

Governor's Recommended Adjustments to Base Budget

Public Education (13510)

Recommended General Fund Budget and Positions

	<u>2013-14</u>	<u>2014-15</u>
Base Budget		
Requirements	\$11,229,622,656	\$11,356,331,834
Receipts	<u>\$3,244,697,899</u>	<u>\$3,245,234,004</u>
Appropriation	\$7,984,924,757	\$8,111,097,830
Adjustments		
Requirements	(\$28,660,068)	\$31,703,146
Receipts	<u>\$56,495,763</u>	<u>\$23,026,823</u>
Appropriation	(\$85,155,831)	\$8,676,323
Total		
Requirements	\$11,200,962,588	\$11,388,034,980
Receipts	<u>\$3,301,193,662</u>	<u>\$3,268,260,827</u>
Recommended Appropriation	<u>\$7,899,768,926</u>	<u>\$8,119,774,153</u>
Positions		
Base Budget Positions	1,339.190	1,339.190
Continuation	-	-
Reductions	(46.250)	(46.250)
Expansion	<u>3.000</u>	<u>3.000</u>
Recommended Positions	<u>1,295.940</u>	<u>1,295.940</u>

Appropriation Items -- Recommended Adjustments

Continuation

2013-14

2014-15

State Public School Fund

1. Update Average Daily Membership (ADM) Adjustment for Enrollment Growth

This item revises the initial ADM adjustment in the 2013-15 base budget. It supports a net increase of 6,642 ADM in 2013-14 and 6,636 ADM in 2014-15. This appropriation ensures adequate funding for instructional positions and instructional supplies that are allocated to the LEAs based on increasing student enrollment or average daily membership (ADM). There are 921 additional teacher positions for 2013-14 and 1,813 for 2014-15. ADM is 1,509,985 for 2013-14 and projected ADM for 2014-15 is 1,526,591. Receipts from the Highway Fund for Driver Education are reduced due to a decrease in 9th grade ADM by 3,088 in 2013-14 and by 3,145 in 2015-15.

Requirements	\$10,616,485	\$11,215,966
Receipts	(\$625,322)	(\$595,583)
Appropriation	\$11,241,807	\$11,811,549

2. Update Average Salary Adjustment

This adjustment revises average annual salaries in the 2013-15 base budget, using actual 2012-13 sixth pay period as the revised projection base. It updates the average salary adjustment that was based on available initial projections from the 3rd pay period. This adjustment is made annually after reviewing budgeted salary projections for all certified personnel. Typically, because of turnover in these positions, the actual salaries are lower than budgeted salaries, and savings can be realized without reducing teacher salaries.

Appropriation	(\$11,873,083)	(\$11,980,756)
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3. Consolidate All Funding Sources Supporting the Tarheel Challenge Academy

The North Carolina Tarheel Challenge program is part of the National Guard Youth Challenge Program and receives federal funds from this entity. The appropriation that provides the required matching funds was transferred to DPI as a pass-through per Session Law 2009-451. National Guard federal funds are designated receipts to the Department of Public Safety where the program is implemented. Moving the required state match back to the Department of Public Safety will consolidate all funding sources in the agency in which the program resides.

Appropriation	(\$767,719)	(\$767,719)
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4. Textbooks

A nonrecurring reduction was enacted by the General Assembly each year of the 2011-13 biennium per Session Law 2011-145. This item partially restores the \$76.5 million nonrecurring reduction in 2013-14

and fully restores the reduction in 2014-15. The total budget for 2013-14 is \$81 million; a 155% increase, and \$91.3 million in 2014-15; a 235% increase over the 2012-13 authorized budget.

Appropriation **\$58,250,000** **\$76,500,000**

5. Instructional Supplies and Equipment

This item partially restores the nonrecurring reduction enacted by the General Assembly in each year of the 2011-13 biennium per Session Law 2011-145. The restoration is based upon a per ADM amount of \$40.08 in 2013-14 and \$56.99 in 2014-15. The instructional supplies and equipment allotment shall no longer include a funding formula for PSAT. The ACT assessments are being funded and used to assess college readiness. The 2013-14 budget is \$59.5 million, a 19% increase over the 2012-13 authorized budget. The 2014-15 budget is \$85 million, a 70% increase over the 2012-13 authorized budget.

Appropriation **\$9,443,104** **\$34,936,054**

Total Recommended Continuation

	<u>2013-14</u>	<u>2014-15</u>
Recurring		
Requirements	\$65,668,787	\$109,903,545
Receipts	(625,322)	(595,583)
Appropriation	\$66,294,109	\$110,499,128
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Reductions

2013-14 2014-15

State Public School Fund

1. Focus Teacher Assistant Funding on Grades K-1

Focus teacher assistant funding on grades K-1 by lowering the ratio of teacher assistant to students to 1:17 in those grades. Funds remaining will be allocated on the basis of K-1 average daily membership (ADM). Local school administrative units (LEAs) continue to have flexibility to place teacher assistants across grades K-3.

Appropriation **(\$117,123,733)** **(\$117,123,733)**

2. Align Limited English Proficiency (LEP) Funding with Actual Need

Funds are appropriated for students for whom English is not a first language based upon an annual December headcount. Budgeted

headcount is higher than the revised December headcount for each year of the biennium. Actual 2011-12 expenditures were \$71.2 million.

Appropriation	(\$3,000,000)	(\$3,000,000)
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3. Utilize One-Time Over Collected Civil Penalties

The Civil Penalties and Forfeiture Fund was created by G.S.115C-457.1, which authorizes the Office of State Management and Budget (OSBM) to administer the fund. Proceeds collected by agencies are then transferred by OSBM to the Department of Public Instruction for the School Technology Fund and for allocation to the LEAs based on average daily membership. The General Assembly appropriated \$138.3 million in civil penalties each year of the 2011-13 biennium in Session Law 2011-145; \$18 million to the School Technology Fund and \$120.3 million to the State Public School Fund. Civil Penalty collections are overrealized for 2012-13. These one-time excess receipts are budgeted in lieu of State Public School Fund appropriations in the first year of the 2013-15 biennium.

Requirements	-	
Receipts - Nonrecurring	\$25,950,674	

Appropriation - Nonrecurring	(\$25,950,674)	-
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4. Redirect Uncommitted Balance of Small County Reserve

The Small County Supplemental Funding allotment is designed to supplement local funds by providing additional funds to small school systems. County LEAs with ADM of less than 3,239, and those with ADM between 3,239 and 4,080 whose adjusted property tax base is below the state average, are eligible. Funds provide the dollar equivalent for a certain number of additional classroom teachers based on student population density (ADM per square mile). The budget for 2012-13 is \$45.5 million, of which \$42.7 million is allotted to 27 eligible LEAs and \$1.3 million is reserved for charter schools residing in those LEAs. An uncommitted balance of \$1.55 million remains in the reserve.

Appropriation	(\$1,555,885)	(\$1,555,885)
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5. Direct Overrealized Sales Tax Receipts to the State Public School Fund

Sales taxes are directed to the State Public School Fund based on the prior year's collection adjusted by the percentage change in the overall collection of the prior year. These funds are allocated from the Department of Revenue to the Department of Public Instruction on a quarterly basis. Budgeted receipts of \$46.3 million shall be increased based upon the most recent revenue estimates.

Requirements	-	-
Receipts	\$5,025,426	\$6,553,965

Appropriation	(\$5,025,426)	(\$6,553,965)
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Department of Public Instruction /Other Entities

1. North Carolina Center for the Advancement of Teaching (NCCAT)

The General Assembly reduced the appropriation to NCCAT by \$3 million or approximately 50% in 2011-12 per Session Law 2011-145. This change removes the remaining appropriation. There are 46.25 FTE; 38.25 of which are filled. One million dollars to provide severance costs and annual leave payouts remains available in 2013-14 for this program.

Appropriation	(\$2,219,222)	(\$3,219,222)
Positions	(46.250)	(46.250)

2. Continue the General Assembly's Phase Out of Teaching Fellows Scholarships

The General Assembly phased out this scholarship program in Session Law 2011-145, supporting one final freshman class in the 2011-12 school year. Members of the last entering class will be college juniors in the 2013-14 school year, allowing for 1/3 of the scholarship funds to be eliminated on a recurring basis in 2013-14 and 2/3 in 2014-15.

Appropriation	(\$3,095,000)	(\$6,190,000)
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3. Align Teaching Fellows Fund Balance to Meet Need

In 2012-13 the Teaching Fellows fund balance was reduced by \$3.3 million on a nonrecurring basis. This item reduces the estimated remaining available fund balance.

Appropriation - Nonrecurring	(\$1,300,000)
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Total Recommended Reductions

	<u>2013-14</u>	<u>2014-15</u>
Recurring		
Requirements	(\$126,993,840)	(\$131,088,840)
Receipts	5,025,426	6,553,965
Appropriation	(\$132,019,266)	(\$137,642,805)
Positions	(46.250)	(46.250)
Nonrecurring		
Requirements	(\$1,300,000)	-
Receipts	25,950,674	-
Appropriation	(\$27,250,674)	-
Positions	-	-

Expansion

<u>2013-14</u>	<u>2014-15</u>
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State Public School Fund

1. Excellent Public Schools Act (EPSA)

The General Assembly designated \$27 million recurring appropriation

in Session Law 2012-142 for the Excellent Public Schools Act. Some components of the Act are not required to be implemented until 2014-15. Based on the requirements of the Act and current implementation data, additional appropriation is needed in the second year of the biennium. Two EPSA components to be implemented in 2014-15 that are not fully supported by the current appropriation are Summer Reading Camps and Reading Plan for Parents. Summer Reading Camps are to be administered by all LEAs for students not demonstrating reading proficiency on the 3rd grade reading End of Grade (EOG) test. The EPSA also requires that a reading plan be provided to parents of retained 3rd graders.

Appropriation

\$28,000,000

2. American College Testing (ACT) Assessments

The ACT is considered an accurate gauge of school achievement and career and college readiness. The ACT battery assesses public/charter school students and includes EXPLORE (required for all 8th graders), PLAN (required for all 10th graders), ACT (required for all 11th graders), and WorkKeys (required for all grade 12 students enrolled as Career and Technical Education concentrators). In Session Law 2011-145 the General Assembly amended G.S. 115C-174.20 and G.S 115C-174.25, directing the State Board of Education, within available funds, to require the administration of diagnostic tests in the 8th and 10th grades that align to the ACT and WorkKeys tests. The results of the ACT assessments provide information that can guide the use of individualized student instructional strategies in English, Writing, Math and Science, and career readiness dimensions. Results can be used to identify students in need of assistance and to guide instruction to ensure adequate preparation for college and careers. Full implementation of this initiative will lead to a decreased need for remedial courses in higher education.

Appropriation

\$7,500,000

\$7,500,000

3. Enhance Digital Learning Opportunities for Students

Lottery receipts are directed to support the purchase of reading tablets for students. These funds will be placed in a reserve and awarded through a competitive process for school classroom use. Funds shall be used to support 3rd grade reading achievement or other targeted high priority instructional needs as documented through the application process. The North Carolina Education Lottery Commission projects that lottery revenues will be overrealized in 2012-13, providing an additional \$9 million for Education programs. In addition, \$17 million is estimated to be available on a recurring basis.

Requirements

\$17,068,441

\$17,068,441

Requirements - Nonrecurring

\$9,076,544

Receipts

\$17,068,441

\$17,068,441

Receipts - Nonrecurring

\$9,076,544

Appropriation

-

-

Department of Public Instruction

1. Support Additional Charter School Staff to Allow for Appropriate Oversight

Additional charter school consultants are needed to conduct the business of reviewing the increased volume of charter school applications since the cap on the number of charter schools was lifted in Session Law 2011-164, repealing G.S. 115C-238.29D(b). The national average for consultants to charter schools is 1:9. Funds include salaries, travel, technology needs and \$30,000 for expenses related to the Charter School Advisory Council.

	Appropriation	\$320,000	\$320,000
	Positions	3.000	3.000
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Total Recommended Expansion			
		<u>2013-14</u>	<u>2014-15</u>
Recurring			
Requirements		\$24,888,441	\$52,888,441
Receipts		17,068,441	17,068,441
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Appropriation		\$7,820,000	\$35,820,000
Positions		3.000	3.000
Nonrecurring			
Requirements		\$9,076,544	-
Receipts		9,076,544	-
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Appropriation		-	-
Positions		-	-

**Total Recommended Adjustments for
Public Education (13510)
2013-15**

	<u>2013-14</u>	<u>2014-15</u>
Recurring		
Requirements	(\$36,436,612)	\$31,703,146
Receipts	21,468,545	23,026,823
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Appropriation	(\$57,905,157)	\$8,676,323
Positions	(43.250)	(43.250)
Nonrecurring		
Requirements	\$7,776,544	-
Receipts	35,027,218	-
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Appropriation	(\$27,250,674)	-
Positions	-	-
Total Appropriation Adjustments	(\$85,155,831)	\$8,676,323
Total Position Adjustments	(43.250)	(43.250)

The University of North Carolina

Governor's Recommended Adjustments to Base Budget

The University of North Carolina (160xx)

Recommended General Fund Budget and Positions

	<u>2013-14</u>	<u>2014-15</u>
Base Budget		
Requirements	\$4,250,334,632	\$4,286,773,256
Receipts	<u>\$1,540,782,825</u>	<u>\$1,548,898,786</u>
Appropriation	\$2,709,551,807	\$2,737,874,470
Adjustments		
Requirements	(\$125,138,904)	(\$118,438,904)
Receipts	<u>\$63,768,627</u>	<u>\$62,875,000</u>
Appropriation	(\$188,907,531)	(\$181,313,904)
Total		
Requirements	\$4,125,195,728	\$4,168,334,352
Receipts	<u>\$1,604,551,452</u>	<u>\$1,611,773,786</u>
Recommended Appropriation	<u>\$2,520,644,276</u>	<u>\$2,556,560,566</u>
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Positions		
Base Budget Positions	34,957.220	34,960.020
Continuation	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	<u>34,957.220</u>	<u>34,960.020</u>

Appropriation Items -- Recommended Adjustments

Reductions

2013-14

2014-15

UNC General Administration and Institutions

1. Management Flexibility Reduction

Provides UNC-General Administration and the campuses with the flexibility to identify efficiencies and savings in the operating budget. Campuses shall consider reducing the number of senior and middle management positions, elimination of low-performing or redundant programs, faculty workload adjustments, restructuring of research activities, implementation of span of control measures, use of alternative funding sources, and other staff and operational efficiencies.

Appropriation (\$66,900,000) (\$79,800,000)

Appropriation - Nonrecurring (\$43,800,000) (\$36,000,000)

2. Administrative and Operational Efficiencies

This item continues the implementation of administrative and operational efficiencies including: (1) shared services for residency determination, internal audit, financial aid review, and IT infrastructure; (2) strategic purchasing of commodities in cooperation with state government; (3) span of control evaluations to reduce excess layers of management; (4) improved business practices and elimination of redundant business practices; (5) energy efficiency measures.

Appropriation (\$10,000,000) (\$15,000,000)

3. Instructional Efficiencies

System-wide academic programming measures will be implemented to raise instructional efficiencies and enhance the quality of teaching and research. This will be accomplished through a number of curriculum management strategies, including system-wide section size guidelines, and improved transferability of credits between UNC campuses.

Appropriation (\$15,800,000) (\$21,100,000)

4. Program Consolidation

Small or duplicative programs will be consolidated from the more than 1,700 unique degree programs offered within the UNC system.

Appropriation - (\$1,900,000)

5. Utility Budgets to Reflect Actual Expenditures

Utilities budgets that exceeded 2011-12 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.

Appropriation (\$8,088,719) (\$8,088,719)

6. Building Reserve for Cancelled Addition to McNair Hall

A building addition to NC A&T's McNair Hall was authorized in 2009 but the project has been cancelled. As a result, this building reserve is no longer needed.

Appropriation	(\$150,185)	(\$150,185)
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Tuition

1. Increase Non-Resident Tuition

Tuition rates for North Carolina residents will be not be increased above the levels approved by the UNC Board of Governors. Non-resident tuition rates for graduate and undergraduate degree programs will be increased by 12.3% for UNCSA, NC A&T, NCSU, UNC-C, UNC-CH, and UNC-W and 6% for all other campuses. Campuses identified for a 12.3% increase in non-resident tuition were selected because their combined tuition and fees were significantly lower than their peer average. These increases are in addition to the 2013-14 tuition rates approved by the UNC Board of Governors.

Requirements	-	-
Receipts	\$48,000,000	\$48,000,000
Receipts - Nonrecurring	\$6,100,000	\$6,100,000

Appropriation	(\$54,100,000)	(\$54,100,000)
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2. Assess Same Tuition Rate for All Non-Resident Students Receiving Scholarships

This item repeals G.S. 116-143.6, which allows non-resident students who receive full scholarships to be considered in-state students for tuition purposes. In 2013-14, 489 scholarships would receive this waiver. The number would increase to 510 scholarships by 2014-15. The General Assembly repealed this tuition waiver for athletic scholarships in Session Law 2010-31, Section 9.25.

Requirements	-	-
Receipts	\$8,580,000	\$8,775,000

Appropriation	(\$8,580,000)	(\$8,775,000)
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Financial Aid

1. One-time Increase in Escheat Support for UNC Need-Based Financial Aid

For the 2013-14 year only, the Board of Governors of the University of North Carolina shall receive an additional \$1 million appropriated from the Escheat Fund. This increase in Escheat Fund support shall be offset by an equal reduction in General Fund appropriation support for the Need-Based Financial Aid Program. The Escheat Fund income appropriated in 2013-14 for the community college need-based grants shall be reduced by this recommended amount, and the State Board of Community Colleges shall re-allocate financial aid refunds received in 2012-13 towards 2013-14 community college need-based grants.

	Requirements - Nonrecurring	-	
	Receipts - Nonrecurring	\$1,088,627	
	Appropriation - Nonrecurring	(\$1,088,627)	-
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Total Recommended Reductions			
		<u>2013-14</u>	<u>2014-15</u>
Recurring			
Requirements	(\$100,938,904)		(\$126,038,904)
Receipts	56,580,000		56,775,000
Appropriation	(\$157,518,904)		(\$182,813,904)
Positions	-		-
Nonrecurring			
Requirements	(\$43,800,000)		(\$36,000,000)
Receipts	7,188,627		6,100,000
Appropriation	(\$50,988,627)		(\$42,100,000)
Positions	-		-

Expansion

2013-14 2014-15

Financial Aid

1. North Carolina School of Science and Math Tuition Grant

G.S. 116-238.1 is amended to restore the North Carolina School of Science and Math (NCSSM) Tuition Grant beginning with the school's graduating class of 2014. The 2009 General Assembly authorized phasing out this tuition grant beginning in 2010-11. The tuition grant is a merit-based scholarship for graduates of the NCSSM to attend any of the 16 constituent institutions of the University of North Carolina. No additional funding is required to restore the tuition grant beginning in 2014-15.

UNC Strategic Directions Plan

1. Meeting the State's Education Attainment Goal

In the Strategic Directions Plan, the UNC Board of Governors set forth a goal to increase the percentage of state residents with a bachelor's degree or higher from 26% to 32% by 2018. The projected workforce demand for employees with at least a bachelor's degree was an important factor considered in developing this degree attainment goal. In order to meet this goal, UNC will focus efforts on improving graduation rates of existing students, increasing part-way home and transfer student success, and improving accessibility to North Carolina's military, adult learners, and high school graduates.

1. Performance Improvement Fund	1,000,000	3,000,000
2. Early Warning System	1,000,000	1,000,000
3. Ensuring Success of Transfer and Part Way Home Students	1,000,000	2,000,000
4. Veterans and Active Military Personnel	500,000	1,000,000
5. College Application Week, Minority Male Mentoring, Evaluation	500,000	500,000

	Appropriation	\$4,000,000	\$7,500,000
1. Assess Qualified Military and Veterans Resident Tuition Rate	3,000,000	-	-

Appropriation - Nonrecurring	\$3,000,000	-
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2. Strengthening Academic Quality

In order to increase the number of students prepared for success in an increasingly complex and globally competitive workplace, funding is provided to better assess student learning and to develop new methods of instruction that incorporate technology, distance education, and core competencies.

1. Platform for Adult Students	200,000	500,000
2. Post Baccalaureate Competency-Based Certificate Programs	200,000	500,000
3. Enhanced 2+2 Delivery	200,000	500,000
4. Academic Advising and Career Counseling Staff	1,000,000	2,000,000
5. Competency Based Assessment	600,000	1,200,000

	Appropriation	\$2,200,000	\$4,700,000
1. Eliminate Distance Education Tuition Charge for Full-Time Students	3,000,000	-	

Appropriation - Nonrecurring	\$3,000,000	-
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3. Serve the People of North Carolina

The UNC Strategic Directions Plan identifies areas in which North Carolina can best compete in the knowledge-based economy and improve the quality of life for citizens of the state. Funding is provided for focused investments in faculty, research, and scholarship that support these priorities.

1. Advanced Manufacturing - Faculty and Professional Staff	200,000	1,000,000
2. Advanced Manufacturing - Operations and Support	200,000	500,000
3. Data Sciences - Faculty and Professional Staff	200,000	900,000
4. Data Sciences - Operations and Support	200,000	400,000
5. Defense, Military, and Security - Faculty and Professional Staff	200,000	1,000,000
6. Defense, Military, and Security - Operations and Support	200,000	500,000

7. Energy - Faculty and Professional Staff	200,000	1,000,000
8. Energy - Operations and Support	200,000	500,000
9. Marine and Coastal Sciences - Faculty and Professional Staff	400,000	1,300,000
10. Marine and Coastal Sciences - Operations and Support	200,000	400,000
11. Pharmaco-engineering - Faculty and Professional Staff	200,000	3,400,000
12. Pharmaco-engineering - Graduate Fellowship and Support	-	200,000
13. Innovative Faculty	-	1,300,000
14. Faculty Retention and Professional Development	1,500,000	3,000,000
15. Capital Facilities Lease Costs	-	1,000,000
16. Rural Health Collaborative	500,000	1,000,000
17. Prepare Job-Ready Students Through Experiential Internships	200,000	500,000

Appropriation	\$4,600,000	\$17,900,000
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1. Startup and Infrastructure	-	7,000,000
2. Shared Research Equipment	1,000,000	3,000,000

Appropriation - Nonrecurring	\$1,000,000	\$10,000,000
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4. Maximize Efficiencies; Financially Stable and Accessible University

Funding is provided for the purposes of streamlining operations and focusing resources on the core mission of teaching, research, scholarship, and public service.

1. Program Monitoring, Evaluation, and Implementation	500,000	1,000,000
2. Enhance Private Development	500,000	1,000,000

Appropriation	\$1,000,000	\$2,000,000
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1. Enhanced Data Analytics	800,000	1,500,000
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Appropriation - Nonrecurring	\$800,000	\$1,500,000
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Total Recommended Expansion

	<u>2013-14</u>	<u>2014-15</u>
Recurring		
Requirements	\$11,800,000	\$32,100,000
Receipts	-	-
Appropriation	\$11,800,000	\$32,100,000
Positions	-	-

Nonrecurring

Requirements	\$7,800,000	\$11,500,000
Receipts	-	-
Appropriation	\$7,800,000	\$11,500,000
Positions	-	-

**Total Recommended Adjustments for
The University of North Carolina (160xx)
2013-15**

	<u>2013-14</u>	<u>2014-15</u>
Recurring		
Requirements	(\$89,138,904)	(\$93,938,904)
Receipts	56,580,000	56,775,000
Appropriation	(\$145,718,904)	(\$150,713,904)
Positions	-	-
Nonrecurring		
Requirements	(\$36,000,000)	(\$24,500,000)
Receipts	7,188,627	6,100,000
Appropriation	(\$43,188,627)	(\$30,600,000)
Positions	-	-
Total Appropriation Adjustments	(\$188,907,531)	(\$181,313,904)
Total Position Adjustments	-	-

NC Community Colleges System

Governor's Recommended Adjustments to Base Budget

NC Community Colleges System (16800)

Recommended General Fund Budget and Positions

	<u>2013-14</u>	<u>2014-15</u>
Base Budget		
Requirements	\$1,453,708,790	\$1,453,708,790
Receipts	<u>\$416,278,315</u>	<u>\$416,278,315</u>
Appropriation	\$1,037,430,475	\$1,037,430,475
Adjustments		
Requirements	(\$2,835,273)	\$6,164,727
Receipts	<u>\$7,791,983</u>	<u>\$7,791,983</u>
Appropriation	(\$10,627,256)	(\$1,627,256)
Total		
Requirements	\$1,450,873,517	\$1,459,873,517
Receipts	<u>\$424,070,298</u>	<u>\$424,070,298</u>
Recommended Appropriation	<u>\$1,026,803,219</u>	<u>\$1,035,803,219</u>
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Positions		
Base Budget Positions	194.100	194.100
Continuation	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	<u>194.100</u>	<u>194.100</u>

Appropriation Items -- Recommended Adjustments

Reductions

2013-14

2014-15

Colleges - State Aid

1. Fund Enrollment Growth at the Higher of Current Year or 2-year Average Enrollment

This recommendation would fund community college enrollment at the higher of the current year's enrollment level or the average of the previous two years. Currently enrollment is based on the higher of the current year or the 3-year average. Enrollment has declined the last two years, from a record high in 2010-11. This recommendation would fund community colleges closer to their actual FTE enrollment, at a level of 242,917 FTE for 2013-14. The North Carolina Community College System (NCCCS) shall use this method of calculating enrollment in subsequent fiscal years.

Appropriation (\$20,002,263) (\$20,002,263)

2. Fund Retirement and Medical Benefits for Full-Time Faculty

This recommendation would fund retirement and medical benefits for full-time faculty at community colleges. Currently community colleges receive an allotment to provide curriculum and continuing education faculty. These allocations include full funding for all benefits, even though approximately 40% of faculty are part-time and not eligible for benefits.

Appropriation (\$15,189,563) (\$15,189,563)

3. Realize Savings in Customized Training due to Anticipated 2013-14 Demand

Customized training provides training and education for new and existing companies that are adding jobs, investing in technology, or enhancing productivity. This recommendation reflects total project demands in 2013-14. NCCCS has 2013-14 project commitments with estimated expenses of \$20 million. Since Customized Training has a recurring budget of \$12.5 million, these savings can be realized; \$10 million remains unspent in 2012-13 and is carried forward into 2013-14 as set forth in G.S. 115D-5.1(f2).

Appropriation - Nonrecurring (\$2,000,000)

4. Curriculum Tuition Increase

Tuition rates charged for curriculum courses shall be increased by \$1 per credit hour for resident students (from \$69/hr to \$70/hr) and by \$4 per credit hour for non-resident students (from \$261/hr to \$265/hr). Full-time resident students will pay \$32 more per year and a total annual tuition of \$2,240. Full-time non-resident students will pay \$128 more per year and a total annual tuition of \$8,352. The tuition revenue raised will support the instructional needs of community colleges.

1. Tuition Increase for Residents	-	-
2. Tuition Increase for Non-Residents	-	-
Requirements	-	-
1. Tuition Increase for Residents	4,568,450	4,568,450
2. Tuition Increase for Non-Residents	1,589,024	1,589,024
Receipts	\$6,157,474	\$6,157,474
Appropriation	(\$6,157,474)	(\$6,157,474)

5. Assess Tuition for All Courses Taken by Senior Citizens

Senior citizens in North Carolina may currently enroll in up to six hours of credit instruction and one course of noncredit instruction per semester tuition-free, as permitted in G.S. 115D-5(b)(11). Charging the same tuition for all credits will generate additional tuition and fee receipts to support the instructional costs of these courses.

Requirements	-	-
Receipts	\$970,000	\$970,000
Appropriation	(\$970,000)	(\$970,000)

6. Continuing Education Course Fee Increase

Fees for continuing education courses will be increased by \$5 per course. These additional receipts will support the costs of delivering these courses. The new rates shall be as follows: Classes 1-24 hrs (\$75); Classes 25-50 hrs (\$130); and Classes 51+ hrs (\$185). These fees were last raised in 2009-10.

Requirements	-	-
Receipts	\$664,509	\$664,509
Appropriation	(\$664,509)	(\$664,509)

7. Encourage Efficiencies and Span of Control in Community College Administrative Costs

Reallocate a portion of the institutional and academic support allotment by one clerical position at each college. The base allotment supports 30 positions, including seven clerical positions.

Appropriation	(\$2,480,138)	(\$2,480,138)
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8. Refocus BioNetwork Centers on Biotechnology

The NCCCS BioNetwork connects workforce training and education to biotechnology, pharmaceutical and life science industries through coursework and through seven industry-focused centers around the state. Originally established to focus solely on biotechnology, these centers have grown to include other workforce development and distance learning needs. This recommendation will re-focus all centers on biotechnology. The Mobile Launch Pad for Careers and the BioAgriculture Center at Robeson Community College will no longer

be supported from this appropriation. These programs may be supported from grants or other funding.

Appropriation	(\$597,000)	(\$597,000)
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9. Concentrate Data Connectivity at Main Campuses

Community colleges currently receive \$5.8 million for data connectivity at the colleges. When originally appropriated, these funds were calculated to meet data connectivity needs at each community college's main campus. Due to their concentrated buying power, community colleges were able to negotiate for lower rates. The remaining budget has remained unspent. This recommendation will focus the state funds for data connectivity on the main campuses.

Appropriation	(\$647,972)	(\$647,972)
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10. Specialized Centers and Programs

It is recommended that the following specialized centers and programs focus their efforts on industry-supported activities. These funds are distributed as categorical allotments and are not distributed through the state aid formulas.

1. Marine Technology Program at Cape Fear Community College	(343,670)	(343,670)
2. Fayetteville Technical Community College Botanical Laboratory	(264,000)	(264,000)

Appropriation	(\$607,670)	(\$607,670)
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System Office

1. Recognize Efficiencies in the Community Colleges System Office

Efficiencies shall be realized in the Community Colleges System Office by redirecting funds appropriated for advertising expenditures.

Appropriation	(\$100,000)	(\$100,000)
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Total Recommended Reductions

	<u>2013-14</u>	<u>2014-15</u>
Recurring		
Requirements	(\$39,624,606)	(\$39,624,606)
Receipts	7,791,983	7,791,983
Appropriation	(\$47,416,589)	(\$47,416,589)
Positions	-	-
Nonrecurring		
Requirements	(\$2,000,000)	-
Receipts	-	-
Appropriation	(\$2,000,000)	-
Positions	-	-

Expansion

2013-14 2014-15

Colleges - State Aid

1. Technical Education Equipment and Infrastructure

Employers need skilled workers with hands-on training, requiring community colleges to have up-to-date equipment for classrooms and labs. \$14 million will be invested each year of the 2013-15 biennium in North Carolina's technical education infrastructure. These funds shall be awarded on a competitive basis to community colleges for those programs most directly related to preparing workers for industry's current and future employment needs.

Appropriation - Nonrecurring **\$14,000,000** **\$14,000,000**

2. Performance-Based Funding

These funds will support the implementation of a performance-based funding system for North Carolina community colleges. These funds will be allocated to community colleges based on their performance on student success measures. Community colleges will receive funding based on impact and quality measures. Future performance funding will come from the current enrollment-based funding formula.

Appropriation **\$5,000,000** **\$10,000,000**

3. Increase Funding for Higher Cost Programs

This recommendation will reward community colleges for developing and offering higher-cost degree programs. These programs will be funded 20-25% more than Tier 2 programs. This \$16.8 million will create a Tier 1A for enrollment in those programs of higher costs or leading most directly towards immediate employment. This new tier will see an increase of 10% above current rates (to \$4,058.82 per FTE). The remaining programs currently in Tier 1 will receive an increase of 5% above current rates (to \$3,874.33).

Appropriation **\$16,789,333** **\$16,789,333**

4. Continue NC Back-to-Work Program

The NC Back-to-Work program works with the state's long-term unemployed workers and was funded with a \$5 million nonrecurring appropriation in 2012-13. This recommendation will fund the program at the same level in 2013-15. Due to the slow start of this initiative, \$2 million is estimated to remain unspent at the end of June and is recommended to be carried forward into 2013-14.

Appropriation - Nonrecurring **\$3,000,000** **\$5,000,000**

Total Recommended Expansion

	<u>2013-14</u>	<u>2014-15</u>
Recurring		
Requirements	\$21,789,333	\$26,789,333
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$21,789,333	\$26,789,333
Positions	-	-
Nonrecurring		
Requirements	\$17,000,000	\$19,000,000
Receipts	-	-
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Appropriation	\$17,000,000	\$19,000,000
Positions	-	-

**Total Recommended Adjustments for
NC Community Colleges System (16800)
2013-15**

	<u>2013-14</u>	<u>2014-15</u>
Recurring		
Requirements	(\$17,835,273)	(\$12,835,273)
Receipts	7,791,983	7,791,983
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Appropriation	(\$25,627,256)	(\$20,627,256)
Positions	-	-
Nonrecurring		
Requirements	\$15,000,000	\$19,000,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$15,000,000	\$19,000,000
Positions	-	-
Total Appropriation Adjustments	(\$10,627,256)	(\$1,627,256)
Total Position Adjustments	-	-