

HOUSE APPROPRIATIONS COMMITTEE

ON

EDUCATION

**REPORT
ON THE
CONTINUATION AND EXPANSION BUDGETS**

House Bill 97

May 14, 2015

Public Education

GENERAL FUND

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

Legislative Changes

A. Technical Adjustments

1 Average Daily Membership (ADM) (Multiple)

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

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

2 Exceptional Children Headcount (1860)

\$404,103	R	\$404,103	R
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Adjusts funding budgeted for the Children with Disabilities preschool and school age allotments to reflect actual student headcount. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2015 headcount and does not modify per-student funding.

3 Average Certified Personnel Salaries (Multiple)

(\$14,839,270)	R	(\$14,977,035)	R
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Revises budgeted funding for certified personnel salaries based on actual salary data from December 2014. The adjustment does not reduce any salary paid to certified personnel, nor does it reduce the number of guaranteed State-funded teachers, administrators, or instructional support personnel.

4 Low Wealth Supplemental Funding (1800)

(\$13,000,000)	R	(\$13,000,000)	R
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Adjusts the supplemental allotment for school districts in low wealth counties to align funding availability with formulaic requirements. \$202.6 million will remain available for this allotment.

B. Public School Funding Adjustments

5 Teacher Assistants (1800)

\$88,855,273	R	\$88,855,273	R
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Adjusts the sources of funding for the Teacher Assistants allotment to offset the loss of \$88.9 million in Lottery receipts and nonrecurring funding that had supported this allotment in FY 2014-15. Approximately \$376.1 million will remain in this allotment from a combination of General Fund and Lottery sources, the same as in FY 2014-15.

6 NC Elevating Educators Act of 2015 (1900)

\$5,000,000	R	\$10,000,000	R
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Provides funding for a new initiative to supplement compensation and redesign the roles and responsibilities of education personnel.

FY 15-16

FY 16-17

	FY 15-16		FY 16-17	
7 Textbooks and Digital Resources (1800)	\$50,000,000	R	\$50,000,000	R
Increases General Fund support for textbooks and digital resources, bringing total funding for this allotment to \$74.3 million.				
8 School Connectivity Initiative (1900)	\$12,000,000	R	\$12,000,000	R
Provides additional support for this initiative that brings broadband connectivity to all K-12 public school buildings in the State. New funds will allow enhancement of school-level internal Wi-Fi networks to provide high-quality, reliable connectivity to the classroom level. With the additional appropriations, the State is anticipated to access over \$60 million in additional federal E-rate funds over the biennium to support this effort. Total State funding for School Connectivity will total \$31.9 million.				
9 Digital Learning Plan (1900)	\$9,000,000	R	\$9,000,000	R
Provides funding to support aspects of the State's Digital Learning Plan. \$4 million is allocated to establish regional support organizations to provide regionally-based technology support services to LEAs. \$5 million is allocated to support professional development activities for education leaders in each LEA, including those responsible for leading digital learning initiatives, and coaching and support for teachers transitioning to digital learning practices in the classroom. The State Board of Education shall contract with the Friday Institute to administer both of these activities.				
10 Cooperative and Innovative High Schools (1821)	\$2,174,683	R	\$2,485,352	R
	\$100,000	NR		
Provides Cooperative and Innovative High Schools (CIHS) allotment support to fulfill the funding requests for the eight new CIHSs approved by the State Board of Education in December 2014. Funding will support four schools in Guilford County and one school in Pitt, Wake, Watauga, and Wilson Counties. Seven of the eight schools will receive the \$310,669 allotment provided to other CIHS programs. Wilson Academy of Applied Technology will receive \$100,000 in FY 2015-16 for planning purposes and \$310,669 in FY 2016-17 for operational purposes.				
11 Cooperative and Innovative High School Tuition (1821)	\$800,000	R	\$800,000	R
Provides additional support to the Department of Public Instruction (DPI) for the payment of tuition at four-year colleges and universities on behalf of students taking college-level classwork through CIHS programs. Total support for tuition will be \$2.5 million.				
12 Transportation (1830)	(\$20,079,807)	R	(\$20,079,807)	R
Reduces by approximately 4% the total budget for the allotment, which supports the salaries of transportation personnel, diesel fuel, replacement parts and the maintenance of yellow school buses. This reduction reflects a lower projected cost for diesel fuel (\$2.35/gallon) than is included in the Base Budget (\$3.15/gallon). Total funding for this allotment will be \$435.8 million in FY 2014-15.				
13 School Safety-Instructional Support Personnel (1800)	\$1,800,000	R	\$1,800,000	R
Provides support for local school administrative units, regional schools, and charter schools to hire additional school psychologists, school counselors, and school social workers.				

14 Regional Leadership Academies (1900)

Provides nonrecurring support to continue the efforts of three Regional Leadership Academies (RLAs) developing new school administrators. The State Board of Education shall distribute these funds to the Northeast Leadership Academy, Piedmont Triad Leadership Academy, and Sandhills Leadership Academy. Federal Race to the Top funding for these RLAs expires in October 2015 and this appropriation will enable an additional year of RLA operations.

\$4,000,000 NR

15 ADM Contingency Reserve (1800)

Provides funding for the ADM Contingency Reserve to offset the potential costs associated with two virtual charter schools beginning operations in the 2015-16 school year.

\$2,500,000 R \$2,500,000 R

16 Adapted Sports Pilot Program (1860)

Provides funds for DPI to develop and implement a pilot program for an integrated community-based adapted sports program for students with disabilities in grades K-12. The pilot program may be conducted in one or more LEAs and provide for collaboration with universities and community colleges and other community organizations to achieve the purposes of the program.

\$300,000 R \$300,000 R

17 Advanced Placement/International Baccalaureate Teacher Bonuses (1800)

Provides funding to support a \$50 bonus payment to teachers of record for students taking either Advanced Placement (AP) or International Baccalaureate (IB) courses and achieving a certain grade on AP or IB examinations. Bonuses shall be awarded to teachers of Advanced Placement courses for students who earn scores of three or higher on AP exams and to teachers of IB Diploma Programme courses for students who score four or higher on IB exams.

\$3,900,000 R \$4,300,000 R

18 Career and Technical Education (CTE) Teacher Bonuses (1800)

Provides funding to support a \$25 or \$50 bonus payment to teachers of record for students that complete a CTE class and pass a related examination leading to industry certifications and/or credentials. The State Board of Education shall rank each industry certification based on academic rigor and employment value in order to classify eligibility for \$25 and \$50 teacher bonuses.

\$600,000 R \$600,000 R

19 Advanced Placement Summer Professional Development Institutes (1800)

Provides support to the North Carolina Advanced Placement partnership to pay for at least one teacher from every LEA to participate in summer professional development institutes.

\$126,500 NR

20 Teacher Education Preparation Redesign Pilot (1900)

Provides \$100,000 to the State Board of Education to be awarded to the constituent institution of The University of North Carolina whose proposal for a pilot redesign of the teacher education program is selected by the State Board of Education.

\$100,000 R \$100,000 R

21 Driver Training

Restores State support for Driver Training programs administered at the LEA level. Restores State support in FY 2016-17 for this activity from Civil Fines and Forfeitures.

\$26,376,131 NR

C. Grants**22 Regional Education Service Alliances (RESAs) (1901)**

Provides recurring grants of \$300,000 to each of the eight RESAs to provide professional development to teachers and other LEA personnel. The RESAs shall annually provide training on State funding flexibility to all superintendents and/or superintendents' designees. This training will provide information on the budget flexibility afforded by State statutes for differentiated pay and other initiatives to improve student achievement.

\$2,400,000 R \$2,400,000 R

23 Charter School Accelerator (1901)

Supports a pilot program administered by Parents for Educational Freedom in North Carolina (PEFNC) intended to accelerate charter school development in rural North Carolina.

\$1,000,000 R \$1,000,000 R

24 Science Olympiad (1901)

Provides \$100,000 in recurring funding to North Carolina Science Olympiad (NCSO), a nonprofit organization with the mission to attract and retain the pool of K-12 students entering science, technology, engineering, and mathematics (STEM) degrees and careers.

\$100,000 R \$100,000 R

25 VIF International Education (1901)

Provides recurring funding of \$1.2 million to VIF International Education, a provider of professional development, curriculum, language acquisition programs, and cultural exchange programs.

\$1,200,000 R \$1,200,000 R

26 Distinguished Leadership in Practice (1901)

Provides recurring funding of \$300,000 to the N.C. Principals & Assistant Principals' Association to continue implementation of the Distinguished Leadership in Practice leadership development program for practicing school principals.

\$300,000 NR

27 Microsoft Statewide Agreement (1901)

Provides funds for DPI to enter into a Statewide cooperative purchasing agreement with Microsoft to make Microsoft Office products available to every student and staff member in a NC public school at no cost to school districts and students.

\$2,600,000 R \$2,700,000 R

28 Beginnings for Children, Inc. (1901)

Provides support to expand the programs and services provided by Beginnings for Parents of Children Who Are Deaf or Hard of Hearing, Inc. (Beginnings), as part of its outreach and support to North Carolina families. Total FY 2015-16 and FY 2016-17 State support for Beginnings will be \$1,019,730.

\$100,000 R \$100,000 R

29 Eastern North Carolina STEM Summer Program (1901)

Provides funds to the State Board of Education to contract with an independent entity to administer a residential science, mathematics, engineering and technology (STEM) enrichment program for students traditionally underserved. Participation in the program shall be limited to students of the Northampton County Schools and KIPP Pride High School.

\$105,000 NR

\$105,000 NR

D. Department of Public Instruction

30 Educational Opportunities for Students with Disabilities

Provides funds to the Department of Public Instruction to implement methods for improving outcomes for students with disabilities and provide technical assistance to LEAs establishing model programs aimed at increasing the graduation rate and school performance of students with disabilities.

\$600,000 NR

\$600,000 NR

Total Legislative Changes

\$237,151,524 R

\$349,783,750 R

\$31,607,631 NR

\$705,000 NR

Total Position Changes

Revised Budget

\$8,374,792,255

\$8,456,521,850

Community Colleges

GENERAL FUND

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

Legislative Changes

A. Technical and Formula Adjustments

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

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

32 Summer Enrollment Funding			\$16,968,959	R
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Allows the Community College System to include curriculum courses taught year round in the enrollment funding calculation for General Fund support. There are currently 3,458 Full Time Equivalent students enrolled within these courses at a Community College campus in the Summer Term. These FTEs would now be included in the enrollment funding formula to receive State support at the Tier 2 allocation rate (\$4,907 per FTE).

33 North Carolina Guaranteed Admission Program Reserve			\$3,725,448	NR
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Funds an enrollment growth reserve in FY 2016-17. 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). 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. It is estimated that 1,305 FTE students will take advantage of this program. There is a corresponding reduction in enrollment funding in the University of North Carolina System.

34 Management Flexibility Adjustment			\$7,114,130	R
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Modifies the management flexibility adjustment by providing \$7.1 million in recurring funding in FY 2016-17 to reduce the System's management flexibility adjustment from \$59.2 million to \$52.1 million.

A. Technical and Formula Changes

35 Curriculum Tuition

(\$16,138,793) R

Increases curriculum tuition beginning in FY 2016-17 by \$4.00 per credit hour and budgets the expected increase in tuition receipts.

Tuition in FY 2016-17 will increase from \$72 to \$76 per credit hour for residents and from \$264 to \$268 for non-residents. Tuition for resident students will increase by a maximum of \$128 per year, from \$2,304 to \$2,432.

B. Other Adjustments

36 Fayetteville Technical Community College Botanical Lab

\$100,000 NR \$100,000 NR

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

37 Procurement Efficiencies

(\$3,722,467) R (\$3,722,467) R

Reduces funds related to purchase and contract to reflect efficiencies created by participation in the State's Procurement Transformation Program administered by the Department of Administration.

38 Audit Services

\$551,752 R \$551,752 R

Restores funding for the System Office's Audit Services division.

7.00 7.00

39 College Information System Modernization

\$2,500,000 R \$5,000,000 R

Funds the first phase of upgrading the System's information technology platform and partial migration of servers to hosted storage services.

40 Equipment

\$15,000,000 NR

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

41 Innovative Pilot Program

\$2,000,000 NR \$2,000,000 NR

Creates an Innovative Pilot Program to assist in establishing new programs for workforce development. The program is limited to development Tier 1 and Tier 2 counties as defined in G.S. 143B-437.08.

42 South Piedmont Community College Remediation Pilot Program

\$150,000 R \$150,000 R

Establishes a remediation pilot program at South Piedmont Community College. The program will identify and provide remediation to at risk high school students.

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43 Caldwell Community College Truck Driver Training Program

Provides funds for the Caldwell Community College Truck Driver Training program.

\$150,000 R

\$150,000 R

C. Financial Aid Adjustments

44 Yellow Ribbon G.I. Education Enhancement Program

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

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

(\$1,000,000) R

45 Resident Tuition for Certain Non-Resident Veterans

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

\$2,000,000 R

\$2,000,000 R

Total Legislative Changes

(\$5,837,158) R

\$4,607,138 R

\$16,100,000 NR

\$5,825,448 NR

Total Position Changes

7.00

7.00

Revised Budget

\$1,058,757,957

\$1,058,927,701

UNC System

GENERAL FUND

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

Legislative Changes

A. Technical and Formula Adjustments

46 Enrollment Growth Adjustment \$49,324,741 R \$80,261,279 R
 Fully funds projected enrollment growth at the University of North Carolina (UNC) System. Enrollment is expected to increase by 3,345 Full Time Equivalent (FTE) students (1.7%) in FY 2015-16 and 3,017 FTE students (1.5%) in FY 2016-17.

47 NC Guaranteed Admission Program Enrollment Savings (\$13,279,762) R
 Decreases enrollment growth funding for FY 2016-17 in anticipation of reduced enrollment at the UNC System due to the implementation of the NC Guaranteed Admission Program (NC GAP). NC GAP will provide certain students with guaranteed admission to a UNC campus as a junior, upon completion of an associate's degree. It is estimated that 1,305 FTE students will take advantage of this program.

48 Building Reserves \$470,912 R \$714,678 R
 Provides funding for new and renovated buildings coming online during the FY 2015-17 biennium at Appalachian State University, East Carolina University, North Carolina State University, and UNC-Wilmington. \$170,282 NR \$91,170 NR

49 North Carolina Research Campus at Kannapolis \$2,500,000 R \$2,500,000 R
 Provides funds to partially fulfill the University of North Carolina System's commitment at the North Carolina Research Campus at Kannapolis. Total funding will be \$24.1 million.

B. Other Adjustments

50 Management Flexibility Reduction (\$18,075,959) R (\$18,075,959) R
 Mandates a management flexibility reduction for the UNC operating budget. The UNC Board of Governors shall not allocate this reduction on an across-the-board basis to constituent institutions. (\$8,100,684) NR

51 Advancement Activity Limitations (\$17,913,812) R (\$17,913,812) R
 Caps the use of General Fund appropriations for campus advancement activities at \$1 million per campus. The following campuses do not receive a reduction: Elizabeth City State University, Fayetteville State University, University of North Carolina School of the Arts, Western Carolina University, and North Carolina School of Science and Math.

52 East Carolina University: Medical School Sustainability Funds \$8,000,000 R \$8,000,000 R
 Provides funds to stabilize the Brody School of Medicine due to lower revenues.

FY 15-16**FY 16-17****53 Set Off Debt Collection Reinstatement**

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

Reduces funds to the Schools of Medicine at the University of North Carolina-Chapel Hill and East Carolina University to reflect increased revenues due to participation in the State's Set Off Debt Collection Act program. Each campus's budget is reduced by \$2 million.

54 Elizabeth City State University: Budget Stabilization Funds

\$3,000,000 NR \$1,000,000 NR

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

55 North Carolina New Teacher Support Program

\$1,500,000 R \$1,500,000 R

Increases funds to the North Carolina New Teacher Support Program, a program that targets beginning teachers in schools across the state that qualified for Race to the Top services. The program is administered through a central office and four regional anchor sites at UNC Greensboro, UNC Charlotte, East Carolina University, and the UNC Center for School Leadership Development. Total program funding will be \$2.7 million.

56 Evaluation of Teacher Recruitment and Retention Programs

\$235,000 NR \$470,000 NR

Provides nonrecurring funds to the Friday Institute for the purposes of evaluating six programs within the University of North Carolina System that provide teacher education and retention programs.

57 Appalachian State University: Recruit Community College Students Pilot

\$91,000 NR \$91,000 NR

Provides nonrecurring funds to establish a pilot program at Appalachian State University for the purposes of recruiting and retaining Community College students into the College of Education.

58 Technology and Competency Based Learning and Innovation

\$2,000,000 R \$2,000,000 R

Provides funds to support the online and competency-based learning strategies of the UNC System.

59 Game-Changing Research

\$2,000,000 R \$2,000,000 R

Increases funds for focused investments in faculty, research, and scholarship in six priority areas: advanced manufacturing; data sciences; defense, military, and security; energy; marine and coastal sciences; and pharmacoengineering. The total program funding will be \$5 million.

60 Eastern 4H Center

\$367,000 NR

Provides additional operating funds to the Eastern 4H Center.

61 Union Square Campus, Inc.

\$2,000,000 NR

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

C. Financial Aid Adjustments

62 Yellow Ribbon G.I. Education Enhancement Program	(\$4,863,276)	R	(\$4,863,276)	R
Eliminates funding for the Yellow Ribbon Program which leveraged federal matching funds to reduce tuition costs for certain non-resident veterans.	(\$4,863,276)	NR		
63 Resident Tuition for Certain Non-Resident Veterans	\$9,300,762	R	\$9,300,762	R
Provides funds to offset a reduction in tuition receipts as a result of granting certain non-resident veterans resident status for tuition purposes. The federal Veterans Access, Choice, and Accountability Act of 2014 requires public institutions of higher education to charge certain non-resident veterans no more than the resident tuition and fee rates or risk losing approval to receive federal educational benefits. This item funds the expected costs of compliance with that Act for the UNC System.				
64 NC Need-Based Scholarship	\$2,500,000	R	\$2,500,000	R
Provides additional funding for the NC Need-Based Scholarship for resident students attending private colleges. Total program funding will be \$88.9 million recurring.				
65 Teacher Recruitment and Retention	\$200,000	R	\$3,000,000	R
Establishes a new teacher scholarship loan program. The program is intended to recruit teachers for placement in hard-to-staff schools or subjects.				
66 Principal Preparation	\$500,000	R	\$9,500,000	R
Creates a competitive grant program for principal development to be administered by the State Education Assistance Authority.				
67 Opportunity Scholarships	\$6,800,000	NR		
Increases funds for the Opportunity Scholarship program. The program provides scholarship grants of up to \$2,100 per semester for eligible students to attend nonpublic schools. The total program funding for FY 2015-16 will be \$17.6 million.				
Total Legislative Changes	\$33,443,368	R	\$63,143,910	R
	(\$300,678)	NR	\$1,652,170	NR
Total Position Changes				
Revised Budget	\$2,680,438,911		\$2,712,100,736	