

Education Reduction Options – Community Colleges

FY 2011-12

FY 2012-13

State Aid

Instruction - Formula Funding

1) Increase Curriculum Tuition

For each \$1 increase in curriculum tuition, an estimated \$4.6 million in tuition receipts would be generated. Current tuition is \$56.50/credit hour for resident students and \$248.50/credit hour for out-of-state students. The maximum amount an in-state student could pay per year is \$1,808.

Total funding available for the curriculum instruction formula is \$653,249,998. Of this, current tuition revenue makes up 44% or \$286,749,173. Please note that tuition revenue in FY 2012-13 for each option could increase based on enrollment growth funding decisions.

Option 1: (Governor's recommendation) Increase tuition by \$5.50 per credit hour, or a maximum of \$176 per year.	(\$25,309,268)	R	(\$25,309,268)	R
Option 2: (Agency 5% and 10% Options) Increase tuition by \$10 per credit hour, or a maximum of \$320 per year.	(\$46,016,850)	R	(\$46,016,850)	R

2) Modify Funding Formula

The majority of funding in the NC Community College System is distributed via the curriculum and continuing education funding formula. An alternative to across the board reductions to the funding formula would be to revise the formula to focus on priority areas in the following way:

Tier 1: Health care, technical education, and lab-based science curriculum courses.

Tier 2: All other curriculum courses and continuing education courses mapped to a third-party credential, certification, or industry-designed curriculum.

Tier 3: All other continuing education courses.

Total funding available for the curriculum and continuing education formulae in FY 2011-12 is \$734,340,394, of which State appropriations (\$306,337,725) make up 42%. Additionally, there is \$23,340,441 in categorical curriculum funding (entirely State appropriations) for higher cost programs.

Option 1: Eliminate specialized categorical funding as follows, and redistribute the existing formula funding as described above:	(\$23,340,441)	R	(\$23,340,441)	R
- Allied health (\$16,842,300)				
- Technical education (\$5,500,000)				
- Special High Cost Program Allotments				
-Wilson Community College (Heavy Equipment, \$328,336)				
-Cape Fear Community College (Marine Technology, \$669,805)				

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2) Modify Funding Formula (continued)					
Option 2: (Governor's recommendation and Agency 10% option) Combine existing allied health and technical education categorical funding with curriculum and continuing education formula funding, and reduce the total funding by \$25 million.		(\$24,993,558)	R	(\$24,993,558)	R
3) Reduce Basic Skills Funding					
The Basic Skills (literacy) Block Grant provides funding to all 58 community colleges' Basic Skills programs to serve adults 16 or older and out of school who do not have a high school diploma or who lack sufficient skills to function in society.					
On a total spending per FTE basis, Basic Skills funding exceeds both curriculum (by \$874 per FTE when student receipts are included) and continuing education (by \$1,395 per FTE when student receipts are included). Reducing Basic Skills funding by \$874 per FTE, to fund it at the same level as curriculum, would yield \$19 million in savings; however, a reduction of this size would cause State funding to fall below federal Maintenance of Effort requirements.					
Total funding available for the Basic Skills formula is \$91,441,699, of which State appropriations (\$80,483,463) make up 88%.					
Option 1: (Agency 10% option) \$5.25 million reduction		(\$5,250,000)	R	(\$5,250,000)	R
Option 2: Reduce funding by the maximum amount allowed under federal MOE guidelines.		(\$12,110,853)	R	(\$18,948,113)	R
4) Tuition Waivers					
Community college tuition waivers lower the total amount of student receipts in curriculum and continuing education instruction. Options for reducing the amount of tuition waived will be discussed with other financial aid reduction options.					

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Institutional and Academic Support - Formula Funding

5) Reduce Institutional and Academic Support

Institutional and Academic Support funding is provided to support salaries, fringe benefits, and other costs related to the management and administration of the entire institution, student support (including financial aid), and academic program support. It includes:

- College presidents' State salaries
- Base allotment (the same for each college, based on 30 positions)
- Enrollment allotment (funded per FTE for each FTE over 750)

Total funding available for the institutional support formulae is \$461,034,336 (all State appropriations). Beginning in FY 2010-11, the funding available for these formulae was increased by approximately \$50 million due to increased needs in student services.

Option 1: (Governor's recommendation) Reduce the base portion of the institutional support allotment by one position and reduce the enrollment-driven portion by 2%. This represents an overall reduction of 2% to the total institutional support allotment.	(\$8,993,686)	R	(\$8,993,686)	R
Option 2: Contingent on the passage of either H.B. 7 or S.B. 74, eliminate all (\$18 million) or a portion of the funding transferred from instruction to student services in FY 2010-11 as a result of the requirement that all schools offer Federal student loans.	(\$18,000,000)	R	(\$18,000,000)	R

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Categorical Aid and Other Support to Colleges

6) Allied Health, Technical Education, and Special High Cost Allotment

See "Modify Funding Formula" under Instruction - Formula Funding. Total funding available is \$23,340,411.

7) Multi-campus College Funds

Multi-campus colleges function as a satellite location in the service area of a college to provide population and geographic access for community outreach, testing, faculty/staff offices, as well as literacy, continuing education, and curriculum instruction. The MCC allotment provides supplemental funds to help support duplicative costs of staffing these locations.

Total funding is \$14,056,785 (all State appropriations).

Option 1: Because this funding provides support for similar expenditures to those funded by the Institutional Support formula, reduce total funds by 2.7% (or an amount matching any reduction to Institutional and Academic Support).

(\$379,533) R (\$379,533) R

Option 2: Reduce total funds to \$12,917,716, a level proposed in a 2009 reduction scenario. This would generate \$1,139,069 in savings.

(\$1,139,069) R (\$1,139,069) R

Option 3: Eliminate all multi-campus college supplemental funding. Multi-campus colleges would still generate regular per FTE funding.

(\$14,056,785) R (\$14,056,785) R

8) Customized Training

The Customized Training Program offers programs and training services to assist new and existing businesses and industry to remain production, profitable, and within the State.

Total funding is \$12,457,121 (all State appropriations); however per G.S. 115D-5.1(f2) unexpended funds to not revert and are instead carried forward to the next year. Therefore, the total amount available to spend in FY 2010-11 is \$24,146,098.

Option 1: (Agency 10% option) Reduce budgeted funding for the Customized Training program by \$600,000 or 4.8%.

(\$600,000) R (\$600,000) R

Option 2: Take a nonrecurring reduction to Customized Training funds such that \$15 million could still be expended in each year of the biennium. This assumes that \$9.5 million is spent in FY 2010-11.

(\$9,560,340) NR

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9) Small Business Centers						
Each of the 58 community colleges has a small business center, the mission of which is to help the small businesses within its service area survive, prosper, and contribute to the economic well-being of the community and the State.						
Total funding available for the Small Business Center allotment is \$5,883,027 (all State appropriations).						
Option: In 2009, a \$402,861 reduction was made to the State's small business centers. This funding was restored in 2010. Reinstating that reduction would yield \$402,861, a 7% reduction.			(\$402,861)	R	(\$402,861)	R
10) BioNetwork						
The BioNetwork was created in 2003, with six initial BioNetwork Centers. In FY 2008-09, a seventh center was added. The Centers include:						
- Robeson CC (BioAgriculture Center)						
- Asheville-Buncombe Tech CC (BioBusiness Center)						
- Gaston CC (BioEducation Center)						
- Pitt CC (Bioprocessing Center)						
- Forsyth Tech CC (National Center for the Biotechnology Workforce)						
- Wake Tech CC (Capstone Center and BioNetwork Mobile Lab)						
- Forsyth Tech CC and Guilford Tech CC (Pharma Center and Pharma Center Analytic Training Lab).						
Additionally, \$284,000 in grants were awarded to 5 colleges for biotechnology-related activities, equipment, and supplies.						
Total funding for this program is \$4,396,284 (all State appropriations).						
Option 1: (Agency 10% option) Reduce amount available for grants by \$84,000, to \$200,000. Reduce center budgets by 5%. Eliminate FY 2010-11 unallotted balance of \$646.			(\$290,228)	R	(\$290,228)	R
Option 2: A 2009 budget option included consolidating BioNetwork centers. In addition to the reduction options above, require consolidation or elimination of at least one of the 7 centers. Savings would vary by center reduced/eliminated. Conservative figure is an additional \$300,000, which would likely allow some funds for functions transferred to other centers.			(\$590,228)	R	(\$590,228)	R

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11) Biotechnology Training Center at the NC Research Campus				
Provides funds to Rowan-Cabarrus Community College to support lease expenses, faculty and staff, building operations, and equipment at the Center.				
Total funding through the Community College budget is \$3,364,662.				
Option: Eliminate the recurring equipment portion of the Center's budget.	(\$240,000)	R	(\$240,000)	R
12) Child Care Grants				
Each college receives an allocation to assist student-parents with the financial responsibilities for child care expenses so that they may stay enrolled and complete their educational goals. All curriculum student-parents are eligible to apply; child care coordinators and financial aid officers at each college jointly determine the need of student-parents.				
Total funding is \$1,838,215 (all State appropriations).				
Option 1: Reduce funds to FY 2009-10 actual levels (\$1,689,221).	(\$148,994)		(\$148,994)	
Option 2: Eliminate funding and explore set-aside options within early childhood education funding in HHS and Education Subcommittee budgets (Child care grants, Smart Start, More at Four).	(\$1,838,215)		(\$1,838,215)	
13) NC Military Business Center				
The NC Military Business Center, located at Fayetteville Technical CC, works with communities and companies to develop and obtain federal business opportunities, including with the US military and at NC military installations.				
The NC Military Business Center was subject to continuation review in FY 2008-09 and had funding fully reinstated in the 2009 budget.				
Total funding is \$1,250,000 (all State appropriations).				
Option 1: (Agency 10% option) Reduce State funding by 10%.	(\$125,000)	R	(\$125,000)	R
Option 2: Reduce funding to FY 2009-10 actual expenditure level.	(\$133,215)	R	(\$133,215)	R

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14) Textile Center						
The Textile Center at Gaston College provides research, testing, and training services to the textile industry. Additionally, Gaston College uses the East Campus Center at Belmont (the location of the Textile Center) as a multi-campus college, providing instruction to between 220 and 250 FTE in FY 2010-11.						
Total funding is \$912,509 (all State appropriations).						
Option 1: (Agency 10% option) Reduce funding by 15% and encourage center to generate more receipts.			(\$136,876)	R	(\$136,876)	R
Option 2: Eliminate supplemental funding to the Textile Center, but leave sufficient funds for East Campus Center at Belmont to be funded under the multi-campus college funding allotment, estimated at \$350,000. It is important to note that, typically a campus must serve 300 FTE per year to be considered a multi-campus college, however there are existing MCCs serving under 300 FTE.			(\$562,509)	R	(\$562,509)	R
Option 3: (Governor's recommendation) Eliminate funding.			(\$912,509)	R	(\$912,509)	R
15) Minority Male Mentoring						
The Minority Male Mentoring program was established in the fall of 2003 to improve the retention and graduation rates of minority male students in the NCCCS.						
Forty-one of the 58 colleges were awarded funds of \$25,000 in FY 2010-11 (\$900,000 from this appropriation and \$125,000 from UNC's College Access Challenge Grant Funds). Thirty-eight of these schools operated Minority Male Mentoring programs in FY 2009-10 without State appropriations.						
Total funding in the Community Colleges budget for the program is \$900,000. The program received nonrecurring State funds in FY 2007-08 and FY 2008-09, and received no funding in FY 2009-10. In 2010, the program received an appropriation of \$900,000 for FY 2010-11.						
Option 1: Reduce funding by 10%.			(\$90,000)	R	(\$90,000)	R
Option 2: Eliminate funding and encourage colleges to seek alternative grant funding.			(\$900,000)	R	(\$900,000)	R

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16) Manufacturing Solutions Center						
The Manufacturing Solutions Center (formerly Hosiery Tech Center) at Catawba Valley Community College assists manufacturing companies through testing, research and development, training, and advocacy.						
Total funding is \$572,116 (all State appropriations).						
Option 1: (Agency 10% option) Reduce funding by 15% and encourage center to generate more receipts. Note: S.L. 2010-31, Section 8.8 clarified that all fees collected by the Manufacturing Solutions Center for testing products are retained by the Center and used for Center operations.			(\$85,817)	R	(\$85,817)	R
Option 2: (Governor's recommendation) Eliminate funding.			(\$572,116)	R	(\$572,116)	R
17) Haywood Regional High Tech Center						
The Haywood Regional High Tech Center at Haywood Community College provides high technology training and promotes the growth of regional industry. Examples of regional service include the offering of curriculum and continuing education programs in Machining, Industrial Systems, Electronic Engineering, Mechanical Engineering, and Computer Networking.						
Total funding is \$582,383 (all State appropriations).						
Option 1: (Agency 10% option) Reduce funding by 50%.			(\$291,192)	R	(\$291,192)	R
Option 2: (Governor's recommendation) Eliminate funding.			(\$582,383)	R	(\$582,383)	R
18) Hickory Metro Higher Education Center						
Hickory Metro Higher Education Center (HMHEC) partners with colleges and universities in western NC to offer off-campus degree, certificate, and licensure programs in Hickory. The primary university partner is Appalachian State University (ASU).						
Total funding in the Community Colleges budget is \$264,833 (all State appropriations). The total Center budget (including ASU funding) was \$1 million in FY 2009-10.						
Option: (Agency 10% option and Governor's recommendation) Eliminate funding.			(\$264,833)	R	(\$264,833)	R

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19) Fayetteville Technical Community College Botanical Lab				
Cape Fear Botanical Garden operates a botanical garden in Fayetteville, which serves as an outdoor learning laboratory for FTCC's Horticulture Technology/Management program.				
Total State funding is \$264,000.				
Option: (Agency 10% option and Governor's recommendation) Eliminate funding.	(\$264,000)	R	(\$264,000)	R
20) NC REAL				
The NC Rural Entrepreneurship through Active Learning (NC REAL) is a nonprofit organization which provides training in entrepreneurial skills.				
Total funding is \$250,000 (all State appropriations). Total NC REAL expenditures in FY 2008-09 were \$697,203.				
Option 1: (Agency 10% option) Reduce funding by 50%.	(\$125,000)	R	(\$125,000)	R
Option 2: (Governor's recommendation) Eliminate funding.	(\$250,000)	R	(\$250,000)	R
21) Community College Worker's Compensation Costs				
The System Office subsidizes workers' compensation costs for the 58 community colleges.				
Total funding is \$1,704,874 (all State allocations).				
Option 1: Phase out State support for Workers' Compensation Costs over the biennium, by eliminating recurring funding and providing nonrecurring support at 66% for FY 2011-12 and 33% for FY 2012-13.	(\$1,704,874)	R	(\$1,704,874)	R
	\$1,125,217	NR	\$562,608	NR
Option 2: (Governor's recommendation) Eliminate funding and require colleges to pay these costs.	(\$1,704,874)	R	(\$1,704,874)	R

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Other State Aid Reduction Options

22) College Consolidation

Consolidate one or more smaller colleges into larger, nearby colleges as multi-campus colleges. Estimated savings vary based on the colleges selected, but range from \$1 to \$1.5 million. The majority of savings are achieved by the loss of base allotments in a variety of funding formulae. If changes are made to those formulae, the savings estimates may change.

There is one college with under 1,000 allotted budget FTE in FY 2010-11 and 4 additional colleges below 1,500 allotted budget FTE.

Option: Consolidate 3 colleges, effective FY 2012-13 and reduce institutional support allotment accordingly.	\$0	(\$3,750,000)	R
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23) Management Flexibility Reduction

A management flexibility reduction is a reduction that colleges have flexibility in determining how to meet. The 2011-12 base budget includes a management flexibility reduction of \$29 million. This represents 2% of total State aid to colleges and 2.7% of State appropriations to colleges.

Option 1: (Agency 5% option) Add an additional 0.7% management flexibility reduction for a total of 3.5%.	(\$7,834,700)	R	(\$7,834,700)	R
Option 2: (Agency 10% option) Add an additional 2.8% management flexibility reduction for a total of 5.5%.	(\$29,259,764)	R	(\$29,259,764)	R
Option 3: (Governor's recommendation) Add an additional 3% management flexibility reduction for a total of 5.8%.	(\$32,295,930)	R	(\$32,295,930)	R

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System Office				
24) Eliminate System Office Positions				
The System Office has 213 positions and an operating budget of \$30.5 million (excluding student financial aid), \$25.8 million of which is State appropriations.				
Option 1: (Agency 5% option and Governor's recommendation) Eliminate 6 System Office positions. The duties of these positions shall be eliminated or absorbed by other System Office employees.	(\$423,824)	R	(\$423,824)	R
Option 2: (Agency 10% option) Eliminate 19 System Office positions.	(\$1,291,423)	R	(\$1,291,423)	R
25) Reduce Funds for 2+2 E-Learning Initiative				
The 2+2 Initiative provides funding for a variety of content development and e-learning infrastructure required to support targeted students and educational programs.				
Total funding available in the Community College budget is \$750,000.				
Option: (Agency 5% and 10% options and Governor's recommendation) Reduce funding by 97,000.	(\$97,000)	R	(\$97,000)	R
25) System Office Operating Funds Reduction				
As noted above, the System Office has 213 positions and an operating budget of \$30.5 million (excluding student financial aid), \$25.8 million of which is State appropriations.				
Option: (Agency 5% option and Governor's recommendation) Reduce operating funds for travel, training, information technology, and other expenses.	(\$239,969)	R	(\$239,969)	R
26) Shift System Office Positions to Receipt Support				
Positions that oversee activities that generate receipts may be partially or entirely supported by those receipts.				
Option: (Agency 5% and 10% options and Governor's recommendation) Shift 3.5 positions from appropriations to federal, indirect costs, and proprietary school receipts.	(\$322,180)	R	(\$382,180)	R

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27) Shift GED Program to Receipt Support				
The System Office provides leadership, oversight, and policy development, and technical assistance on General Education Development (GED) issues to all 58 colleges. The only fee a Basic Skills student pays is the fee of \$7.50 if he or she takes the GED exam. North Carolina has one of the lowest GED fees in the country, and the current fee does not cover the cost of the program or test scoring.				
Option: (Agency 5% and 10% options and Governor's recommendation) Shift the GED program entirely to receipt support by increasing the fees for individuals taking the GED test to \$15. The fees will be used to support the costs of administering the tests, including scoring the tests and printing GED certificates. A total of 2.5 positions would be shifted from appropriations to receipt support.	(\$208,533)	R	(\$208,533)	R