

Public Schools FY 2014-15 Summary

How Much Is There?

FY 2014-15 Certified Budget

Expenditures:	\$11,535,567,149
Receipts:	\$3,364,531,340
Appropriation:	\$8,171,035,809

Source: BD 307 Certified Budget, December 2014

Where Does It Go?

Nearly all of the funds appropriated to public schools are allotted to local education agencies (LEAs) for the operation of K-12 classrooms, with the exception of funding for the Residential Schools for the Deaf and Blind and related services, the North Carolina Center for the Advancement of Teaching, and the operating budgets for the Department of Public Instruction (DPI) and State Board of Education. Direct support to LEAs is over 99% of the total public schools budget.

The five largest State funding allotments are:

- **Classroom Teachers** (\$2.846 B): Provides LEAs guaranteed teaching positions based on recommended class size levels. This budgeted amount supports over 66,000 positions.
- **Children with Disabilities** (\$688 M): Funds a program of support for students with an identified disability (CWD) in the public schools. The eligible CWD headcount for FY 2014-15 is 174,232 students and the allotment provides roughly \$3,927 per student.
- **Teacher Assistants** (\$355 M): Provides LEAs with roughly \$1,170 per student in grades K-3. Funds may be used to support TAs or classroom teachers only.
- **Noninstructional Support** (\$366 M): Provides LEAs with roughly \$240 per student in grades K-12. Funds may be used to support clerical, custodial, substitute, or other staff.
- **Instructional Support** (\$348 M): Provides LEAs 1 guaranteed position for every 218 ADM to fund nurses, counselors, psychologists, media specialists, social workers, and librarians. This budgeted amount supports 7,010 positions.
- **Note:** The above amounts are from the December 2014 certified budget and have already been reduced for the statutorily-required transfer to charter schools. The amounts do not include matching benefits costs for Classroom Teachers and Instructional Support guaranteed positions.

What Happened Last Biennium?

- **LEA Adjustment:** Eliminated the LEA Adjustment, or negative reserve, in FY 2013-14 through a combination of specific allotment decreases and additional appropriations.
- **Teacher Salary Increases:** Provided \$282 million in FY 2014-15 to increase Classroom Teacher salaries by an average of 7% and remodeled the experience-based salary schedule from 30 steps to 6 tiers.
- **Opportunity Scholarships:** Authorized scholarship grants of \$4,200 per year for eligible low-income students to attend nonpublic schools with State support.
- **School Performance Grades:** Established the formula (80% performance, 20% growth) for performance grades and required the first grades to be published this month.

North Carolina Community College System FY 2014-15 Summary

How Much Is There?

FY 2014-15 Certified Budget

Expenditures:	1,494,243,930
Receipts:	\$444,189,265
Appropriation:	\$1,050,054,665

Source: Certified Budget, December 2014

Where Does It Go?

Ninety-eight percent (98%) of the NC Community College System budget flows to the community colleges either directly or as student aid. The majority of that funding goes out as formula funding, based on the number and type of full-time equivalent (or FTE) students at each college.

Major allocations include:

- **Tiered Instruction Funding** (\$759 M): Curriculum (\$668 M) and continuing education (\$91 M) funding is allocated on a tiered funding basis. Tier 1A includes curriculum and continuing education budget FTE in health care and technical education courses in priority occupations that have documented skills gaps and pay higher wages. Tier 1B includes budget FTE in other high cost areas of health care, technical education, lab-based science and college-level math courses. Tier 2 includes all other curriculum budget FTE, Basic Skills budget FTE, and continuing education courses mapped to a third-party credential, certification, or industry-designed curriculum. Tier 3 includes all other continuing education.
- **Basic Skills Block Grant** (\$74 M): Basic skills FTE are funded at the Tier 2 rate. Additionally, colleges receive additional funds based on student progress and GED attainment.
- **Institutional & Academic Support** (\$483 M): Funding allocated for the management and administration costs of the institution, including student support and academic program support. Funding includes a base allotment, an enrollment allotment, and a multi-campus allotment.
- **Performance-Based Funding Allocations** (\$18 M): Funding allocated based on institutional performance on a number of accountability measures and performance standards.
- **Categorical Allocations** (\$74 M): There are a number of smaller, categorical allocations that fund the following: Equipment and instructional resources, Federal Vocational Education, child care, small business centers, and, the Customized Training program.

What Happened Last Biennium?

- **Enrollment Model Funding Change:** The legislature modified the enrollment funding model so that budget FTE is now calculated based on the higher of the prior year's enrollment or the average of the prior two years, resulting in a \$20 million reduction due to declining enrollments.
- **Addition of Fourth Tier to Funding Model:** The FY 2014-15 budget provided \$15 million to expand the tiered funding model.
- **Performance-Based Funding:** Directed the implementation of a system for allocating funds to colleges based on institutional performance.
- **Yellow Ribbon G.I. Education Enhancement Program:** Provided \$1 million in forward funding to match federal funds to reduce tuition costs for non-resident veterans. This program funds the gap between non-resident tuition rates and the Post 9/11 G.I. Bill benefit, which funds only up to the resident tuition rate.

University of North Carolina System FY 2014-15 Summary

How Much Is There?

FY 2014-15 Certified Budget

Expenditures:	\$4,370,660,431
Receipts:	\$1,721,681,364
Appropriation:	\$2,648,979,067

Source: Certified Budget, December 2014

Where Does It Go?

Eighty-nine percent (89%) of the UNC budget flows directly to the campuses; the remaining eleven percent (11%) funds UNC General Administration, Financial Aid to Private College Students, and UNC Need-Based Financial Aid, and other non-campus-specific programs. Existing funding is allocated based on historical appropriations; in recent years, most new funding has been allocated to campuses based on the UNC Enrollment Growth Funding Model. The model is based on projected student credit hours and functions as follows:

- Divides courses into four categories that are funded at varying levels (e.g., philosophy courses are funded at a lower amount than nursing or engineering courses).
- Divides courses into three degree levels (i.e., undergraduate, master's, and doctoral) that are funded at varying levels.
- Calculates the cost of instructors' salaries and fringe benefits; support staff; libraries; and general institutional support needed to support increased enrollment.
- **Note:** The North Carolina School for Science and Mathematics, the UNC School of the Arts, and seven professional schools across four UNC campuses use a separate FTE-based model to calculate their requested enrollment growth.

What Happened Last Biennium?

- **Management Flexibility Reduction:** Reduced UNC's budget by \$66 million in FY 2013-14 and \$76 million in FY 2014 in the form of a management flexibility reduction.
- **Hospital and Medical School Spending:** Eliminated a \$15 million appropriation to UNC Hospitals that was used to support the UNC School of Medicine.
- **Non-Resident Tuition Increases:** Increased tuition for non-resident undergraduates by 12% and reduced the General Fund budget by \$27 million
- **Financial Aid:** Altered the funding of the Need Based Grant program so that the program is forward funded, meaning that changes to the scholarship amounts do not impact current year recipients.
- **Yellow-Ribbon:** Provided \$5 million for the state match required for the Yellow-Ribbon program. This program funds the gap between non-resident tuition rates and the Post 9/11 G.I. Bill scholarship, which funds only up to the resident tuition rate.