 14-15
Recommended Budget	\$2,709,551,807	\$2,737,874,470

Legislative Changes

A. Strategic Directions Initiative

50 Degree Attainment	\$6,000,000	R	\$9,000,000	R
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Provides funding to increase degree attainment by improving graduation rates of existing students, increasing part-way home and transfer student success, and improving accessibility to North Carolina's military, adult learners, and high school graduates. Funding will be distributed as follows:

- 1) Performance Improvement Fund
FY 2013-14: \$1.0 million R
FY 2014-15: \$3.0 million R
- 2) Early Warning System
FY 2013-14: \$1.0 million R
FY 2014-15: \$1.0 million R
- 3) Success of Transfer and Part-Way Home Students
FY 2013-14: \$1.0 million R
FY 2014-15: \$2.0 million R
- 4) Nonresident Veterans Tuition Assistance
FY 2013-14: \$3.0 million R
FY 2014-15: \$3.0 million R

51 Research	\$2,400,000	R	\$12,100,000	R
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Provides funding for focused investments in faculty, research, and scholarship that support UNC priorities. As directed in Section 11.x, funding is provided for capital facilities lease costs, startup and infrastructure, and shared research equipment, as well as the following research areas:

- Advanced Manufacturing
- Data Sciences
- Defense, Military, and Security
- Energy
- Marine and Coastal Sciences
- Pharmaco-engineering

\$1,000,000	NR	\$10,000,000	NR
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52 Academic Quality

\$2,100,000 R

\$2,700,000 R

Provides funding to better assess student learning and develop new methods of instruction that incorporate technology, distance education, and core competencies. Funding will be distributed as follows:

\$3,000,000 NR

1) Comprehensive Distance Education Plan

FY 2013-14: \$1.0 million R

FY 2014-15: \$1.0 million R

2) Enhanced 2+2 Delivery

FY 2013-14: \$0.5 million R

FY 2014-15: \$0.5 million R

3) Competency Based Assessment

FY 2013-14: \$0.6 million R

FY 2014-15: \$1.2 million R

4) Eliminate Distance Education Charge for Full-Time Students

FY 2013-14: \$3.0 million NR

53 Streamlined Operations

\$1,500,000 R

\$2,000,000 R

Provides funding to streamline operations, to be distributed as follows:

\$800,000 NR

\$1,500,000 NR

1) College Foundation of North Carolina (CFNC)

FY 2013-14: \$1.0 million R

FY 2014-15: \$1.0 million R

2) Enhance Private Development

FY 2013-14: \$0.5 million R

FY 2014-15: \$1.0 million R

3) Enhanced Data Analytics

FY 2013-14: \$0.8 million NR

FY 2014-15: \$1.5 million NR

54 Administrative and Operational Efficiencies

(\$10,000,000) R

(\$15,000,000) R

Reduces funding in anticipation of savings from the implementation of administrative and operational efficiencies, including:

- Shared services for residency determination, internal audit, financial aid review, and IT infrastructure;
- Strategic purchasing;
- Span of control evaluations;
- Improved business practices; and
- Energy efficiency measures.

55 Instructional Efficiencies

(\$15,800,000) R

(\$21,100,000) R

Reduces funding in anticipation of savings from the implementation of system-wide academic programming measures, including system-wide section size guidelines and improved transferability of credits between UNC campuses.

56 Program Consolidation

(\$1,900,000) R

Reduces funding in anticipation of savings from the consolidation of small or duplicative programs within the UNC System.

B. Other Adjustments**57 Tuition Increases for Nonresident Students**

(\$48,000,000) R

Increases tuition rates for nonresident students beginning in FY 2014-15. Nonresident tuition rates for graduate and undergraduate degree programs will be increased by 12.3% for UNC-SA, NCA&T, NCSU, UNC-C, UNC-CH, and UNC-W and 6% for all other campuses.

(\$6,100,000) NR

58 NC Guaranteed Admission Program Enrollment Savings

(\$12,605,822) R

Decreases enrollment growth funding for FY 2014-15 in anticipation of reduced enrollment at the UNC System due to the implementation of the NC Guaranteed Admission Program (NC GAP), as described by Section 11.x. NC GAP will provide certain students with guaranteed admission to a UNC campus as a junior, upon completion of an associate's degree. From these savings, \$4,451,700 is transferred to the NC Community College System for an enrollment growth reserve.

59 Management Flexibility Reduction

(\$54,838,170) R

Mandates a management flexibility reduction for the UNC operating budget. As directed in Section 11.5, the UNC Board of Governors shall not allocate this reduction on an across-the-board basis to constituent institutions.

(\$54,838,170) R

(\$70,097,586) NR

(\$11,964,100) NR

60 Optional Retirement Program Forfeitures

(\$4,000,000) R

Reduces UNC's budget by \$4 million annually. The UNC System shall offset this reduction by replacing contributions to the Optional Retirement Program with forfeitures the Program receives under G.S. 135-5.1(b)(5).

(\$4,000,000) R

61 McNair Hall Building Reserve

(\$150,185) R

Eliminates recurring operating funds previously budgeted for an addition to McNair Hall at NCA&T State University. The McNair Hall addition was to be part of the Graduate Engineering School Project but has been cancelled.

(\$150,185) R

62 UNC School of Medicine Subsidy

(\$15,000,000) R

Eliminates the reserve for the UNC School of Medicine.

(\$15,000,000) R

C. Financial Aid**63 Tuition Grant for NC Science & Math Graduates**

(\$1,248,310) R

Completes the phase out of the UNC tuition grant for graduates of the North Carolina School of Science and Math (NCSSM). \$1,220,765 will remain in the budget for FY 2013-14 to pay tuition for students who graduated from NCSSM in 2010; all funding is eliminated for FY 2014-15.

(\$2,469,075) R

64 National Board Certification Loan Program

(\$3,174,500) R

Reduces recurring funding for this revolving loan program for teachers pursuing certification by the National Board for Professional Teaching Standards. Total remaining recurring funding will be \$100,000. Additionally, Section 11.2 reduces the available fund balance for the program, leaving \$1,300,000 to support ongoing operations.

(\$3,174,500) R

House Subcommittee on Education

FY 13-14**FY 14-15****65 UNC Need-Based Grant Forward Funding Reserve**

\$3,454,656 R

\$3,454,656 R

Provides additional funding for the UNC Need-Based Grant Forward Funding Reserve. In addition to these funds, Section 11.2 appropriates \$12 million in other funds to the reserve. A total of \$122,475,842 will be available for scholarships in each year.

\$20,882 NR

66 NC Need-Based Scholarship

\$4,500,000 R

\$4,500,000 R

Provides additional funding for the NC Need-Based Scholarship for private college students. Total program funding for FY 2013-14 and FY 2014-15 will be \$86,351,588.

Total Legislative Changes

(\$84,256,509) R

(\$144,483,096) R

(\$65,276,704) NR

(\$6,564,100) NR

Total Position Changes**Revised Budget**

\$2,560,018,594

\$2,586,827,274