
Recommended Adjustments

Education

Public Education

The University of North Carolina

Community Colleges

Public Education

Mission

The guiding mission of the North Carolina State Board of Education (SBE) is that every public school student will graduate from high school, globally competitive for work and postsecondary education and prepared for life in the 21st century.

Goals

North Carolina public schools will produce globally competitive students.

North Carolina public schools will be led by 21st century professionals.

North Carolina public school students will be healthy and responsible.

Leadership will guide innovation in North Carolina public schools.

North Carolina public schools will be governed and supported by 21st century systems.

Governor's Recommended Adjustments to Base Budget

Public Education (13510)

Recommended General Fund Budget and Positions

	<u>2011-12</u>	<u>2012-13</u>
Base Budget		
Requirements	\$10,419,546,636	\$10,419,546,636
Receipts	<u>\$2,496,002,685</u>	<u>\$2,496,002,685</u>
Appropriation	\$7,923,543,951	\$7,923,543,951
Adjustments		
Requirements	(\$344,611,863)	(\$318,428,358)
Receipts	<u>\$6,219,176</u>	<u>\$6,547,059</u>
Appropriation	(\$350,831,039)	(\$324,975,417)
Total		
Requirements	\$10,074,934,773	\$10,101,118,278
Receipts	<u>\$2,502,221,861</u>	<u>\$2,502,549,744</u>
Recommended Appropriation	<u>\$7,572,712,912</u>	<u>\$7,598,568,534</u>
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Positions		
Base Budget Positions	1,322.150	1,322.150
Reductions	(75.100)	(75.100)
Continuation	-	-
Expansion	-	-
Recommended Positions	<u>1,247.050</u>	<u>1,247.050</u>

(Note: Due to the 2010-11 transfers of the Residential Schools for the Deaf and Blind and the Office of Education Services from the Department of Health and Human Services, the 2011-13 DPI position count includes 543 positions associated with these transfers.)

Appropriation Items -- Recommended Adjustments

Reductions

2011-12

2012-13

Technical Adjustments

1. Average Salary Adjustment

Revise budgeted average annual salaries using actual 2010-11 sixth pay period as the base. 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 (\$21,792,273) (\$21,937,637)

2. Exceptional Children Headcount

The exceptional children headcount is adjusted annually to reflect the actual headcount as of April 1, and the appropriation is adjusted accordingly. This adjustment is estimated based on recent fiscal year adjustments.

Appropriation (\$7,000,000) (\$7,000,000)

State Public School Fund

1. Workers' Compensation

Eliminate state funds appropriated to pay claims for state-funded school-based personnel and the state contract for claims management, making payment a local responsibility. The reduction also includes the cost of two workers' compensation attorneys located at the Department of Justice (DOJ). It is recommended that appropriation for these positions in the amount of \$180,394 be transferred to DOJ for 2011-12 to dispose of existing claims incurred prior to that date.

Appropriation (\$34,648,327) (\$34,648,327)

2. Tort Claims

Funds are appropriated and transferred to the Department of Justice (DOJ) to pay tort claims, nearly all of which are for injuries related to school bus accidents. This reduction eliminates the appropriation, making payment a local responsibility. The reduction also includes funds supporting three tort claims positions located at DOJ. It is recommended that appropriation for these positions in the amount of \$172,878 be transferred to DOJ for 2011-12.

Appropriation (\$4,599,225) (\$4,599,225)

3. **Central Office**

Funds are allotted to LEAs to support positions that include superintendents, associate and assistant superintendents, finance officers, and transportation directors. This adjustment represents a 10% reduction to this allotment. An estimated 140 positions could be eliminated based on average salary and benefits.

Appropriation (\$10,745,059) (\$10,745,059)

4. **Instructional Support**

Reduce the instructional support allotment by 5%. An estimated 290 positions could be eliminated based on average salary and benefits.

Appropriation (\$22,964,555) (\$22,964,555)

5. **School Building Administration**

Reduce school building administration funds by 7.5%. An estimated 380 positions could be eliminated based on average salary and benefits.

Appropriation (\$24,612,054) (\$24,612,054)

6. **Textbooks**

This adjustment represents a 34.6% reduction to this allotment leaving an appropriation of \$75.4 million. The appropriation is adequate to support the cost of consumable instructional kits, replacement texts, and the textbook adoptions scheduled each year of the biennium.

Appropriation (\$40,000,000) (\$40,000,000)

7. **Noninstructional Support**

Reduce this dollar allotment that pays for clerical and custodial positions by 15% leaving an appropriation of \$337.5 million. An estimated 1,700 positions could be reduced based on average salary and benefits.

Appropriation (\$59,550,796) (\$59,550,796)

8. **Transportation**

Funds are allotted via a dollar allotment to support K-12 student yellow bus transportation. This adjustment represents a 10% reduction to this allotment. An estimated 1,900 positions could be reduced.

Appropriation (\$40,304,223) (\$40,304,223)

9. **School Bus Replacement**

Eliminate the appropriation on a recurring basis and require bus purchases to become a local responsibility. A nonrecurring \$21.6 million appropriation is recommended for each year of the biennium to support the remaining financing payments for buses replaced in 2009-10.

Appropriation (\$56,851,619) (\$56,851,619)

Appropriation - Nonrecurring \$21,627,977 \$21,627,977

10. **Uniform Education Reporting System (UERS) Funds**

Reduce the UERS appropriation by 17%. These funds were appropriated to support NC WISE and other IT projects/systems. The balance is adequate to support existing projects through the biennium.

Appropriation (\$2,101,213) (\$2,101,213)

11. School Technology

Continue to eliminate funding which is distributed based on ADM. The \$18 million will continue to be available from civil forfeiture funds for this purpose. The school technology allotment has been reduced by 90% on a nonrecurring basis each year of the 2009-11 biennium.

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

12. Staff Development

Continue to eliminate this allotment. Since the majority of LEA expenditures are for purchased services there is no estimated position reduction. The staff development allotment has been eliminated on a nonrecurring basis each year of the 2009-11 biennium.

Appropriation (\$12,619,829) (\$12,619,829)

13. Retirement Incentive for LEAs

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC system employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings estimate assumes a retirement date of November 1, 2011 and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source. It is estimated that 179 LEA positions will be eliminated as a result of this incentive.

Appropriation (\$30,836,878) (\$76,889,013)

Department of Public Instruction /Other Entities

1. Management Flexibility Reduction

This adjustment represents a 10.2% reduction to the department budget, including an estimated 40 positions. The flexibility reduction enables the agency to identify staffing and operating efficiencies. Department reductions shall not reduce any positions that directly support Race to the Top (RttT). The reduction to the department budget since 2009-10 will be \$12.9 million or 38%, and a position reduction of 134.

Appropriation (\$4,374,612) (\$4,374,612)

Positions (40.000) (40.000)

2. Residential Schools for the Deaf and Blind

The General Assembly directed that the residential schools for the deaf and blind be transferred to the Department of Public Instruction no later than June 1, 2011. This adjustment represents a 5% reduction to the \$33.8 million appropriation, including an estimated 22 positions. The agency will have the flexibility to identify staffing and operating efficiencies.

Appropriation (\$1,691,445) (\$1,691,445)

Positions (22.000) (22.000)

3. More at Four Program

This adjustment represents a 5% recurring reduction to the appropriation. Since 2009-10 the program will have been reduced by \$9 million or 10.8%. In addition, the appropriation is offset on a nonrecurring basis by the transfer of Temporary Assistance for Needy Families (TANF) block grant receipts from the Department of Health and Human Services (DHHS).

Requirements	(\$4,041,386)	(\$4,041,386)
Receipts - Nonrecurring	\$6,352,644	\$6,352,644
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Appropriation	(\$10,394,030)	(\$10,394,030)

4. Teacher Academy

Reduce the appropriation by 5%. The Teacher Academy will have the flexibility to identify staffing and/or operating efficiencies.

Appropriation	(\$238,144)	(\$238,144)
Positions	(1.000)	(1.000)

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

This adjustment represents a 10% reduction to the NCCAT appropriation, including an estimated eight positions. NCCAT will have the flexibility to identify staffing and/or operating efficiencies.

Appropriation	(\$610,250)	(\$610,250)
Positions	(8.000)	(8.000)

6. Retirement Incentive for Department Personnel

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC system employees, as well as LEA and community college employees for all FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

Appropriation	(\$163,593)	(\$407,903)
Positions	(4.100)	(4.100)

Pass-Through Funds

1. Eliminate Nonprofits

The following nonprofits are recommended for elimination.
 Federal funds are available to support the Teacher Cadet program.

1. Kids' Voting	(50,000)	(50,000)
2. Dropout Prevention Grants	(13,015,683)	(13,015,683)
3. Science Olympiad	(127,500)	(127,500)
4. North Carolina Science, Math, and Technology Education Center	(100,000)	(100,000)
5. Teacher Cadet	(340,000)	(340,000)

Appropriation	(\$13,633,183)	(\$13,633,183)
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2. Reduce Nonprofits

The following nonprofits are recommended for a 10% reduction.

1. Communities in Schools	(144,675)	(144,675)
2. Teach for America	(90,000)	(90,000)

Appropriation	(\$234,675)	(\$234,675)
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3. Tarheel Challenge Academy

Reduce the appropriation by 10% and transfer \$690,947 back to Crime Control and Public Safety (CCPS). The North Carolina program is part of the National Guard Youth Challenge Program and receives federal funds from this entity. Federal funds budgeted for 2011-13 are \$2 million. The appropriation will support the 25% federal funds match requirement. The program was transferred to DPI as a pass-through per Session Laws 2009-451. National Guard federal funds are designated receipts to CCPS where the program is implemented.

Appropriation	(\$767,719)	(\$767,719)
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Total Recommended Reductions

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	(\$404,381,058)	(\$450,822,867)
Receipts	-	-
Appropriation	(\$404,381,058)	(\$450,822,867)
Positions	(75,100)	(75,100)

Nonrecurring

Requirements	\$21,627,977	\$21,627,977
Receipts	6,352,644	6,352,644
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Appropriation	\$15,275,333	\$15,275,333
Positions	-	-

Continuation

2011-12 2012-13

State Public School Fund

1. Average Daily Membership (ADM) Adjustment

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). The 2011-12 ADM of 1,480,991 is a 5,323 increase over 2010-11 ADM of 1,475,668. 2012-13 ADM is projected to be 1,494,877. Receipts from the Highway Fund for the driver education program are adjusted due to the projected change in ninth grade ADM each year of the biennium.

Requirements	\$38,141,218	\$110,766,532
Receipts	(\$133,468)	\$194,415
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Appropriation	\$38,274,686	\$110,572,117

Total Recommended Continuation

2011-12 2012-13

Recurring

Requirements	\$38,141,218	\$110,766,532
Receipts	(133,468)	194,415
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Appropriation	\$38,274,686	\$110,572,117
Positions	-	-

Nonrecurring

Requirements	-	-
Receipts	-	-
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Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for
 Public Education (13510)
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	(\$366,239,840)	(\$340,056,335)
Receipts	(133,468)	194,415
	(\$366,106,372)	(\$340,250,750)
Appropriation		
Positions	(75.100)	(75.100)
Nonrecurring		
Requirements	\$21,627,977	\$21,627,977
Receipts	6,352,644	6,352,644
	\$15,275,333	\$15,275,333
Appropriation		
Positions	-	-
Total Appropriation Adjustments	(\$350,831,039)	(\$324,975,417)
Total Position Adjustments	(75.100)	(75.100)

The University of North Carolina

Mission

The University of North Carolina is a public, multi-campus university dedicated to the service of North Carolina and its people. It encompasses 16 diverse constituent institutions and affiliated educational, research, and public service organizations. Each shares in the overall mission of the University. That mission is to discover, create, transmit, and apply knowledge to address the needs of individuals and society. This mission is accomplished through instruction, which communicates the knowledge and values and imparts the skills necessary for individuals to lead responsible, productive, and personally satisfying lives; through research, scholarship, and creative activities, which advance knowledge and enhance the educational process; and through public service, which contributes to the solution of societal problems and enriches the quality of life in the state. In the fulfillment of this mission, the University shall seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the state.

Teaching and learning constitute the primary service that the University renders to society. Teaching, or instruction, is the primary responsibility of each of the constituent institutions. The relative importance of research and public service, which enhance teaching and learning, varies among the constituent institutions, depending on their overall missions.

Goals

Our Global Readiness: UNC will educate its students to be personally and professionally successful in the 21st century and, to do so, should enhance the global competitiveness of its institutions and their graduates.

Our Citizens and Their Future - Access to Higher Education: UNC will increase access to higher education for all North Carolinians, particularly for underserved regions, underrepresented populations, and non-traditional students.

Our Children and Their Future - Improving Public Education: UNC will be more actively involved in solving North Carolina's public education challenges.

Our Communities and Their Economic Transformation: UNC will be more actively engaged in enhancing the economic transformation and community development of North Carolina's regions and the state as a whole.

Our Health: UNC will lead in improving the health and wellness of all people and communities in our state.

Our Environment: UNC will assume a leadership role in addressing the state's energy and environmental challenges.

Our University's Outreach and Engagement: UNC will become more directly engaged with and connected to the people of North Carolina, its regions, and our state as a whole.

Governor's Recommended Adjustments to Base Budget

The University of North Carolina (160xx)

Recommended General Fund Budget and Positions

	<u>2011-12</u>	<u>2012-13</u>
Base Budget		
Requirements	\$4,357,761,996	\$4,356,999,918
Receipts	<u>\$1,470,269,532</u>	<u>\$1,470,269,532</u>
Appropriation	\$2,887,492,464	\$2,886,730,386
Adjustments		
Requirements	(\$184,143,265)	(\$161,851,691)
Receipts	<u>\$45,513,364</u>	<u>\$54,423,311</u>
Appropriation	(\$229,656,629)	(\$216,275,002)
Total		
Requirements	\$4,173,618,731	\$4,195,148,227
Receipts	<u>\$1,515,782,896</u>	<u>\$1,524,692,843</u>
Recommended Appropriation	<u>\$2,657,835,835</u>	<u>\$2,670,455,384</u>
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Positions		
Base Budget Positions	37,210.290	37,210.290
Reductions	(2,204.770)	(2,204.770)
Continuation	448.550	393.550
Expansion	—	—
Recommended Positions	<u>35,454.070</u>	<u>35,399.070</u>

Appropriation Items -- Recommended Adjustments

Reductions

2011-12 2012-13

UNC General Administration and Institutions

1. Eliminate Redundant Funding for Higher Education Locations

Eliminate supplemental appropriation for higher education centers in Hickory, Rocky Mount, and Onslow County. Funds are used to support personnel and operating costs associated with offering courses at these locations. These funds are in addition to the appropriation provided for enrollment at the centers.

1. Hickory	(125,000)	(125,000)
2. Onslow County	(125,000)	(125,000)
Positions - Recurring	(2,470)	(2,470)
3. Rocky Mount	(250,000)	(250,000)

	Appropriation	(\$500,000)	(\$500,000)
	Positions	(2,470)	(2,470)

2. Management Flexibility Reduction

Reduce UNC-General Administration and campus operating budgets by 9.5%. To manage this decrease, 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. UNC General Administration shall hold harmless MCNC (\$5.4 million) to maintain the NCREN backbone operation and video service to UNC General Administration and constituent institutions. When carrying out personnel reductions, campuses are encouraged to abolish non-essential positions first. This level of reduction will eliminate an estimated 1,900 positions. The Board of Governors shall use campus initiated tuition increases (CITI) to offset the impact of this reduction. CITI currently under consideration by the Board would generate enough revenue to preserve up to 450 positions, after setting aside 25% of the new revenue for campus-based financial aid.

	Appropriation	(\$252,623,664)	(\$252,623,664)
	Positions	(1,900,000)	(1,900,000)

3. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

Appropriation (\$12,248,768) (\$30,541,211)
Positions (302.300) (302.300)

Financial Aid

1. Reduce Aid to Private Colleges

Aid to private colleges includes the North Carolina Legislative Tuition Grant for all NC residents attending private colleges, Bible College Grants, Private Medical School Aid, and the State Contractual Scholarship Fund (SCSF) need-based program. The total appropriation is reduced by 6.5%. The SCSF shall be held harmless from this reduction.

Appropriation (\$6,791,697) (\$6,791,697)

2. Future Teachers of North Carolina Scholarship Loan (FTNC) Fund

The 2009 session of the General Assembly abolished the FTNC fund effective July 1, 2011. The \$1.95 million program was reduced by \$1.27 million in the 2009-11 biennium, allowing impacted juniors and seniors to be held harmless. This reduction eliminates the remaining balance. The Prospective Teachers Scholarship-Loan Program remains in place to provide scholarship loans to qualified individuals who are pursuing college degrees to become teachers in the public schools of North Carolina.

Appropriation (\$455,000) (\$455,000)

UNC Healthcare

1. Reduce the UNC Hospital Subsidy

Eliminate 25% of the subsidy for charity care. As of December 31, 2010, UNC Hospitals Consolidated Operations showed an operating income of \$56.7 million and overall net income (after adjustments for transfers and investments) of \$98.2 million.

Appropriation (\$11,002,971) (\$11,002,971)

Total Recommended Reductions

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	(\$283,622,100)	(\$301,914,543)
Receipts	-	-
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Appropriation	(\$283,622,100)	(\$301,914,543)
Positions	(2,204.770)	(2,204.770)
Nonrecurring		
Requirements	-	-
Receipts	-	-
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Appropriation	-	-
Positions	-	-

Continuation

	<u>2011-12</u>	<u>2012-13</u>
Continuation Items		
1. Building Reserves		
Fund essential costs associated with the operation and maintenance of facilities scheduled to open in 2011-12 at UNC Institutions.		
1. Appalachian State University	83,825	201,182
Positions - Recurring	2.600	2.600
2. East Carolina University	1,666,373	1,666,373
Positions - Recurring	20.400	20.400
3. Elizabeth City State University	345,264	517,583
Positions - Recurring	7.000	7.000
4. North Carolina A&T State University	2,152,489	2,591,438
Positions - Recurring	34.100	34.100
5. North Carolina Central University	880,089	880,089
Positions - Recurring	10.300	10.300
6. North Carolina State University	542,792	656,974
Positions - Recurring	5.400	5.400
7. UNC-Asheville	16,380	16,380
Positions - Recurring	.300	.300
8. UNC-Chapel Hill Academic	4,216,431	7,577,967
Positions - Recurring	51.500	51.500
9. UNC-Chapel Hill Health Affairs	3,123,055	6,186,778

Positions - Recurring	38.900	38.900
10. UNC-Charlotte	2,032,287	3,048,430
Positions - Recurring	38.600	38.600
11. UNC-Pembroke	743,249	1,486,498
Positions - Recurring	14.900	14.900
12. UNC-Wilmington	182,908	1,378,484
Positions - Recurring	17.700	17.700
13. Winston-Salem State University	733,006	733,005
Positions - Recurring	11.400	11.400
14. Western Carolina University	1,813,466	2,292,370
Positions - Recurring	29.700	29.700
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Appropriation	\$18,531,614	\$29,233,551
Positions	282.800	282.800

2. Enrollment Growth

This recommendation funds the academic requirements for regular term and distance education enrollment growth in the university system. The projected growth over the 2010-11 budgeted student FTE of 198,359 is 2,337 (1.2%) FTE in 2011-12. Additional growth of 2,115 (1.1%) FTE expected in the second year of the biennium brings the 2012-13 student FTE projection to 202,811. Combined total increases to receipts and appropriation provide funding for an additional 264 faculty FTE.

Requirements	\$33,926,351	\$63,837,426
Receipts	\$10,656,801	\$19,566,748
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Appropriation	\$23,269,550	\$44,270,678

3. Research Stations Consolidation

Consolidate research stations and farms at North Carolina State University (NCSU). Twelve research stations currently operated by the North Carolina Department of Agriculture and Consumer Services will be transferred to NCSU. Research stations and farms that are determined to be least significant or that cannot be properly managed within the consolidated budget, shall be sold as surplus property by the Department of Administration (DOA), State Property Office. After allowable DOA service charges, NCSU may retain 25% of sale receipts for one-time expenditures associated with managing the stations, and the remaining receipts shall revert to the General Fund.

Appropriation	\$7,135,312	\$7,135,312
Appropriation - Nonrecurring	\$1,528,995	-
Positions	165.750	110.750

Total Recommended Continuation

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	\$59,593,277	\$100,206,289
Receipts	10,656,801	19,566,748
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Appropriation	\$48,936,476	\$80,639,541
Positions	448.550	393.550
Nonrecurring		
Requirements	\$1,528,995	-
Receipts	-	-
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Appropriation	\$1,528,995	-
Positions	-	-

Expansion

	<u>2011-12</u>	<u>2012-13</u>
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1. Need-Based Financial Aid (NBFA)

The NBFA program currently serves over 67,000 resident undergraduate students. The program's primary funding source is the Escheats Fund (over 90%), but it is also supported by General Fund appropriation and in 2010-11, lottery receipts. NBFA has increased requirements due to the loss of 2010-11 nonrecurring lottery funds and appropriation, projected growth in the number of eligible recipients, and increases to the cost of attendance (tuition and fees, room, board, books, etc.). Lottery receipts of \$34,856,563 will replace the loss of nonrecurring funds. In response to declining Escheats Fund capacity and growing program costs, the State Education Assistance Authority shall implement efficiencies such as, but not limited to, a higher student self help component, a family income cap, standardized award amounts, adoption of College Board guidelines for assessment rates on available income and use of financial aid "set-asides" from campus initiated tuition increases.

Requirements	\$34,856,563	\$34,856,563
Receipts	\$34,856,563	\$34,856,563
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Appropriation	-	-

2. Dental School at East Carolina University (ECU)

The Dental School at ECU expects to enroll its first class of students in the Fall of 2011. Based on the Board of Governors' recommendation, additional funds will continue implementation of the first professional degree program, Doctor of Dental Medicine (DMD), an Advanced Education in General Dentistry (AEGD) Program and a

Pediatric Dentistry Residency Program. Funds will be directed toward curriculum development, new faculty and support staff, and the continued establishment of Community Service Learning Centers where the faculty and students will see patients across the state. At least two Community Service Learning Centers are expected to be operational by the end of the biennium.

	Appropriation	\$3,500,000	\$5,000,000
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Total Recommended Expansion		<u>2011-12</u>	<u>2012-13</u>
Recurring			
Requirements		\$38,356,563	\$39,856,563
Receipts		34,856,563	34,856,563
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Appropriation		\$3,500,000	\$5,000,000
Positions		-	-
Nonrecurring			
Requirements		-	-
Receipts		-	-
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Appropriation		-	-
Positions		-	-

**Total Recommended Adjustments for
 The University of North Carolina (160xx)
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	(\$185,672,260)	(\$161,851,691)
Receipts	45,513,364	54,423,311
	(\$231,185,624)	(\$216,275,002)
Appropriation		
Positions	(1,756.220)	(1,811.220)
Nonrecurring		
Requirements	\$1,528,995	-
Receipts	-	-
	\$1,528,995	-
Appropriation		
Positions	-	-
Total Appropriation Adjustments	(\$229,656,629)	(\$216,275,002)
Total Position Adjustments	(1,756.220)	(1,811.220)

NC Community College System

Mission

To improve the economic and social quality of life in the State of North Carolina by providing residents with accessible opportunities to affordable, high-quality post-secondary education that prepares individuals and organizations to participate effectively in a global, multiculturally diverse, and technology-driven environment.

Goals

Prepare a competitive North Carolina workforce by educating, training, and retraining individuals through comprehensive program choices including basic skills and literacy education, occupational, and pre-baccalaureate programs.

Support statewide economic development through services to and in partnership with business and industry, and in collaboration with the University of North Carolina System and private colleges and universities.

Provide needs-based educational services to communities and individuals that improve the quality of life.

Governor's Recommended Adjustments to Base Budget

Community Colleges System Office (16800)

Recommended General Fund Budget and Positions

	<u>2011-12</u>	<u>2012-13</u>
Base Budget		
Requirements	\$1,458,783,317	\$1,458,783,317
Receipts	<u>\$356,308,103</u>	<u>\$356,308,103</u>
Appropriation	\$1,102,475,214	\$1,102,475,214
Adjustments		
Requirements	(\$46,237,503)	(\$31,018,972)
Receipts	<u>\$39,608,189</u>	<u>\$49,143,712</u>
Appropriation	(\$85,845,692)	(\$80,162,684)
Total		
Requirements	\$1,412,545,814	\$1,427,764,345
Receipts	<u>\$395,916,292</u>	<u>\$405,451,815</u>
Recommended Appropriation	<u>\$1,016,629,522</u>	<u>\$1,022,312,530</u>
<hr/>		
Positions		
Base Budget Positions	210.000	210.000
Reductions	(13.800)	(13.800)
Continuation	-	-
Expansion	-	-
Recommended Positions	<u>196.200</u>	<u>196.200</u>

Appropriation Items -- Recommended Adjustments

Reductions

2011-12 2012-13

Colleges - State Aid

1. Eliminate Specialized Centers and Programs

It is recommended that the following specialized centers and programs be eliminated. These funds are distributed as categorical allotments and are not distributed through the state aid formulas. The funds are used to support 55.5 positions at the colleges, and this reduction may eliminate all of them.

1. Marine Technology Program at Cape Fear Community College	(669,805)	(669,805)
2. Heavy Equipment Program at Wilson Community College	(328,336)	(328,336)
3. Hickory Metro Higher Education Center at Catawba Valley Community College	(264,833)	(264,833)
4. Fayetteville Technical Community College Botanical Laboratory	(264,000)	(264,000)
5. Regional High Technology Center at Haywood Community College	(582,383)	(582,383)
6. Textile Technology Center at Gaston College	(912,509)	(912,509)
7. Center for Manufacturing Solutions at Catawba Valley Community College	(572,116)	(572,116)
8. NC Rural Entrepreneurship through Action Learning (NC REAL) Enterprises Pass-Through	(250,000)	(250,000)

	Appropriation	(\$3,843,982)	(\$3,843,982)
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2. Curriculum Tuition Increase

Tuition rates charged for students enrolled in curriculum courses shall be increased by \$5.50 per credit hour. Full-time students will pay \$176 more per year, increasing resident students' tuition to \$1,984 annually. The tuition revenue raised will support the instructional needs of community colleges.

	Requirements	-	-
	Receipts	\$25,309,268	\$25,309,268
	Appropriation	(\$25,309,268)	(\$25,309,268)

3. Community College Workers Compensation Costs

Eliminate the state subsidy for the college's workers compensation costs. Community colleges will be required to pay these costs.

Appropriation (\$1,704,874) (\$1,704,874)

4. Create More Transparent Curriculum and Continuing Education Formula Funding

It is recommended that the curriculum and continuing education formulas be restructured into three tiers to reflect the cost of providing each program. Tier 1 programs include all health care, technical education, and lab-based science courses. Tier 2 includes all other curriculum courses and those continuing education courses connected to a third-party credential or industry certification. Tier 3 includes all other continuing education courses. To achieve this greater transparency, the State Board of Community Colleges shall merge the health sciences and technical education allotments into the revamped formula. This reduction could eliminate approximately 350 positions at the community colleges.

Appropriation (\$24,993,558) (\$24,993,558)

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

Reduce the base portion of the institutional support allotment by one position and reduce the enrollment-driven portion of the institutional support allotment by 2%. The amount reduced reflects an overall reduction of 2.7% to the total institutional support allotment and may result in the elimination of 220 positions at the community colleges.

Appropriation (\$8,993,686) (\$8,993,686)

6. Management Flexibility Reduction - State Aid

The State Board of Community Colleges shall identify specific efficiencies and other reductions to achieve a 3% reduction in the State Aid budget. Community colleges shall be granted the flexibility to adjust their budget to implement this reduction, and as many as 620 positions may be eliminated.

Appropriation (\$32,295,930) (\$32,295,930)

7. Retirement Incentives for Community College Employees

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source. It is estimated that 130 employees at the community colleges will accept the retirement incentive.

Appropriation (\$5,217,565) (\$13,009,534)

System Office

1. Eliminate System Office Positions and Reduce Operating Funds

Eliminate System Office positions and reduce various operating lines. The duties of these positions shall be eliminated or absorbed by other System Office employees. Operating reductions shall include travel, training, information technology, and other expenses.

1. Eliminate System Office Positions	(423,824)	(423,824)
Positions - Recurring	(6,000)	(6,000)
2. 2+2 E-Learning Initiative	(97,000)	(97,000)
3. System Office Operating Funds	(239,969)	(239,969)

Appropriation	(\$760,793)	(\$760,793)
Positions	(6,000)	(6,000)

2. Shift System Office Positions to Receipt Support

Shift 3.5 positions from appropriation to federal, indirect costs, and proprietary school receipts. These positions oversee the activities that generate these receipts.

Requirements	-	-
Receipts	\$322,180	\$322,180

Appropriation	(\$322,180)	(\$322,180)
Positions	(3,500)	(3,500)

3. Shift GED Program to Receipt Support

The General Education Development (GED) program shall be supported entirely by receipts. The fees assessed to individuals taking the GED test shall be increased to \$15. These fees will be used to support the costs of administering the tests, including scoring the tests and printing the GED certificates. A total of 2.5 positions will be shifted from appropriation to receipt support.

Requirements	-	-
Receipts	\$208,533	\$208,533

Appropriation	(\$208,533)	(\$208,533)
Positions	(2,500)	(2,500)

4. Retirement Incentives for System Office Employees

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community

college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

Appropriation	(\$72,186)	(\$179,990)
Positions	(1.800)	(1.800)

Total Recommended Reductions

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	(\$77,882,574)	(\$85,782,347)
Receipts	25,839,981	25,839,981
	<hr/>	<hr/>
Appropriation	(\$103,722,555)	(\$111,622,328)
Positions	(13.800)	(13.800)
Nonrecurring		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

Continuation

	<u>2011-12</u>	<u>2012-13</u>
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Colleges - State Aid

1. Regular Term Enrollment Growth

This recommendation funds the instructional costs for regular term enrollment growth at community colleges. The fall semester 2010-11 census from the NC Community College System shows a total enrollment increase of 9,712 full-time equivalent (FTE) students above the 2010-11 budgeted enrollment of 243,854. The 2011-12 budgeted enrollment is 253,566 FTEs, a 4% increase over 2010-11. Curriculum enrollment increased by 8,722 FTEs (or 4.5%), continuing education enrollment by 1,125 (or 3.9%), and basic skills enrollment declined by 135 FTEs (or -0.6%). This recommendation includes \$14 million for an additional 2.9% enrollment increase projected in 2012-13.

Requirements	\$31,645,071	\$54,763,375
Receipts	\$13,768,208	\$23,303,731
	<hr/>	<hr/>
Appropriation	\$17,876,863	\$31,459,644

Total Recommended Continuation

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	\$31,645,071	\$54,763,375
Receipts	13,768,208	23,303,731
	<hr/>	<hr/>
Appropriation	\$17,876,863	\$31,459,644
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

Expansion

	<u>2011-12</u>	<u>2012-13</u>
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Colleges - State Aid

1. Equipment for Job Retraining

The Governor recommends \$25 million in nonrecurring funds from the unexpended 2010-11 statewide credit balance to help address equipment needs in the community colleges. These funds will provide essential resources vital to retraining the state's workforce.

Total Recommended Expansion

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for
 Community Colleges System Office (16800)
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
Recurring		
Requirements	(\$46,237,503)	(\$31,018,972)
Receipts	39,608,189	49,143,712
	(\$85,845,692)	(\$80,162,684)
Appropriation		
Positions	(13.800)	(13.800)
Nonrecurring		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation		
Positions	-	-
Total Appropriation Adjustments	(\$85,845,692)	(\$80,162,684)
Total Position Adjustments	(13.800)	(13.800)