

NC Community College System Base Budget

Joint Appropriations Subcommittee on Education

February 9, 2011

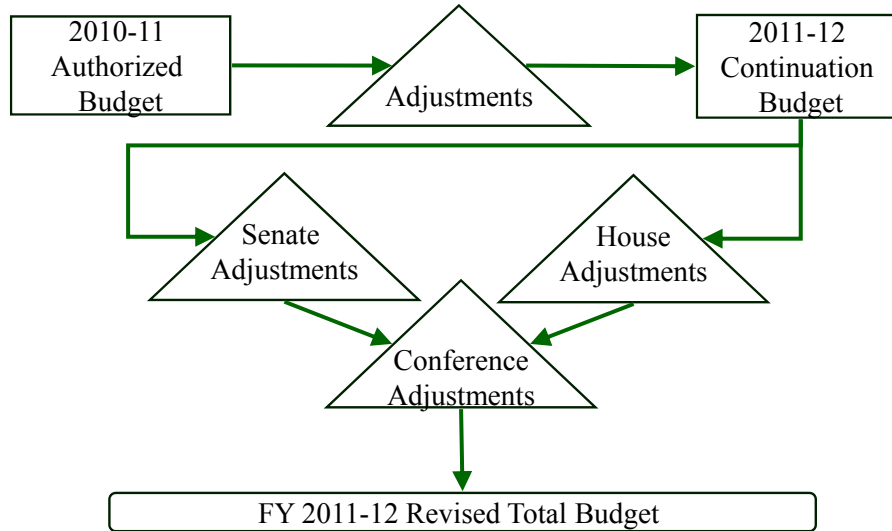


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Agenda

1. Overview of the Budget Process
2. Funding Responsibilities
3. Sources of Funding
4. Allocation of Funds

How do we get a budget?



Financial Support of Institutions

State

G.S. 115D-31

- Operating costs for instruction, administration, and support services

Local

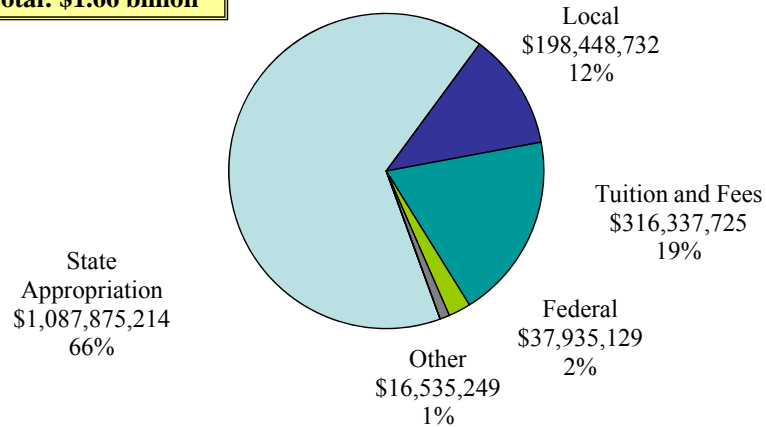
G.S. 115D-32

- Operation and maintenance of plant

Per G.S. 115D-32, capital construction is the legal responsibility of the county. However, G.S. 115D-31 authorizes the State to provide capital funding to local institutions, provided that it is matched on a dollar-for-dollar basis.

Sources of Funding: FY 2010-11

Total: \$1.66 billion

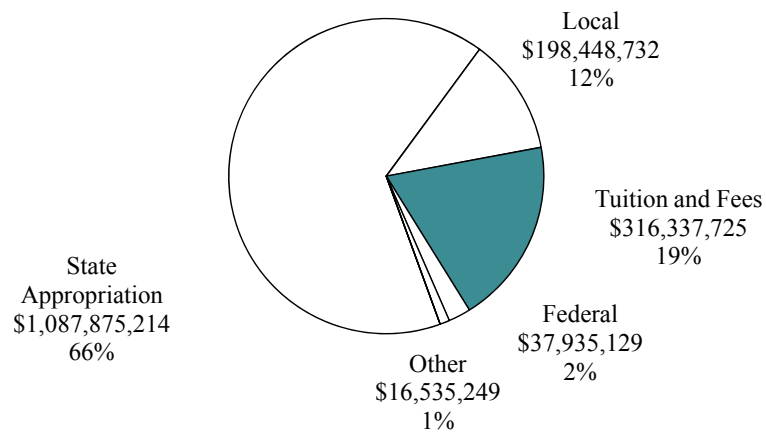


Source: FY 2010-11 Authorized from Worksheet I, DCC 2-1 Summary

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Sources of Funding: FY 2010-11



Source: FY 2010-11 Authorized from Worksheet I, DCC 2-1 Summary

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Tuition and Fees

- Constitute 19% of the Community College System funding.

Curriculum

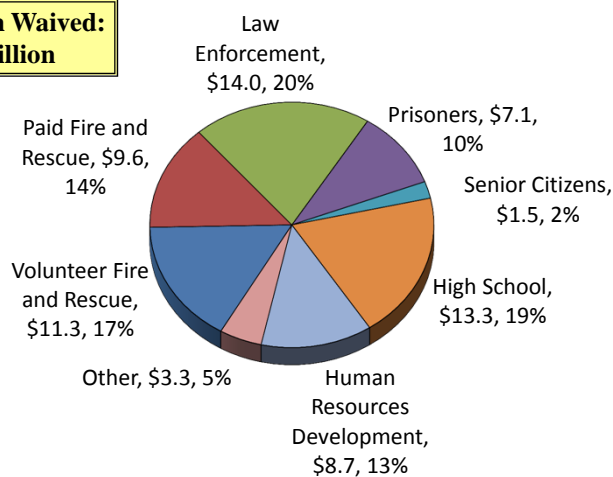
- Student receipts cover **28%** of average cost per FTE.
- Full-Time, In-State Tuition = \$1,808/year
- Expenditures / FTE: \$5,483
- Est. receipts / FTE: \$1,534
- Tuition increased in 2009 and 2010.

Continuing Education

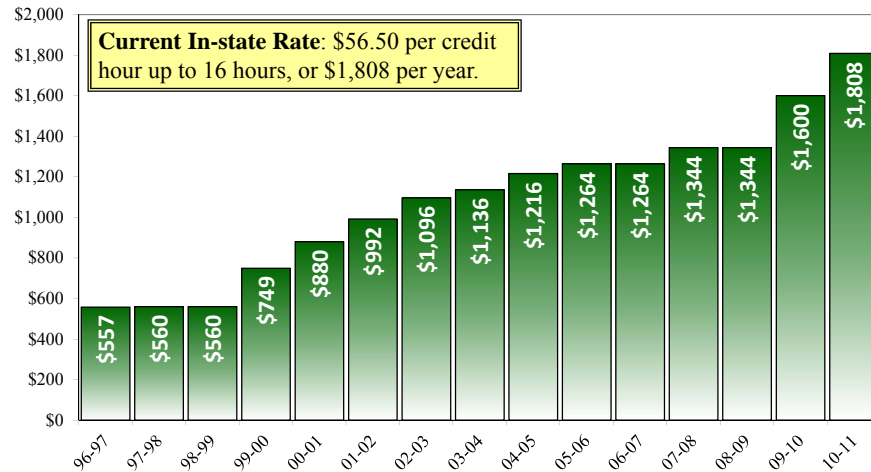
- Student receipts cover **14%** of average cost per FTE.
- Expenditures / FTE: \$4,963
- Est. receipts / FTE: \$684
- Last increased in 2009.

Tuition Waivers FY 2009-10

**Total Tuition Waived:
\$68.8 million**



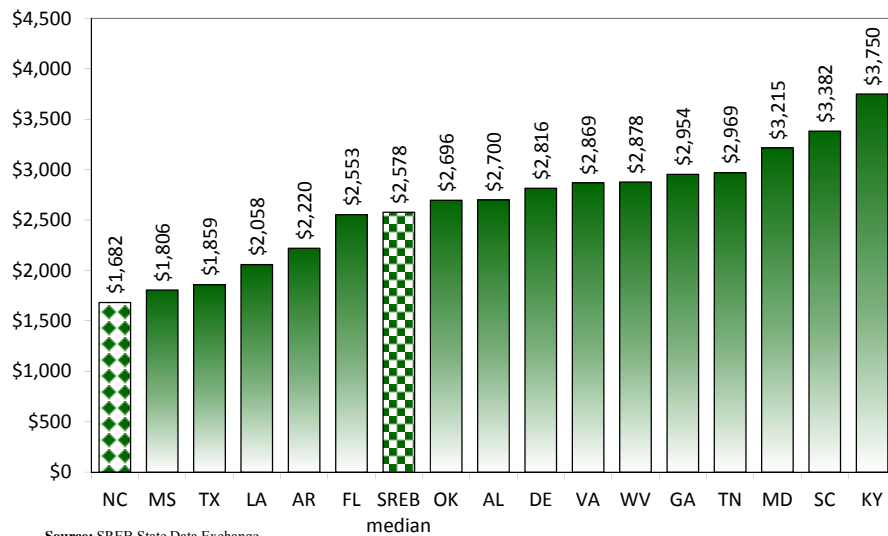
Curriculum In-state Tuition Rates*



Source: NCCCS Fact Books

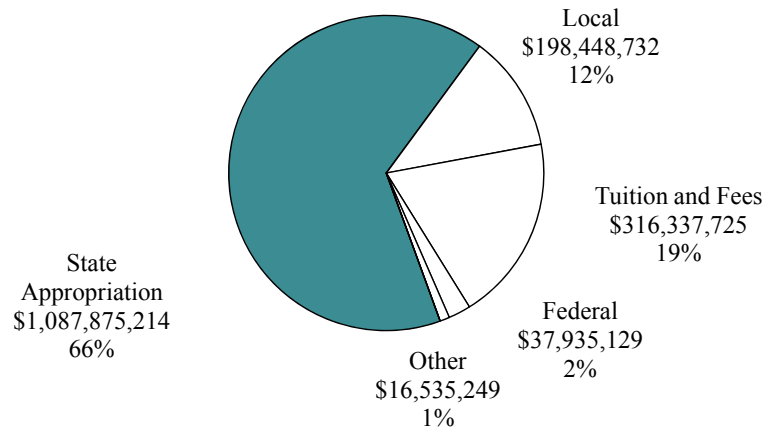
*Maximum Amount for Full-Time Student.

SREB States Resident Tuition & Fees: FY 2009-10



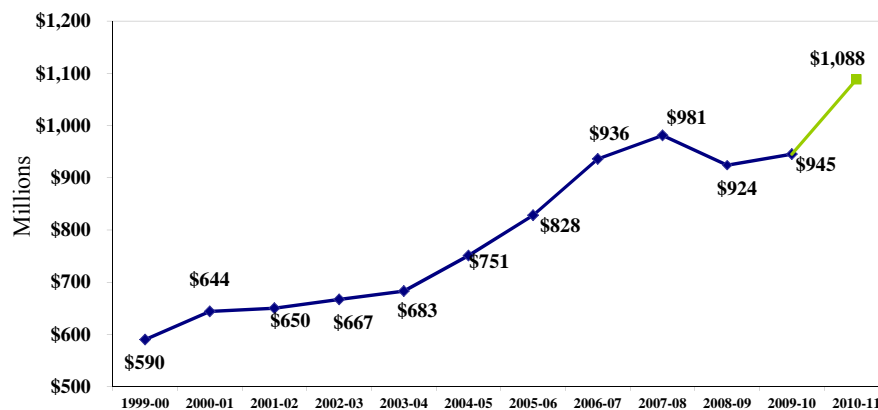
Source: SREB State Data Exchange

Sources of Funding: FY 2010-11



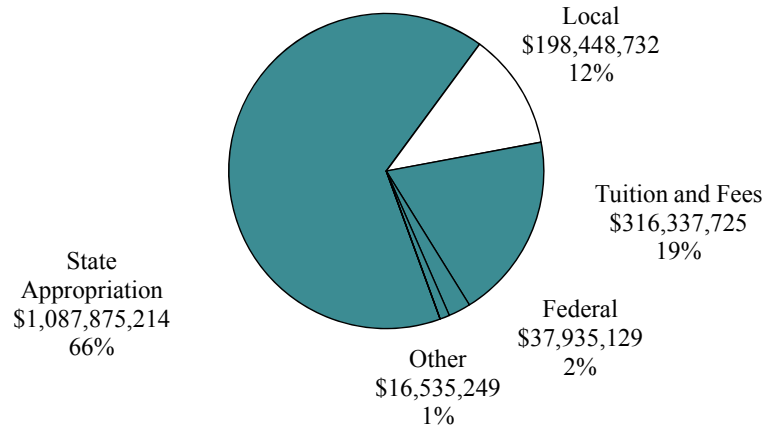
Source: FY 2010-11 Authorized from Worksheet I, DCC 2-1 Summary

NCCCS General Fund Appropriations: FYs 2000-2011



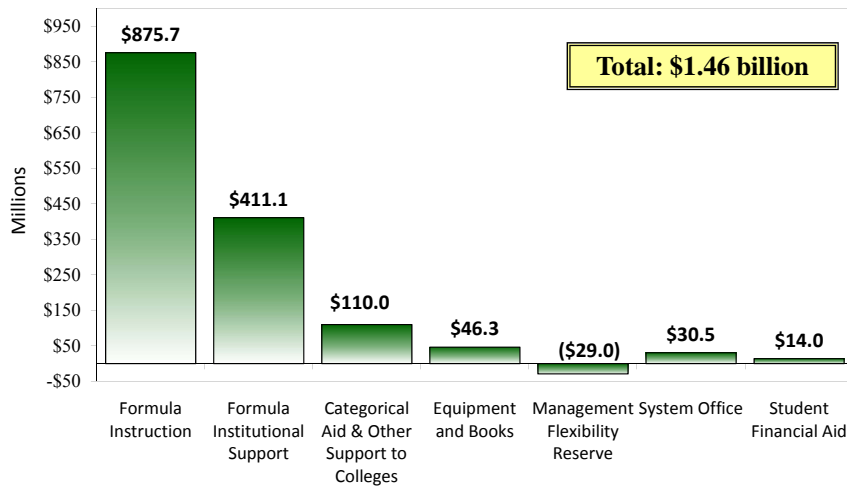
Source: June 30 Actual Appropriations (BD 701) FY 1999-2010: Worksheet I 2010-11.

Sources of Funding: FY 2010-11



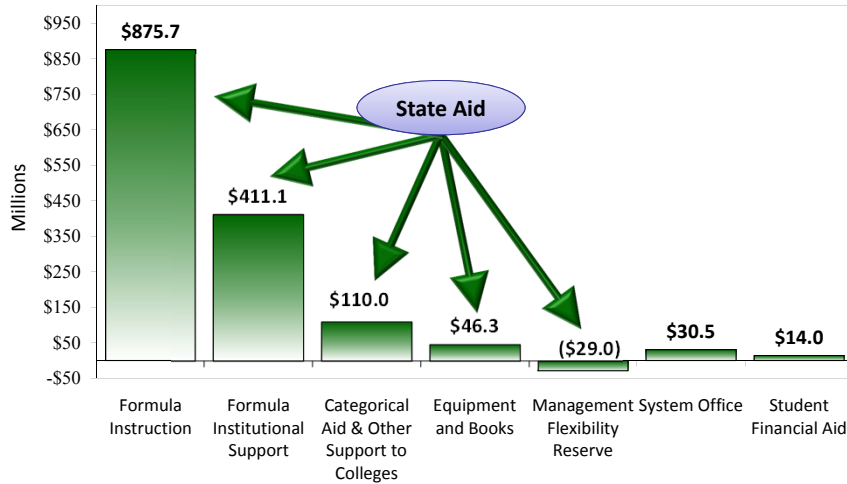
Source: FY 2010-11 Authorized from Worksheet I, DCC 2-1 Summary

Allocation of Funds: FY 2010-11



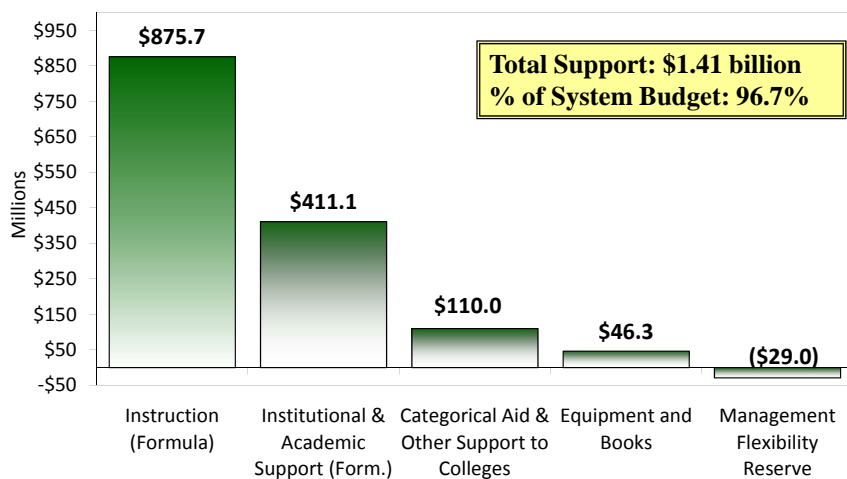
Source: Community College System Office, Worksheet I

Allocation of Funds: FY 2010-11



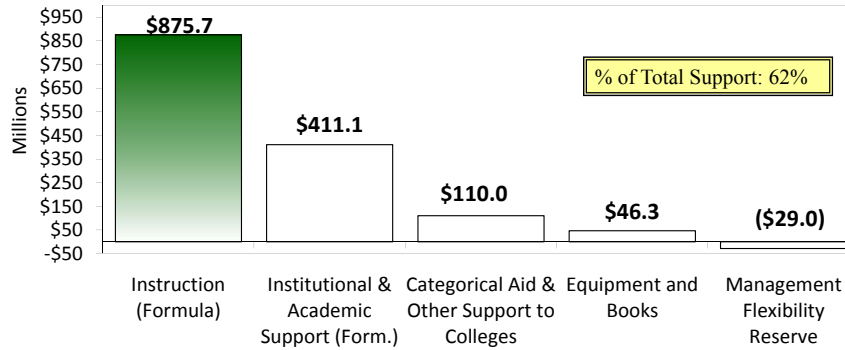
Source: Community College System Office, Worksheet I

State Aid: FY 2010-11



Source: Community College System Office, Worksheet I

Instruction Formula Funding



What it is:

- Curriculum
- Continuing Education
- Basic Skills

What it pays for:

- Faculty Salaries
- Instructional Supplies

Instruction Funding Formula

Full-time Equivalent (FTE) Students

The number of full-time equivalent students

X

Equivalent Value

The dollar amount allocated for each FTE
(varies by type of FTE)

Enrollment

- Funds are allotted on a full-time equivalent (FTE) basis.
- Community college enrollment funding is based on the prior years' enrollment numbers.
- A college's budgeted FTE is determined by the **Modified Budget Stability Formula**.
 - Calculates the higher of
 - the prior year; or
 - the average of the three previous years' enrollment.

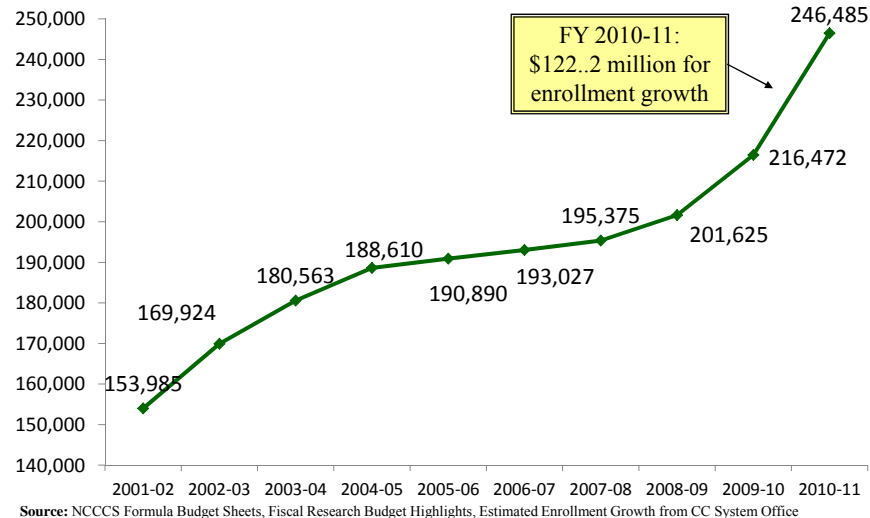
Example College FTE

	FY 2008-09	FY 2009-10	FY 2010-11	Average
Curriculum	3,118	3,185	3,508	3,270
Continuing Education	839	781	768	796
Basic Skills	220	210	252	227

Example College's Budgeted FTE:

Curriculum: **3,508 FTE**
Con Ed: **796 FTE**
Basic Skills: **252 FTE**
Total: **4,556 FTE**

Budgeted FTE: FYs 2001-2011



Budgeted FTE \neq Actual FTE

Why?

- Modified Budget Stability Formula: Budgeted FTE is based on previous years' actuals.
- Not all FTE are counted for budgeting purposes:
 - Colleges do not receive funding for Summer Term curriculum courses.
 - FTE generated by programs supported by non-budget FTE (i.e. customized training, Small Business Center, and self-supporting programs).

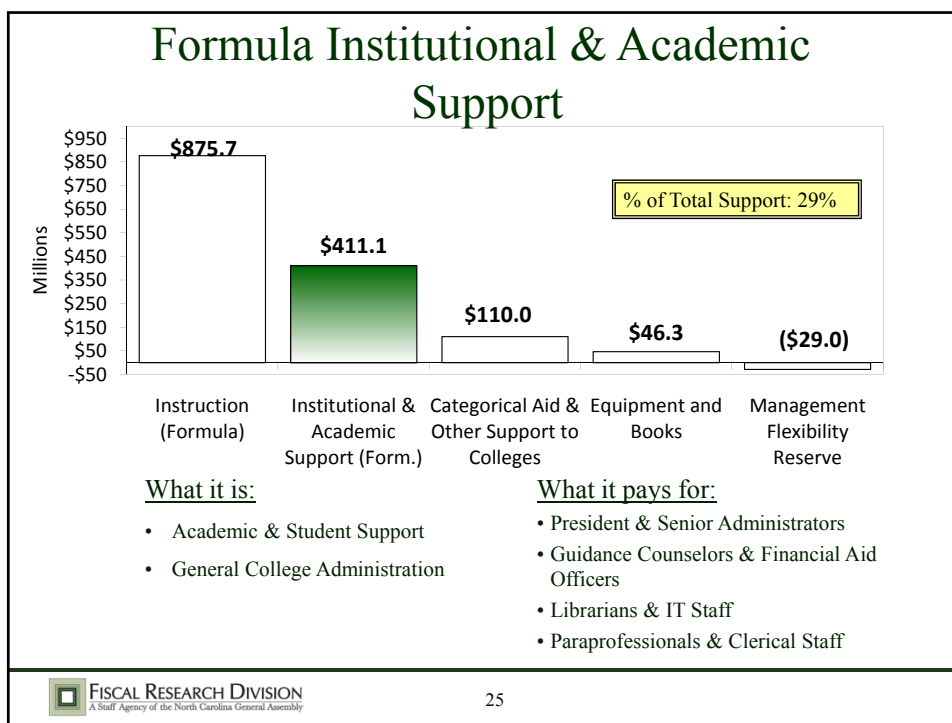
Equivalent Values

	Curriculum	Continuing Education
First 500 FTE	\$4,173	\$2,964
Above 500 FTE	\$3,183	\$2,273

Equivalent Values

Basic Skills

- \$20,000 base allotment
- \$3,343 State / FTE
- \$711 Federal / FTE
- \$0.25 per target population
- Incentive \$:
 - \$50/GED awarded
 - \$150/Adult High School Diploma awarded
 - \$10,000 per 1% of college level of effort above System



Institutional & Academic Support Formula

Three Components:

1. Base allotment
 - Represents what is needed to “open the doors”
 - FY 2010-11 Base Allotment: \$2,056,736
2. FTE enrollment allotment
 - Per FTE funding for colleges with FTE > 750
 - FY 2010-11 Enrollment Allotment: \$1,663 per FTE
3. President’s salary & benefits
 - According to schedule based on FTE and experience (23 NCAC 2D.0101)

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Per Capita Formula Funding

- Formula provides more funding per capita to small campuses, by design.
 - Instruction Ratio Sliding Scale
 - Base Institutional Allotment
- Formula allotment/FTE varies:
 - Pamlico CC (624FTE): \$7,529/FTE
 - Central Piedmont CC (16,200 FTE): \$4,999/FTE

System-wide Per Capita Rates: Formula Allocations

Costs Per Regular Budget FTE: Formula Allocations (Includes Base Allocations)

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Curriculum					
Total Requirements	\$ 5,062.13	\$ 5,375.93	\$ 5,500.72	\$ 5,497.71	\$ 5,483.34
Student Receipts	1,030.16	1,061.60	1,116.16	1,298.69	1,533.80
Appropriation	\$ 4,031.97	\$ 4,314.33	\$ 4,384.56	\$ 4,199.02	\$ 3,949.54
Continuing Education					
Total Requirements	\$ 4,510.41	\$ 4,762.68	\$ 4,877.28	\$ 4,836.00	\$ 4,962.80
Student Receipts	613.53	613.68	377.58	653.06	683.98
Appropriation	\$ 3,896.88	\$ 4,149.01	\$ 4,499.71	\$ 4,182.94	\$ 4,278.82
Basic Skills					
Total Requirements	\$ 5,613.45	\$ 5,880.31	\$ 6,149.14	\$ 6,148.04	\$ 6,357.31
Federal Receipts	588.55	567.67	566.26	552.94	710.99
Appropriation	\$ 5,024.90	\$ 5,312.64	\$ 5,582.88	\$ 5,595.10	\$ 5,646.33

Source: NCCCS State Aid Annual Reports, State Board of Community College Meeting Handouts

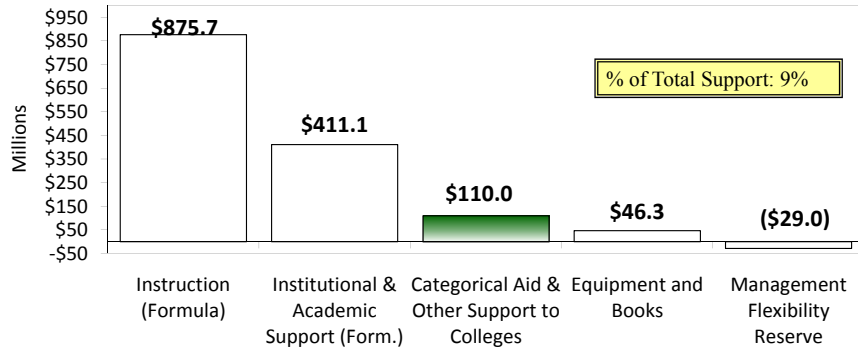
How Do the Formula Factors Change?

- Legislative salary increases
- Other changes in benefit rates (i.e. hospitalization, retirement)
- Legislative adjustments to the formula

Funding Flexibility

- The General Assembly has allowed colleges to have flexibility in order to meet individual college needs.
- Formulas are for allocation purposes only.
- Colleges can spend the money however they choose with the following exceptions:
 - Basic Skills funding may only be used for basic skills programs,
 - Limitations on transfers out of instruction based on the college's average faculty salary, and
 - Federal vocational education funding.

Categorical Aid & Other Support to Colleges



What it is:

- Funding provided to colleges outside the regular allotments

What it pays for:

- Supplemental instruction and institutional support
- Workforce development programs
- Specialized training and centers
- Miscellaneous other programs



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Categorical Aid & Other Support to Colleges

Supplemental Instruction and Institutional Support Allocations

FY 2010-11

Multi-Campus Colleges Funding – Self-contained satellites of existing colleges. 26 MCCs received funding in FY 2010-11.	\$14.1 m
Allied Health – Supplemental funds based on Health Science FTE.	\$16.8 m
Technical Education – Provides funds based on Tech Ed FTE to place renewed emphasis on Tech Ed programs.	\$1.0 m



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Categorical Aid & Other Support to Colleges

Federal Vocational Education and Literacy Funding	FY 2010-11
Federal Vocational Education – Allotted to colleges for vocational education programs, based on the number of students receiving Pell Grants	\$11,216,104
Grants to Colleges – Grants to community colleges for literacy-related activities.	\$2,433,461
Nonprofits – Grants to nonprofits for literacy-related activities	\$1,440,951
Federal Tech Prep – Awarded to colleges on a competitive basis	\$1,274,330
Total Non-Formula Federal Funding:	\$16,364,846

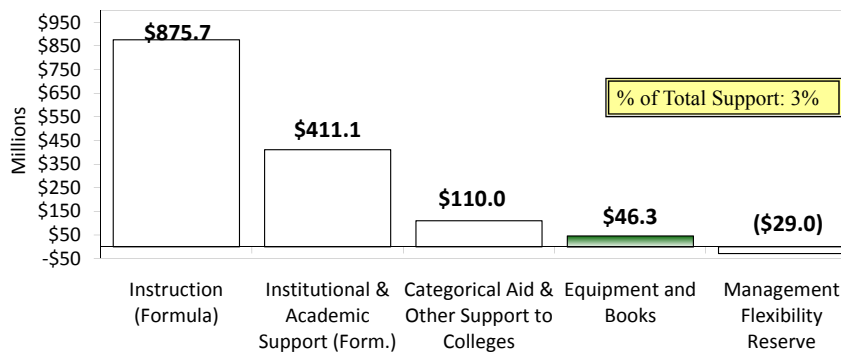
Categorical Aid & Other Support to Colleges

- Customized Training (\$12.5m)
- Small Business Centers (\$5.9m)
- Bionetwork (\$4.4m)
- NC Research Campus (\$3.4m)
- Child Care Grants (\$1.8m)
- Military Business Center (\$1.25m)
- High Cost Programs (\$1.0.m):
 - Marine Technology (\$670k)
 - Heavy Equipment (\$328k)
- Textile Center (\$913k)
- Minority Male Mentoring (\$900k)
- Manufacturing Solutions Center (\$572k)
- Haywood High Tech Ctr. (\$528k)
- Motorcycle Training (\$499k)
- Hickory Metro Higher Ed. Ctr. (\$265k)
- Fayetteville Tech Botanical Lab (\$264k)
- NC REAL Enterprises (\$250k)
- Prison Start-Up (\$50k - receipts)

Categorical Aid & Other Support to Colleges

- Networking (\$5.6m)
- Virtual Learning Community Development Centers (\$650k)
- Course Management and Learning Object Repository and Online Help (\$1.4m)
- Online Help Desk and Virtual Computing Lab (\$736k)
- Workers Comp and Disability (\$1.6m)
- Admin Services and GED Scoring (\$149k)
- Longevity (\$8.8m)
- Unemployment (\$1.3m)
- Liability Insurance (\$47k)

Equipment and Books



What it is:

- Equipment
- Books

What it pays for:

- Computers
- Instructional equipment
- Books and other library resources

Equipment and Books

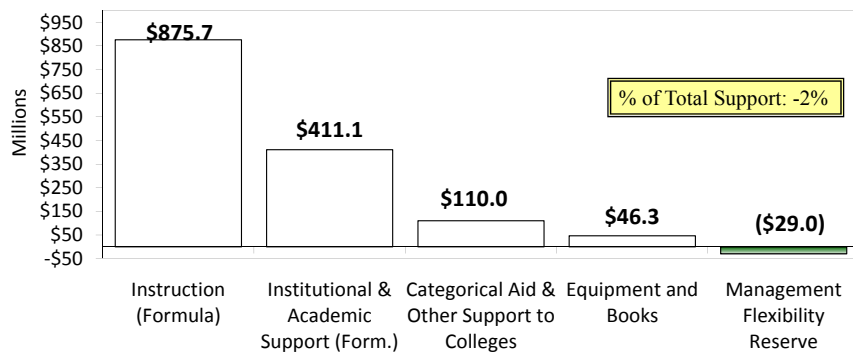
Regular Equipment Allotments (\$43.3 m)

- Each college receives a base allocation of \$100,000.
- Remaining funds are allocated to the colleges on a weighted FTE basis.

Instructional Resources (\$3 m)

- Each college receives a base allocation of \$25,000.
- Remaining funds are allocated to the colleges on a weighted FTE basis.

Management Flexibility Reserve



What it is:

- A reduction that colleges have flexibility in determining how to meet

Management Flexibility Reserve

Allocation of Reduction

- Allocated on a pro-rata basis based on each colleges' estimated General Fund appropriation (excluding Customized Training funds).

Restrictions on Local Flexibility

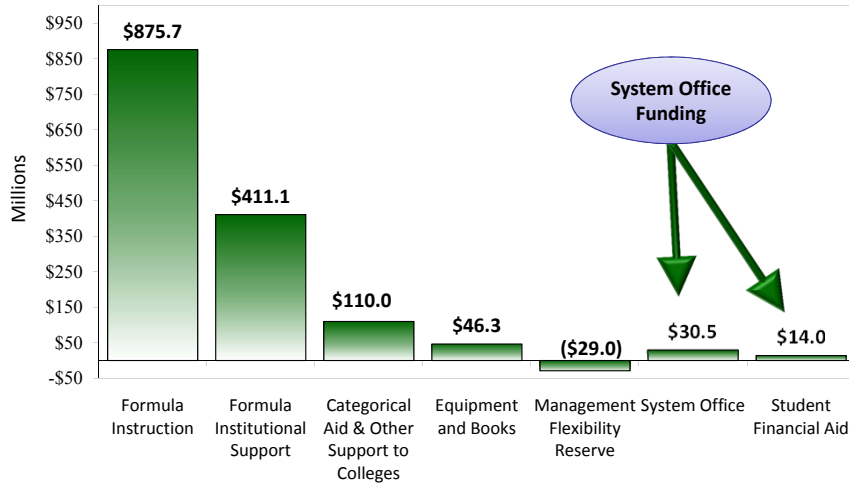
- Before taking reductions to instructional budgets:
 - Consider reducing senior and middle management personnel and for programs that have both low-enrollment and low-postgraduate success.
 - Review institutional funds to determine if any can be used for operations.

Management Flexibility Reserve

Restrictions on Local Flexibility (cont.)

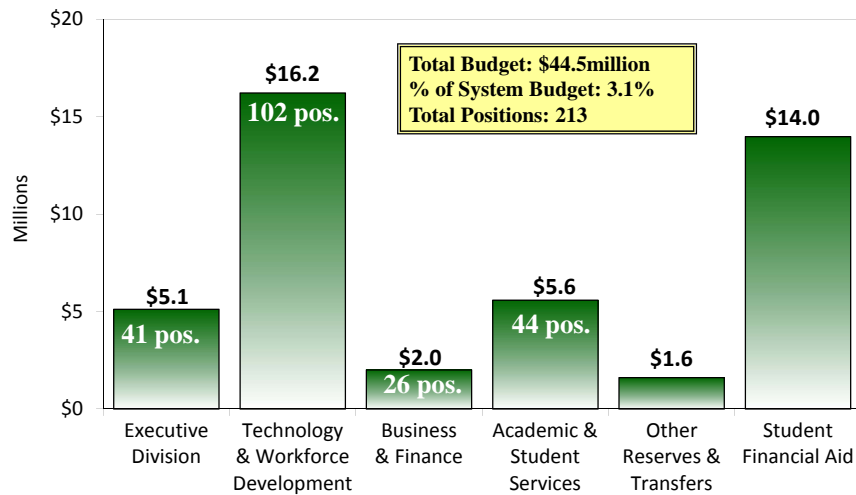
- Minimized the impact on student support services and retraining of dislocated workers.
- May not reduce funding for:
 - Small Business Centers
 - Customized Training

Allocation of Funds: FY 2010-11



Source: Community College System Office, Worksheet I

Community College System Office Continuation Budget FY 2010-11



Source: Community College System Office, Worksheet I; BD 307 Certified Budget for Positions

System Office

- **Executive Division**

- \$5.1 million, 41 positions
- Office of the President, Audit Services, Personnel Services

- **Technology & Workforce Development Division**

- \$16.2 million, 102 positions
- Information Technology, Distance Learning, Library services, Workforce Development, Continuing Education, Small Business Centers

System Office

- **Business & Finance Division**

- \$2.0 million, 26 positions
- Budget & Analysis, Fiscal Management, Purchasing, Facility services

- **Academic & Student Services**

- \$5.6 million, 44 positions
- Academic Administration, Student Development Services, Vocational Education, Literacy, GED/Adult High School

Student Financial Aid

- **Community College Grant**
 - \$13,981,202 appropriated from the Escheat Fund
 - Works together with the Education Lottery Scholarship and Federal Pell Grants to help build a floor of aid for CC students.
 - Maximum combined award of \$4,200.
 - Generally awarded to students whose federal expected family contribution (EFC) is greater than \$1,400 and less than \$5,000.

Questions?