

**Education Team Briefing  
February 8, 2011**

**2010 Session – Budget Overview**

**FY 2009-10**

<b>Education:</b>	<b>Continuation Budget</b>	<b>Net Changes</b>	<b>FTE Changes</b>	<b>Revised Appropriation for FY 2009-10</b>	<b>% Change</b>	<b>% Student Growth</b>
Department of Public Instruction	\$8,245,341,827	(\$789,080,587)	(64.00)	\$7,456,261,240	-10%	-0.8%
Community Colleges	\$1,072,571,152	(\$72,738,030)	(19.00)	\$999,833,122	-7%	7.6%
University of North Carolina	\$3,026,185,255	(\$319,350,920)	21.00	\$2,706,834,335	-11%	3.2%
<b>Total Education</b>	<b>\$12,344,098,234</b>	<b>(\$1,181,169,537)</b>	<b>(62.00)</b>	<b>\$11,162,928,697</b>	<b>-10%</b>	

**FY 2010-11**

<b>Education:</b>	<b>Continuation Budget</b>	<b>Net Changes</b>	<b>FTE Changes</b>	<b>Revised Appropriation for FY 2010-11</b>	<b>% Change</b>	<b>% Student Growth</b>
Department of Public Instruction	\$7,360,833,223	(\$275,244,311)	(9.00)	\$7,085,588,912	-4%	0.7%
Community Colleges	\$1,012,467,778	\$42,668,183	(7.75)	\$1,055,135,961	4%	15.3%
University of North Carolina	\$2,656,552,008	\$10,383,198	382.10	\$2,666,935,206	0%	3.1%
<b>Total Education</b>	<b>\$11,029,853,009</b>	<b>(\$222,192,930)</b>	<b>365.35</b>	<b>\$10,807,660,079</b>	<b>-2%</b>	

# Public Schools FY 2010-11 Summary

## How Much Is There?

### FY 2010-11 Certified Budget

State Appropriations:	\$7,085,588,912
Federal Funding:	\$2,475,700,615
<i>Education Stabilization Fund (non-add)</i>	\$398,263,577
Other Receipts and Transfers	\$551,231,710
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	\$10,112,521,237

*Source: BD 307 Certified Budget*

## Where Does It Go?

Nearly all of the funds appropriated to public schools are allotted to local education agencies (LEAs) for the operation of K-12 classrooms, with the exception of funding for More at Four and the operating budgets for the Department of Public Instruction (DPI) and State Board of Education. Not including More at Four funding, direct support to LEAs is over 99% of the total public schools budget.

## What Happened Last Session?

- **Federal Support** – Temporary federal funding (Education Stabilization Fund) offset certain State funding reductions
- **LEA Adjustment** – Creation of flexible funding reduction of \$305 million.
- **Transfer of Residential Schools to DPI** – HHS Residential Schools and programs to be transferred on 6/1/2011. Includes Governor Morehead, NC School for the Deaf and Eastern NC School for the Deaf, as well as certain preschool and early intervention programs (\$32.3 million, 604 State FTE positions).
- **Local Flexibility** – For the second year of the biennium, maintained near-complete flexibility for use of funds amongst different allotments.
- **Handheld Devices** – Included \$10 million in new funding for the Governor's Diagnostic Initiative

## What's Coming Up This Year?

- **Student Enrollment** – Enrollment growth – \$35 million / 5,323 student growth (ADM)
- **Federal Funds** – Expiration of most Federal Stimulus dollars (\$396 million State/\$590 million to LEAs over biennium)
- **Residential Schools** – Administration of the Residential Schools under the State Board of Education and DPI will begin for school year 2011-12. Schools will now be under this committee's purview.

# North Carolina Community College System FY 2010-11 Summary

## How Much Is There?

### FY 2010-11 Certified Budget

State Appropriations:	\$1,055,135,961
Federal Funding:	\$35,731,376
Tuition Receipts:	\$316,337,725
Other Receipts and Transfers:	\$22,217,327
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	\$1,429,422,389

*Source: BD 307 Certified Budget*

## Where Does It Go?

Ninety-eight percent (98%) of the NC Community College System budget flows to the community colleges either directly or as student aid. The majority of that funding goes out as formula funding, based on the number and type of full-time equivalent (or FTE) students each college has. Community colleges receive State funding for instruction, equipment, student services, and administration; operations and maintenance of plant are local responsibilities.

## What Happened Last Session?

- **Unprecedented enrollment growth** – enrollment increased by 15.3% (33,000 FTE). The General Assembly appropriated a total of \$122.2 million to fund this enrollment growth.
- **Tuition increase** – curriculum tuition increased by \$6.50 per credit hour for in-state tuition and \$7.20/credit hour for out-of-state students. This is expected to generate \$30.0 million in additional tuition receipts.
- **Management flexibility reduction** – An additional management flexibility reduction of \$15 million was taken, bringing the total reduction for the biennium to \$29 million.
- **Prison education** – Restored \$21 million of the estimated \$32.9 million prison education program, including eliminating funding for courses taught in federal prisons and local jails, as well as programs not related to job skills or basic skills education.
- **Federal loans** – Moved \$50 million from classroom instruction to student services, and required all community colleges to participate in the federal student loan program.

## What's Coming Up This Year?

- **Enrollment growth** – enrollment growth is estimated to be around 4%, which would require an appropriation of \$34 million to fully fund.
- **Revised formula funding** – The Community College System has been discussing revising the formula funding model to create a tiered funding system.
- **Forthcoming studies:**
  - o Tuition waived for law enforcement officers (NCCCS)
  - o Prisoner education (NCCCS and Department of Correction)
  - o Financial aid changes (Financial Aid Study Committee working group)
  - o Comprehensive study of Community College tuition waivers (Fiscal Research Division)

# University of North Carolina System FY 2010-11 Summary

## How Much Is There?

### FY 2010-11 Certified Budget

State Appropriations:	\$2,666,935,206
Tuition Receipts:	\$846,916,319
Other Receipts and Transfers	\$516,375,509
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	\$4,030,227,034

*Source: BD 307 Certified Budget*

## Where Does It Go?

Just over half of UNC System funding is allocated for direct instructional support. An additional 25% is used for physical plant and general institutional support. The remaining 25% supports many functions, including libraries, student services and financial aid.

## What Happened Last Session?

- **Enrollment growth** – Enrollment increased by an estimated 2.4% (or 4,926 FTE). The General Assembly appropriated a total of \$59.1 million to fund this enrollment growth.
- **Management flexibility reduction** – An additional management flexibility reduction of \$70 million was taken, bringing the total reduction for the biennium to \$170 million.
- **Tuition changes** – Repealed legislative tuition increase that had been approved in the 2009 session and restored the associated \$34.8 million cut; repealed the prohibition on UNC campuses raising resident tuition.
- **Financial Aid** – Repealed a waiver that granted resident tuition rates at State expense to out-of-state athletes on full scholarship. Increased need-based financial aid by \$34.9 million. Increased funding for the Legislative Tuition Grant (\$2.7 million) and the State Contractual Scholarship Fund (\$1.8 million) due to enrollment growth
- **ECU School of Dentistry** – Funded \$6 million for operating and pledged an additional \$5 million for the new biennium.

## What's Coming Up This Year?

- **Enrollment growth** – \$45.8 million; Program Evaluation Division report issued in 2010 questioned the enrollment growth funding formula's validity.
- **ECU School of Dentistry** – UNC will request up to \$5 million additional operating funds.
- **Need-Based Financial Aid** – FY 2010-11 budget includes \$34.8 million nonrecurring that UNC wants to receive as recurring; UNC also requests an additional \$36.3 million recurring.