

House Appropriations Subcommittee on Education

Education Money Items Governor's 2014-15 Budget

June 3, 2014

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Public Education (13510)

		<u>2013 Session Law-Enacted</u>		<u>2014 Legislative Session-Recommended Change</u>				% Change from 2013-14 Certified	% Change from 2014-15 Certified
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15		
Total Requirements	\$ 9,804,398,812	\$ 11,168,933,698	\$ 11,308,116,403	\$ 44,748,191	\$ 34,265,843	\$ 79,014,034	\$ 11,387,130,437	1.95%	0.70%
Less Receipts	\$ 2,064,365,645	\$ 3,302,973,049	\$ 3,262,014,781	\$ (319,336)	\$ 32,948,342	\$ 32,629,006	\$ 3,294,643,787	(0.25)%	1.00%
Total Appropriation	\$ 7,740,033,167	\$ 7,865,960,649	\$ 8,046,101,622	\$ 45,067,527	\$ 1,317,501	\$ 46,385,028	\$ 8,092,486,650	2.88%	0.58%
Total Positions	-	1,342.192	1,342.192	5.000	(43.250)	(38.250)	1,303.942	(2.85)%	(2.85)%

- 1. Salary and Benefit Increases for Teachers**--Effective July 1, 2014 funds are provided to raise starting teacher pay by increasing the salaries for teachers with 0-7 years of experience to \$33,000. Teachers who move to steps 8-12 of the salary schedule in the 2014-15 school year will receive an experience-based step increase ranging from 2.8% to 4.3%, and teachers who move to steps 13-36 of the salary schedule in the 2014-15 school year will receive an experience-based step increase averaging 2.0%.

	Recurring Changes		Non Recurring Changes		Total
Requirements	\$	102,166,322	\$	266,730	\$ 102,433,052
Less Receipts	\$	-	\$	-	\$ -
Appropriation	\$	102,166,322	\$	266,730	\$ 102,433,052
Positions		0.000		0.000	0.000

Nonrecurring funds are provided to support a one-time salary and benefit bonus of \$1,000 for any school psychologist paid on years 0-4 on the State Salary Schedule in the 2013-14 school year and employed on July 1, 2014, who will not be receiving a salary increase as a result of the step increase.

- 2. Salary and Benefit Increase for Assistant Principals and Principals**--Funds are provided to support an average 2% increase for principals, and assistant principals who will move to steps 10-36 on the salary schedule in the 2014-15 school year, which includes an experience-based step increase, effective July 1, 2014.

Requirements	\$	5,818,632	\$	133,410	\$ 5,952,042
Less Receipts	\$	-	\$	-	\$ -
Appropriation	\$	5,818,632	\$	133,410	\$ 5,952,042
Positions		0.000		0.000	0.000

Nonrecurring funds are provided to support a one-time salary and benefit bonus of \$1,000 for any assistant principal paid on years 0-8 on the State Salary Schedule in the 2013-14 school year and employed on July 1, 2014, who will not be receiving a salary increase as a result of the step increase.

- 3. Salary and Benefit Increase for All Other School-Based Personnel**--Funds are provided for a \$1,000 salary and benefit increase for all other school-based personnel effective July 1, 2014.

Requirements	\$	52,952,330	\$	-	\$ 52,952,330
Less Receipts	\$	-	\$	-	\$ -
Appropriation	\$	52,952,330	\$	-	\$ 52,952,330
Positions		0.000		0.000	0.000

- 4. Salary and Benefit Increase for Department of Public Instruction Employees**--Funds are provided for a \$1,000 salary and benefit increase for all Department of Public Instruction employees, effective July 1, 2014.

Requirements	\$	891,750	\$	-	\$	891,750
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	891,750	\$	-	\$	891,750
Positions		0.000		0.000		0.000

- 5. Career Pathways**--The Career Pathways pilot, funded by lottery receipts, will provide selected LEAs with the resources to offer career paths for professional growth and advancement opportunities to promote retention of the highest quality teachers within the teaching profession, and at the classroom and school level. These pathways are directed at retaining quality teachers who take on increasing responsibility for students and for the development and success of their peers, and impact student achievement in the classroom.

Requirements	\$	-	\$	9,777,150	\$	9,777,150
Less Receipts	\$	-	\$	9,777,150	\$	9,777,150
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		3.000		3.000

Three staff at the Department of Public Instruction will provide necessary teacher qualification data to LEAs, manage the pilot implementation, and oversee the evaluation process and reporting. Each of eight pilot LEAs will receive funding for implementation, including professional guidance in pilot design tailored to the LEA and for salary supplements for eligible teachers.

- 6. Textbooks**--The increased textbook budget is supported with nonrecurring lottery funds in order to bring the per student funding level to \$30.48. Textbooks includes textbook formats allowable for adoption, activity-oriented programs, classroom kits, and technology-based programs that require the use of electronic equipment in order to be used in the learning process. This is a 100% increase above the 2013-14 certified budget of \$23,169,585.

Requirements	\$	-	\$	23,171,192	\$	23,171,192
Less Receipts	\$	-	\$	23,171,192	\$	23,171,192
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

- 7. Master's Degree Salary Supplements**--This adjustment restores the recurring reduction of \$18.7 million enacted in the 2013 Session Laws to be effective in 2014-15. The restoration of the appropriation reinstates the ability to pay these salary supplements for 1) personnel who have taken a course toward the master's degree as of July 1, 2013, and 2) for personnel for who have received a master's degree and are teaching in-field (in the subject of their graduate academic preparation) for at least 70% of their work time.

Requirements	\$	18,700,000	\$	-	\$	18,700,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	18,700,000	\$	-	\$	18,700,000
Positions		0.000		0.000		0.000

- 8. Fund Opt-In Portion of Home Base for LEAs and Charter Schools**--These funds will be used to pay for LEAs and charter schools to have access to the optional portions of Home Base that previously would have required \$4.00 per ADM if an LEA or charter school opted-in. LEAs and charter schools will have access to instructional content and assessment items for Math, ELA, Science, and Social Studies. Funds will also allow LEAs and charter schools to have access to additional professional development management tools, instructional tools and assessments, and a learning management system .

Requirements	\$	-	\$	4,000,000	\$	4,000,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	4,000,000	\$	4,000,000
Positions		0.000		0.000		0.000

9. Cooperative Innovative High Schools--The State Board of Education approved six new Cooperative Innovative High Schools (CIHS) in three LEAs. The associated funding requests are for three schools in Mecklenburg County; one STEM Early College and two Middle Colleges, two in Wake County; A Young Men's and Young Women's Leadership Academy, and one in Buncombe County; Buncombe Discovery Academy. Each school will receive the same dollar amount that has been appropriated to existing CIHS programs of \$310,669.

Requirements	\$	1,864,014	\$	-	\$	1,864,014
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	1,864,014	\$	-	\$	1,864,014
Positions		0.000		0.000		0.000

10. Increase Months of Employment for Teachers of Visually and Hearing Impaired Preschool Children--Federal Law IDEA Part C requires that teachers providing family support and early intervention services to preschool children who are vision and hearing impaired, provide year-round services. Currently, there are 16 ten-month employees and nine eleven-month employees providing services for visually impaired children, and 19 eleven-month teachers providing services for hearing impaired children. Positions from which staff have retired have had to remain unfilled in order to support this need. Increasing these 44 positions to 12 months equates to an additional 60 months of salary (or five FTE) totaling \$326,951.

Requirements	\$	352,151	\$	157,000	\$	509,151
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	352,151	\$	157,000	\$	509,151
Positions		5.000		0.000		5.000

These teachers work and travel from home in the geographic area to which they are assigned. Funds for the additional 60 months of travel are included in this adjustment at \$25,200.

Additionally, nonrecurring funds are recommended to replace outdated technology that transferred with staff when the residential schools and these functions moved from the Department of Health and Human Services in 2010-11. Nonrecurring funds will support the replacement of laptops, printers, and cartridges for each of 100 existing teachers at a per teacher cost of \$1,570.

11. Interstate Commission on Educational Opportunity for Military Children--Forty-six states and the District of Columbia are members of the Military Interstate Children's Compact Commission. The intent of the compact is to provide consistent policies in each member school district and state to resolve key educational transition issues (enrollment, placement, attendance, and graduation) encountered by military children due to frequent relocation. The cost of membership is based on the number of military children living in the state. The cost for any state with 60,000 or more military students is capped at \$60,000. The Department of Public Instruction is currently funded at \$48,306. This recommended adjustment of \$11,694 will bring the current funding to the cap.

Requirements	\$	11,694	\$	-	\$	11,694
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	11,694	\$	-	\$	11,694
Positions		0.000		0.000		0.000

12. Average Daily Membership (ADM) Adjustment--This appropriation ensures adequate funding for instructional positions and instructional supplies that are allocated to the LEAs based on ADM. ADM is currently budgeted for 1,509,985 for 2013-14 and 1,526,591 projected for 2014-15. Recent data result in an overall net decrease in ADM of 6,286 from the 2014-15 projected ADM resulting in a budgeted ADM of 1,520,305. Driver Education receipts from the Highway Fund are reduced due to a decrease in 9th grade ADM.

Requirements	\$	(37,773,070)	\$	-	\$	(37,773,070)
Less Receipts	\$	(319,336)	\$	-	\$	(319,336)
Appropriation	\$	(37,453,734)	\$	-	\$	(37,453,734)
Positions		0.000		0.000		0.000

13. Average Salary Adjustment--Budgeted average annual salaries are revised using the 2013-14 sixth pay period salaries as the base. This adjustment is made annually after reviewing the budgeted salary projections for all certified personnel. Typically, because of turnover in these positions, the actual salaries are lower than the budgeted salaries, and savings can be realized without reducing teacher salaries.

Requirements	\$	(64,923,926)	\$	-	\$	(64,923,926)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(64,923,926)	\$	-	\$	(64,923,926)
Positions		0.000		0.000		0.000

14. Sunset Funding for the North Carolina Center for the Advancement of Teaching--Appropriations for NCCAT were made nonrecurring for each year of the 2013-15 biennium. This adjustment sunsets the funding for NCCAT. This adjustment is nonrecurring due to the nonrecurring nature of the current appropriation. Funds are included in the severance reserve in the amount of \$1 million to support severance costs associated with the elimination of all state-funded positions.

Requirements	\$	-	\$	(3,239,639)	\$	(3,239,639)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	(3,239,639)	\$	(3,239,639)
Positions		0.000		(46.250)		(46.250)

Recommended nonrecurring building maintenance budgets for the NCCAT facilities located in Cullowhee and Ocracoke are located in the Western Carolina University and Department of Administration budgets respectively.

15. Workers' Compensation--Local boards of education shall pay all workers' compensation claims arising from events occurring on or after July 1, 2014 for school employees, regardless of the portion of the employee's salary paid from state funds. These claims must be paid from non-state funds.

Requirements	\$	(9,000,000)	\$	-	\$	(9,000,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(9,000,000)	\$	-	\$	(9,000,000)
Positions		0.000		0.000		0.000

16. Tort Claims--Local boards of education shall assume liability for all tort claims arising from events occurring on or after July 1, 2014. Claims payments shall be made with non-state funds.

Requirements	\$	(1,000,000)	\$	-	\$	(1,000,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,000,000)	\$	-	\$	(1,000,000)
Positions		0.000		0.000		0.000

17. Adjust Transportation Average Daily Membership (ADM) to Actual--The transportation allotment supports the maintenance, fuel, maintenance staff, and bus drivers, to operate the buses that transport students to public schools. This adjustment aligns the ADM used in the transportation formula to the actual 2014-15 ADM. This adjustment represents a -0.1% change to the 2013-14 budget of \$440,140,142.

Requirements	\$	(5,509,816)	\$	-	\$	(5,509,816)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(5,509,816)	\$	-	\$	(5,509,816)
Positions		0.000		0.000		0.000

18. Teacher Assistants--This allotment allocates funding for Teacher Assistants on the basis of student headcount in grades K-3. This adjustment maintains the appropriation for the assistants to teachers allotment at the 2013-14 budgeted level of \$453,579,630 and does not require the elimination of any positions.

Requirements	\$	(19,801,890)	\$	-	\$	(19,801,890)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(19,801,890)	\$	-	\$	(19,801,890)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	45,067,527	\$	34,265,843	\$	79,333,370
Total Receipts	\$	-	\$	32,948,342	\$	32,948,342
Total Appropriation (Requirements minus Receipts)	\$	45,067,527	\$	1,317,501	\$	46,385,028
Total Positions		5.000		(43.250)		(38.250)

NC Community Colleges System (16800)

		<u>2013 Session Law-Enacted</u>		<u>2014 Legislative Session-Recommended Change</u>				% Change from	% Change from
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15	2013-14 Certified	2014-15 Certified
Total Requirements	\$ 1,458,457,154	\$ 1,446,956,448	\$ 1,442,715,567	\$ 6,687,132	\$ (851,572)	\$ 5,835,560	\$ 1,448,551,127	0.11%	0.40%
Less Receipts	\$ 422,203,748	\$ 425,660,981	\$ 426,228,100	\$ (11,031,220)	\$ -	\$ (11,031,220)	\$ 415,196,880	(2.46)%	(2.59)%
Total Appropriation	\$ 1,036,253,406	\$ 1,021,295,467	\$ 1,016,487,467	\$ 17,718,352	\$ (851,572)	\$ 16,866,780	\$ 1,033,354,247	1.18%	1.66%
Total Positions	-	194.100	194.100	-	-	-	194.100	-%	-%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for NC Community College System Employees --Funds are provided for a \$1,000 salary and benefit increase for all NC Community College System employees, effective July 1, 2014. This amount includes \$18,393,200 for employees located at local community colleges, and \$163,750 for employees located at the Community Colleges System Office.	Requirements	\$ 18,556,950	\$ -	\$ 18,556,950
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 18,556,950	\$ -	\$ 18,556,950
	Positions	0.000	0.000	0.000
2. Closing the Skills Gap --Currently there are jobs in North Carolina that are unfilled due to the lack of qualified workers. The Governor recommends \$16.8 million in funding for programs which will develop the needed skills for students to fill these jobs. To allocate these funds to community colleges, the State Board of Community Colleges shall create a fourth tier in their enrollment funding formula. This tier will be funded 15% higher than the current top tier. The new tier will include health care and technical education programs that train North Carolinians for jobs having documented skills gaps and paying higher wages. The \$16.8 million shall be funded by reinvesting savings from the enrollment decline experienced by North Carolina community colleges in 2013-14.	Requirements	\$ (11,646,877)	\$ -	\$ (11,646,877)
	Less Receipts	\$ (11,264,696)	\$ -	\$ (11,264,696)
	Appropriation	\$ (382,181)	\$ -	\$ (382,181)
	Positions	0.000	0.000	0.000

North Carolina community colleges saw their actual enrollment decline by 2.5% (or 6,156 FTE) from the budgeted amount in the 2013-14 certified budget. This lower enrollment resulted mostly from a shift in developmental education that permitted students to enroll in instruction for those areas needing remediation, rather than requiring students to enroll in a full-semester course. The enrollment decline produces a savings of \$17.2 million.

3. Charge Military Veterans Resident Tuition--The Governor recommends charging military veterans the resident tuition rate at North Carolina community colleges. To qualify, military veterans must have served at least four years, be within two years of exiting service under honorable conditions, been stationed in North Carolina and reside or have their official Home of Record listed within North Carolina at the time of enrollment. These funds shall be appropriated to the NC Community College System to offset the anticipated tuition waived by community colleges.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	(1,867,584)	\$	-	\$	(1,867,584)
Appropriation	\$	1,867,584	\$	-	\$	1,867,584
Positions		0.000		0.000		0.000

4. Generate Additional Tuition Revenue--It is recommended that NC community colleges shall generate additional tuition and registration fee revenue by increasing tuition by \$0.50 per curriculum credit hour (a 0.7% increase). An additional \$0.50 would increase resident tuition to \$72 per credit hour (from \$71.50). Non-resident tuition would increase to \$264 per credit hour (from \$263.50). A resident student would pay \$2,304 a year in 2014-15.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	2,101,060	\$	-	\$	2,101,060
Appropriation	\$	(2,101,060)	\$	-	\$	(2,101,060)
Positions		0.000		0.000		0.000

The NC Community College System has a total tuition and fees budget of \$367,096,183 for 2013-14 and 2014-15. The \$2.1 million total generated from additional student tuition will represent a 0.6% increase in the total budget.

5. Transfer to Department of Commerce to Offset Apprenticeship Fees--For the 2014-15 fiscal year, fees collected from each apprentice who is covered by an apprenticeship agreement entered into under GS 94 shall be waived. The Community Colleges System Office shall transfer \$300,000 to the Department of Commerce for the 2014-15 fiscal year. These funds shall be used by the Department of Commerce to offset the revenue foregone due to the apprenticeship fees being waived. The Department of Commerce will evaluate the success of the fee waivers in increasing participation in apprenticeship programs before requesting a permanent change to the fees. There is a corresponding budget increase in the Department of Commerce section of the budget document.

Requirements	\$	-	\$	(300,000)	\$	(300,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	(300,000)	\$	(300,000)
Positions		0.000		0.000		0.000

6. Community Colleges Workers' Compensation Costs--Local boards of trustees for community colleges shall pay all workers' compensation claims arising from events occurring on or after July 1, 2014 for college employees, regardless of the portion of the employee's salaries paid from state funds. These claims must be paid from local or institutional funds. The total cost of workers' compensation claims for community colleges in 2012-13 was \$3,595,270. The \$620,460 represents 17.3% of all 2012-13 costs.

Requirements	\$	(620,460)	\$	-	\$	(620,460)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(620,460)	\$	-	\$	(620,460)
Positions		0.000		0.000		0.000

7. Fayetteville Technical Community College Botanical Laboratory--It is recommended that the Fayetteville Technical Community College Botanical Laboratory focus its efforts on industry- and community-supported activities. These funds are distributed as a categorical allotment and are not distributed through the state aid formulas. The Fayetteville Technical Community College Botanical Laboratory received \$100,000 in 2013-14. This reduction represents 100% of the total budget.

Requirements	\$	(100,000)	\$	-	\$	(100,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(100,000)	\$	-	\$	(100,000)
Positions		0.000		0.000		0.000

8. Technical Adjustment - Restore Recurring Funds for Audit Services--This recommendation restores recurring funding for the Audit Services division of the System Office. The Audit Services division conducts compliance, program, and fiscal operations audits of all 58 community colleges. Audit services also reviews and verifies class enrollment. Recurring funding was cut in the 2013 session and replaced with nonrecurring funds. Restoring recurring funding ensures adequate fiscal oversight of the community colleges while the committee's findings are implemented.

The 2013-14 budget for the Audit Services Division is \$551,572 in nonrecurring funds. This recommendation converts 100% of the budget to recurring appropriation.

Requirements	\$	551,572	\$	(551,572)	\$	-
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	551,572	\$	(551,572)	\$	-
Positions		0.000		0.000		0.000

9. Community Colleges System Office Operating Efficiencies--The Community Colleges System Office is encouraged to realize efficiencies in various operating budgets. The \$54,053 represents a -25% change in those accounts from the 2013-14 certified budget of \$217,485.

Requirements	\$	(54,053)	\$	-	\$	(54,053)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(54,053)	\$	-	\$	(54,053)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	6,687,132	\$	(851,572)	\$	5,835,560
Total Receipts	\$	(11,031,220)	\$	-	\$	(11,031,220)
Total Appropriation (Requirements minus Receipts)	\$	17,718,352	\$	(851,572)	\$	16,866,780
Total Positions		0.000		0.000		0.000

The University of North Carolina (160xx)

		<u>2013 Session Law-Enacted</u>		<u>2014 Legislative Session-Recommended Change</u>				% Change from	% Change from
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15	2013-14 Certified	2014-15 Certified
Total Requirements	\$ 4,256,834,231	\$ 4,150,831,095	\$ 4,148,800,495	\$ (69,274,628)	\$ 1,997,486	\$ (67,277,142)	\$ 4,081,523,353	(1.67)%	(1.62)%
Less Receipts	\$ 1,604,986,881	\$ 1,567,782,825	\$ 1,548,898,786	\$ (22,879,045)	\$ 5,000,000	\$ (17,879,045)	\$ 1,531,019,741	(2.34)%	(1.15)%
Total Appropriation	\$ 2,651,847,350	\$ 2,583,048,270	\$ 2,599,901,709	\$ (46,395,583)	\$ (3,002,514)	\$ (49,398,097)	\$ 2,550,503,612	(1.26)%	(1.90)%
Total Positions	-	34,957.220	34,966.020	(2.800)	-	(2.800)	34,963.220	0.02%	(0.01)%

- 1. Salary and Benefit Increase for UNC System Employees--** Funds are provided for a \$1,000 salary and benefit increase for all University of North Carolina employees, effective July 1, 2014.

	<u>Recurring Changes</u>		<u>Non Recurring Changes</u>		<u>Total</u>
Requirements	\$ 33,443,940	\$ -	\$ -	\$ -	\$ 33,443,940
Less Receipts	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriation	\$ 33,443,940	\$ -	\$ -	\$ -	\$ 33,443,940
Positions	0.000	0.000	0.000	0.000	0.000

- 2. NC Scholarship for the Education for Returning Veterans (NC SERV) --**The Governor recommends using \$5 million of lottery funds to establish a pilot scholarship program for nonresident veterans who are working towards their first baccalaureate degree and plan to establish residency in the state. A minimum \$7,500 scholarship will be available to veterans who are within two years of exiting service from the Armed Forces of the United States under honorable conditions, have served at least four cumulative years, and were stationed in North Carolina for a portion of their military service. Eligible grant recipients must reside or have official Home of Record within North Carolina at the time of enrollment and must be matriculated and enrolled at least half time. The scholarship is limited to two semesters since recipients are expected to establish residency for tuition purposes after completing one year of coursework. Funds provided in 2014-15 will be used to make scholarship awards for the 2015-16 academic year.

Requirements	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
Less Receipts	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
Appropriation	\$ -	\$ -	\$ -	\$ -
Positions	0.000	0.000	0.000	0.000

- 3. Convert Discovery into Innovation--**Funding is recommended to assist campuses in moving promising ideas, research, and technologies from the laboratory to the marketplace. This item provides competitive funding for proof-of-concept work, commercialization costs, and additional capacity to assess, protect, develop, and commercialize intellectual property.

Requirements	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Less Receipts	\$ -	\$ -	\$ -	\$ -
Appropriation	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Positions	0.000	0.000	0.000	0.000

4. NCSU - Next Generation Power Electronics Innovation Institute --The Governor recommends funding the State contribution for the establishment of a regional and national Wide Bandgap Institute at NCSU. This Institute will be part of the U.S. Department of Energy's National Network for Manufacturing Innovation for Wide Bandgap Semiconductors for Power Electronic Devices. The research and technology development resulting from this public/private consortium will significantly improve energy efficiency, reduce greenhouse gas emissions, and create sustained job growth. This \$2 million annual appropriation will continue for five years to meet the total state obligation of \$10 million.	Requirements	\$	2,000,000	\$	-	\$	2,000,000
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	2,000,000	\$	-	\$	2,000,000
	Positions		0.000		0.000		0.000
5. CFNC Support --Federal loan program changes have resulted in the phasing-out of fees that have been used to fund operations of the College Foundation of North Carolina (CFNC). The Governor recommends temporary funding to partially support operations of CFNC until sufficient non-General Fund revenues are generated. In 2013-14, the operating budget for CFNC totaled \$5,850,000.	Requirements	\$	-	\$	1,000,000	\$	1,000,000
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	-	\$	1,000,000	\$	1,000,000
	Positions		0.000		0.000		0.000
6. Internships and Career-Based Opportunities for HBCU Students --The Governor recommends funding to create a pilot internship program linking 60 students attending Historically Black Colleges and Universities (HBCUs) with North Carolina-based companies. ECSU and three HBCUs selected through a competitive application process will participate in the pilot. Of the three institutions selected, one must be an HBCU constituent institution of the UNC system and two must be private HBCU colleges or universities located in North Carolina. No more than 5% of funds may be used by UNC for the administration of this program.	Requirements	\$	-	\$	317,500	\$	317,500
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	-	\$	317,500	\$	317,500
	Positions		0.000		0.000		0.000
7. WCU - Building Reserve for NCCAT Facilities --This item provides funds for the maintenance of facilities transferred to WCU from the NC Center for the Advancement of Teaching (NCCAT) upon discontinuation of the program.	Requirements	\$	-	\$	259,124	\$	259,124
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	-	\$	259,124	\$	259,124
	Positions		0.000		0.000		0.000
8. NC Need-Based Scholarship --The North Carolina Need Based Scholarship (NCNBS) provides scholarship aid to state residents with financial need to attend a private college or university in the state. In 2011-12, lottery scholarships were no longer provided for students attending private institutions which had totaled approximately \$4.5 million annually. Since 2012-13, the General Assembly has appropriated a \$4.5 million nonrecurring reduction to need based scholarships. This recommendation continues this on a recurring basis. The 2013-14 and 2014-15 certified budget of \$86,351,588 is not changed by this item.	Requirements	\$	4,500,000	\$	(4,500,000)	\$	-
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	4,500,000	\$	(4,500,000)	\$	-
	Positions		0.000		0.000		0.000

9. 2% Management Flexibility Reduction--It is recommended that the UNC Board of Governors implement efficiencies to achieve a 2% savings from the UNC System's 2014-15 certified appropriation excluding financial aid, UNCA, UNCSA, NCSSM, ECSU, FSU, and WSSU. Before taking reductions in instructional budgets, the Board of Governors should consider faculty workload adjustments, restructuring research activities, span of control measures, reducing senior and middle management, eliminating redundant and low-enrollment programs, and use of alternative funding sources. This recommendation is a decrease of 1.8% from the UNC System's 2013-14 certified budget of \$2.58 billion.

Requirements	\$	(44,037,290)	\$	-	\$	(44,037,290)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(44,037,290)	\$	-	\$	(44,037,290)
Positions		0.000		0.000		0.000

10. Assess Same Tuition Rate for All Non-resident Full-Scholarship Students--This item repeals GS 116-143.6, which allows nonresident students who receive full scholarships to be considered in-state students for tuition purposes. In 2014-15, 446 scholarships would receive this waiver. The General Assembly repealed this tuition waiver for athletic scholarships in the 2010 Session Laws, Chapter 31, Section 9.25.

Requirements	\$	(9,325,958)	\$	-	\$	(9,325,958)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(9,325,958)	\$	-	\$	(9,325,958)
Positions		0.000		0.000		0.000

11. Optimize University Administrators--The Governor recommends the UNC System examine and implement workload efficiencies for senior administrators and middle management positions (EPA administrators) to curtail the recent growth in university administration. In allocating this reduction the UNC Board of Governors shall consider for each institution: 1) average salary of EPA administrators relative to the UNC System average, 2) number of EPA administrators relative to student enrollment and faculty positions, and 3) rate of growth of EPA administrator positions relative to rate of enrollment growth over the last decade.

Requirements	\$	(1,999,312)	\$	-	\$	(1,999,312)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,999,312)	\$	-	\$	(1,999,312)
Positions		0.000		0.000		0.000

12. UNC Centers and Institutes--A reduction to centers and institutes across the UNC System is recommended. The UNC Board of Governors shall consider allocating reductions to centers and institutes that are redundant, not involved in degree production, or not central to the educational mission of the constituent institution. This decrease of \$13.1 million is a 20% reduction to the 2013-14 appropriation supporting centers and institutes totaling \$65.6 million.

Requirements	\$	(13,125,000)	\$	-	\$	(13,125,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(13,125,000)	\$	-	\$	(13,125,000)
Positions		0.000		0.000		0.000

13. Revise Enrollment Growth Funding--Enrollment growth funding was provided by the General Assembly in the amount of \$29,124,491 in 2013-14 for an additional 503 FTE and \$55,838,115 in 2014-15 for an additional 1,952 FTE. Total budgeted student FTE is 200,704 in 2013-14 and 202,656 in 2014-15. UNC estimates that enrollment for 2014-15 will fall short of projections by 2,961 FTE resulting in a total FTE of 199,695. This represents a 0.5% decline in FTE since 2013-14 and is 1.5% lower than projected for 2014-15. The UNC enrollment funding model calculates a reduction for 2014-15 of \$1,773,018. Even with this reduction, enrollment growth funding will increase from the 2013-14 certified budget (see related item below).

Requirements	\$	(24,652,063)	\$	-	\$	(24,652,063)
Less Receipts	\$	(22,879,045)	\$	-	\$	(22,879,045)
Appropriation	\$	(1,773,018)	\$	-	\$	(1,773,018)
Positions		0.000		0.000		0.000

14. Reflect Full General Institutional Enrollment Decrease--The UNC enrollment growth formula includes a negative adjustment factor that buffers a campus from reductions to general institutional support. When enrollment declines, the UNC enrollment formula only reduces general institutional support by half. The Governor recommends that the full reduction to general institutional support be implemented. This item represents a 9.5% reduction to the 2014-15 certified budget for enrollment growth which totals \$55,838,115. Even with this reduction and updated enrollment growth projections reflecting declining enrollment, enrollment growth funding increases by \$19,614,181 from the 2013-14 certified budget.

Requirements	\$	(5,326,425)	\$	-	\$	(5,326,425)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(5,326,425)	\$	-	\$	(5,326,425)
Positions		0.000		0.000		0.000

15. Utility Budgets to Reflect Actual Expenditures--Utility budgets that exceed actual expenditures will be reduced at several campuses. Savings generated from energy efficiency measures that are dedicated to pay the debt service on energy performance contracts will be held harmless. In 2012-13, actual utility expenditures were \$191.1 million. This \$9.1 million decrease brings the 2014-15 utility budget for the UNC system to \$193.5 million. This represents a 2.1% decrease to the 2013-14 utility budget which totals \$197.8 million.

Requirements	\$	(9,128,060)	\$	-	\$	(9,128,060)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(9,128,060)	\$	-	\$	(9,128,060)
Positions		0.000		0.000		0.000

16. End Duplication of Funding for Teacher Prep Distance Education Programs--The Governor recommends that the Teacher Prep Distance Education Reserve no longer be funded since the enrollment growth formula provides campuses with funding for distance education programs. This is a 100% decrease to the 2013-14 and 2014-15 certified budget.

Requirements	\$	(1,801,861)	\$	-	\$	(1,801,861)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,801,861)	\$	-	\$	(1,801,861)
Positions		0.000		0.000		0.000

17. Adjust Building Reserves for Delayed Completion--The UNC certified budget for 2014-15 includes seven building reserves for facilities with delayed completion dates. This reduction adjusts the budget of those reserves to reflect updated completion dates as reported by the campuses.

Requirements	\$	(922,599)	\$	(79,138)	\$	(1,001,737)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(922,599)	\$	(79,138)	\$	(1,001,737)
Positions		(2.800)		0.000		(2.800)

18. Coastal Wave Energy Research--It is recommended that General Fund support for the Coastal Wave Energy Research Program be concluded. This is a 100% reduction to the 2013-14 and 2014-15 certified budget.

Requirements	\$	(1,900,000)	\$	-	\$	(1,900,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,900,000)	\$	-	\$	(1,900,000)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	(69,274,628)	\$	1,997,486	\$	(67,277,142)
Total Receipts	\$	(22,879,045)	\$	5,000,000	\$	(17,879,045)
Total Appropriation (Requirements minus Receipts)	\$	(46,395,583)	\$	(3,002,514)	\$	(49,398,097)
Total Positions		(2.800)		0.000		(2.800)