

2013

**SENATE
APPROPRIATIONS –
EDUCATION**

MINUTES

NORTH CAROLINA GENERAL ASSEMBLY
SENATE APPROPRIATIONS SUBCOMMITTEE
ON EDUCATION/HIGHER EDUCATION
2013-2014 SESSION

Senator Tom Apodaca, Co-Chair
Room 2010, LB- 919-733-5745
Carolyn Gooden

Senator Dan Soucek, Co-Chair
Room 310, LOB- 919-733-5742
John Clark

Senator Jerry Tillman, Co-Chair
Room 627, LOB- 919-733-5870
Suzanne Castleberry

Senator Chad Barefoot
Room 623, LOB- 919-715-3036
Blake Perry

Senator David Curtis
Room 410, LOB- 919-715-3038
Lynn Tennant

Senator Malcolm Graham
Room 622, LOB- 919-733-5650
Amber Harris

Senator Fletcher Hartsell
Room 300, LOB- 919-733-7223
Gerry Johnson

Senator Clark Jenkins
Room 621, LOB- 919-715-3040
Gail Bishop

Senator Earline W. Parmon
Room 519, LOB- 919-733-5620
Pat Christmas

Senator Bob Rucho
Room 300A1, LOB- 919-733-5655
Helen Long

Senator Trudy Wade
Room 2106, LB- 919-733-5856
Kathy Hartsell

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NORTH CAROLINA GENERAL ASSEMBLY

**Appropriations on Education/Higher Education
2013-2014 SESSION**



**Sen. Apodaca
Co-Chair**



**Sen. Soucek
Co-Chair**



**Sen. Tillman
Co-Chair**



Sen. Barefoot



Sen. Curtis



Sen. Graham



Sen. Hartsell



Sen. Jenkins



Sen. Parmon



Sen. Rucho



Sen. Wade

Joint Appropriations Subcommittee on Education

Agenda

**Tuesday, February 12, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Jerry Tillman, Presiding**

- I. Welcome**
Senator Tillman
- II. Committee Member Introductions**
- III. Overview of Education Appropriations Subcommittee**
Andrea Poole, Fiscal Research Division
- IV. Education Budgets in Brief**
Brian Matteson, Fiscal Research Division
Andrea Poole, Fiscal Research Division
- V. Adjourn**

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)
Sen. Soucek (Co-Chair)
Sen. Tillman (Co-Chair)
Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,
Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)
Rep. Horn (Chair)
Rep. McGrady (Chair)
Rep. Bryan (Vice Chair)
Rep. Whitmire (Vice Chair)
Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,
Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,
Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

**Senate Committee on Appropriations on Education/Higher Education
Tuesday, February 12, 2013 at 8:30 AM
Room 421 of the Legislative Office Building**

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on February 12, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Co-Chair, Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Malcolm Graham, Sen. Fletcher Hartsell, Jr., Sen. Clark Jenkins, Sen. Earline Parmon, Sen. Bob Rucho, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Debra Conrad, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Marvin Lucas, Rep. Chris Malone, Rep. Mickey Michaux, Rep. Paul Stam, and Rep. Bob Steinburg. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Senator Jerry W. Tillman, Co-Chair, presided.

Sen. Tillman, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair then asked each Member of the sub-committee to introduce themselves and indicate the district they represent.

The Chair recognized Andrea Poole of the Education Fiscal Research Division (FRD) to review the operations of the committee, the role of the FRD in the committee, and the budget process. Andrea gave an explanation on the contents of the Members' committee folders, including items that should remain in the folder throughout the committee process. (See Attachments 0-6) This included Member picture and office information pages, a glossary of frequently used terms and a list of frequently used education acronyms and abbreviations.

The Chair entertained questions from the Members.

The Chair recognized Brian Matteson of the Fiscal Research Division to review the 2012-2013 Education Budget Summary. (See Attachment 7) Mr. Matteson first gave a "high-level view of the education budget from 2012-2013. He then took a closer look at the public schools budget looking at how much money is budgeted and where the money goes. He listed the 5 largest allotments at

- Classroom Teachers
- Children With Disabilities
- Teacher Assistants
- NonInstructional Support

- Instructional Support

Mr. Matteson then reviewed significant events during the last Biennium, including passage of "The Excellent Public Schools Act," loss of Federal funds, LEA Adjustments, and Local flexibility.

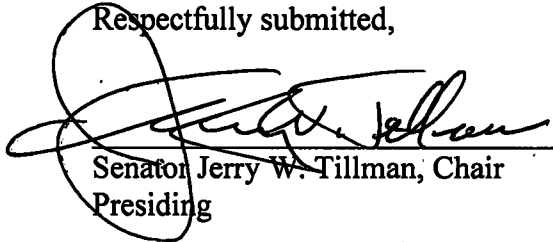
The Chair entertained questions and discussion from the members.

The Chair recognized Andrea Poole of the Fiscal Research Division to review the 2012-2013 Education Budget Summary, specifically North Carolina Community Colleges and the University of North Carolina System. She discussed the largest allotments as well as significant events during the last Biennium as related to both. (See Attachment 7)

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:40AM.

Respectfully submitted,



Senator Jerry W. Tillman, Chair
Presiding



Mark Shiver, Committee Clerk

Education Appropriations Subcommittee Overview

**Joint Subcommittee on Education
Appropriations
February 12, 2013**



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Outline

1. Committee Operations
2. Fiscal Research Division
3. Budget Process



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Committee Operations

- The Joint Full Appropriations Committee is divided into subcommittees by budget area.
- The Joint Education Appropriations Subcommittee is responsible for developing the budgets for:
 - Public schools
 - North Carolina Community College System
 - The University of North Carolina System
 - Private colleges and schools (State appropriations issues only)



Committee Operations

- Meeting jointly for the next several weeks to hear educational presentations about the agencies' budgets.
 - Senate and House will each meet separately to create their versions of the budget after the joint work is complete.
- Meetings will provide committee members a base of knowledge on which to make informed budget decisions.
- Please ask questions.



Committee Operations

- Committee folders contain:

<u>Left Side</u>	<u>Right Side</u>
Committee membership	Daily presentation
Glossary	
List of acronyms	
Committee calendar and guidance	

- The right side of the folders will be emptied after each presentation is finished. Items on the left will remain in the folders.

Fiscal Research Division

- FRD is a nonpartisan, professional staff serving all 170 members of the NCGA.
- Powers and duties include:
 - Analyzing requests and recommendations for appropriations;
 - Examining State operations and recommending efficiencies;
 - Conducting special studies; and
 - Reviewing and evaluating compliance with legislative directives.

Fiscal Research Division

- Primary responsibilities during Session are:
 - Staffing the Appropriation committees.
 - Preparing fiscal notes as necessary.
- FRD is organized in teams by subject area.
- Work with the Bill Drafting Division to provide staff support for the budget process.

Our main goal is to help you make informed decisions.

Fiscal Research Division

Fiscal Research

Higher Education

Andrea Poole

Denise Harb

Public Schools

Brian Matteson

Kris Nordstrom

Bill Drafting

UNC System

Emily Johnson

Community Colleges & Public Schools

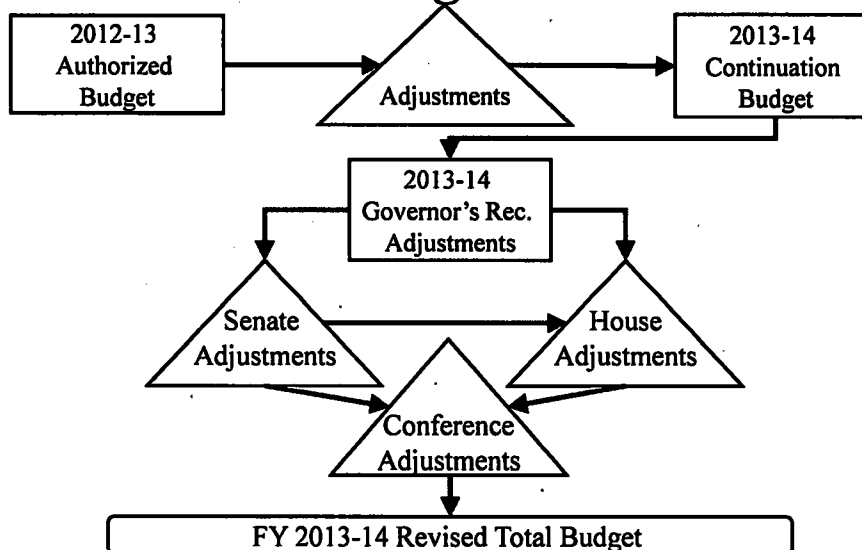
Leslie Karkanawi

Sarah Fuerst

Budget Process

- NC has a biennial budget.
- In the long session, the NCGA passes a two-year budget.
- In the short session, typically adjustments are made to the second year of the biennial budget.
- House and Senate rotate preparation. The Senate takes the lead for the 2013 Session.

2013 Budget Process



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NORTH CAROLINA GENERAL ASSEMBLY

**APPROPRIATIONS ON EDUCATION/HIGHER EDUCATION
2013-2014 SESSION**



**Sen. Apodaca
Co-Chair**



**Sen. Soucek
Co-Chair**



**Sen. Tillman
Co-Chair**



Sen. Barefoot



Sen. Curtis



Sen. Graham



Sen. Hartsell



Sen. Jenkins



Sen. Parmon



Sen. Rucho



Sen. Wade

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NORTH CAROLINA GENERAL ASSEMBLY
House Sub-Committee on Education Appropriations
2013-2014 SESSION



Rep. Hugh Blackwell
Chair



Rep. Craig Horn
Chair



Rep. Chuck McGrady
Chair



Rep. Rob Bryan
Vice chair



Rep. Chris Whitmire
Vice chair



Rep. Larry Bell



Rep. Brian Brown



Rep. Debra Conrad



Rep. Jeffrey Elmore



Rep. Rosa Gill



Rep. Rick Glazier



Rep. Ken Goodman



Rep. Marvin Lucas



Rep. Chris Malone



Rep. Mickey Michaux



Rep. Paul Stam



Rep. Bob Steinburg

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

<u>MEMBER</u>	<u>ASSISTANT</u>	<u>PHONE</u>	<u>OFFICE</u>	<u>SEAT</u>
Rep. Hugh Blackwell, Chair	Dixie Riehm	733-5805	541	102
Rep. Craig Horn, Chair	Laurie Payne	733-2406	419 A	32
Rep. Chuck McGrady, Chair	Ed Stiles	733-5956	419 B	40
Rep. Rob Bryan, Vice-Chair	Michael Ludwig	733-5607	536	97
Rep. Chris Whitmire, Vice-Chair	Janet Crain	715-4466	537	100
Rep. Larry Bell	Carolyn Edwards	733-5863	508	33
Rep. Brian Brown	Ashton Godwin	733-5757	604	110
Rep. Debra Conrad	Rachel Delk	733-5787	606	90
Rep. Jeffrey Elmore	Mary Hayes	733-5935	306 A	86
Rep. Rosa Gill	TBD	733-5880	1303	93
Rep. Rick Glazier	Carin Savel	733-5601	1021	83
Rep. Ken Goodman	Judy Vorse	733-5823	542	47
Rep. Marvin Lucas	Thelma Utley	733-5775	509	34
Rep. Chris Malone	Theresa Lopez	715-3023	603	87
Rep. Mickie Michaux	Anita Wilder	715-2528	1227	11
Rep. Paul Stam	Linda Johnson	733-2962	612	114
Rep. Bob Steinberg	Bethany Hudson	733-0010	306 A 2	52

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Denise Harb

Research Staff

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Drupti Chauhan
Dee Atkinson

Bill Drafting

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Leslie Karkanawi
Emily Johnson

01/15/2013

GLOSSARY OF FREQUENTLY USED FISCAL TERMS

ALLOCATION OR ALLOTMENT: The method of distribution for State and federal funds to local education agencies or community colleges. Each has a specific distribution formula and specific rules governing allowable use of funds.

APPROPRIATION: An action by the General Assembly authorizing the withdrawal of money from the State treasury. An enactment by the General Assembly that authorizes, specifies, or otherwise provides that funds may be used for a particular purpose is not an appropriation.

AUTHORIZED BUDGET: The funds appropriated by the General Assembly updated to reflect line-item reallocations allowed by the State Budget Act and approved by the Office of State Budget and Management.

AVERAGE DAILY MEMBERSHIP (ADM): Metric used to measure public school student headcount. This metric is most applicable for the purposes of determining State funding allotments provided to local school districts.

BIENNIUM: The two fiscal years beginning on July 1 of each odd-numbered year and ending on June 30 of the next odd-numbered year.

BOILERPLATE: Special provisions (budgetary language) that are typically repeated year after year in the budget bill.

CARRY-FORWARD: Funds that are appropriated but unspent which, by authorized budget revision, are brought forward for expenditure in the following fiscal year.

CERTIFIED BUDGET: The budget as enacted by the General Assembly including adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes directed by the General Assembly but left to the Director of the Budget to carry out.

CONTINUATION (BASE) BUDGET: The budgeted amounts for operating funds required to carry on already established programs at the level of support approved by the previous General Assembly.

DEPARTMENTAL RECEIPTS: Fees, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies in the course of performing their governmental functions and that are not defined as tax proceeds or nontax revenues. Departmental receipts may include moneys transferred into a fiscal year from a prior fiscal year.

ENCUMBRANCE: A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided by the State, or other legally binding agreement.

EXPENDITURE: The spending of funds by a State entity or agency.

FULL-TIME EQUIVALENT (FTE) (Employee Measure): A unit used to quantify staffing. One FTE (1.0) is a full-year, 40-hour-per-week position.

FULL-TIME EQUIVALENT (FTE) (Student Measure): In the Community College System, FTE is used as a standard way of measuring students. One FTE represents 16 student membership hours per week for 16 weeks or 256 student membership hours for each semester enrolled.

GENERAL FUND: The main source of operating funds for the State. This is the fund to which revenues are deposited that are not designated for special purposes and are therefore available to support the general operations of the State government.

LAPSED SALARY: Surplus funds that accrue because a position is vacant due to delays in hiring, resignations, terminations, or retirements. Lapsed salary surpluses are *one-time* funds that accumulate only while a position vacancy exists.

LOCAL EDUCATION AGENCY (LEA): One of several terms used to denote a local school system, along with local school administrative unit and school district. North Carolina has 115 LEAs.

NEGATIVE RESERVE: A method by which a budget reduction is imposed without detailing the specific lines of expenditure to be decreased.

NET GENERAL FUND APPROPRIATION: The appropriation of the General Fund's general purpose revenue. For a specific budget or program, the net general fund appropriation equals total requirements (or expenditures) minus receipts.

NON-RECURRING: Term used to denote one-time revenues, expenditures, or reductions.

RECURRING: Term used to denote revenues, expenditures, or reductions that will be continuing.

REQUIREMENTS: The total amount of funds budgeted to fund a program or budget line. For any given program or budget line, requirements minus receipts equal the net appropriated amount.

REVERSIONS: The unexpended, unencumbered balance of an appropriation at fiscal year-end that reverts, as required by law, to the fund from which the appropriation was made.

SALARY RESERVE: Unobligated or surplus funds generated by a position being filled at a salary less than the budgeted salary authorized by the General Assembly.

SPECIAL PROVISIONS: Language contained in the Appropriation Bill pertaining to State fiscal matters, the management, evaluation, and oversight of State government programs or policy, and the expenditure of appropriations contained in the Bill.

SPECIAL FUNDS: Accounts to which revenues are deposited that are designated for a specific purpose and remain in the account until expended for that purpose. Special Funds do not have General Funds directly appropriated to them. By definition, money in a special fund does not revert at the end of the fiscal year.

TRUST FUNDS: Accounts consisting of resources received and held by the State as trusted to be expended or invested in accordance with the conditions of the trust. In other words, Trust Funds are accounts where the State acts as a trustee. The State can only execute the terms of the trust; it cannot change the purpose for which the trust was created.

LIST OF FREQUENTLY USED EDUCATION ACRONYMS AND ABBREVIATIONS

ADM	Average Daily Membership (a measure of student headcount)
AIG	Academically or Intellectually Gifted
AP	Advanced Placement
Approps / Ed Approps	Appropriations Committee / Education Appropriations Committee
ARRA	American Recovery and Reinvestment Act
ASU	Appalachian State University
BOG	University of North Carolina Board of Governors
CC	Community College
Con Ed	Continuing Education
CTE	Career & Technical Education
CWD	Children with Disabilities
DPI	Department of Public Instruction
DSSF	Disadvantaged Student Supplemental Funding
ECSU	Elizabeth City State University
ECU	East Carolina University
Ed	Education
FRD / Fiscal	Fiscal Research Division
FSU	Fayetteville State University
FTE	Full-Time Equivalent (either referring to students or employees)
FY	Fiscal Year
G.S.	General Statute
IDEA	Individuals with Disabilities Education Act
IPEDS	Integrated Post-secondary Education Data System
LEA	Local Education Agency (local school district)
LEP	Limited English Proficiency
NAEP	National Assessment of Educational Progress
NBPTS	National Board for Professional Teaching Standards
NCA&T	NC Agricultural and Technical State University
NCCAT	North Carolina Center for the Advancement of Teaching

LIST OF FREQUENTLY USED EDUCATION ACRONYMS AND ABBREVIATIONS

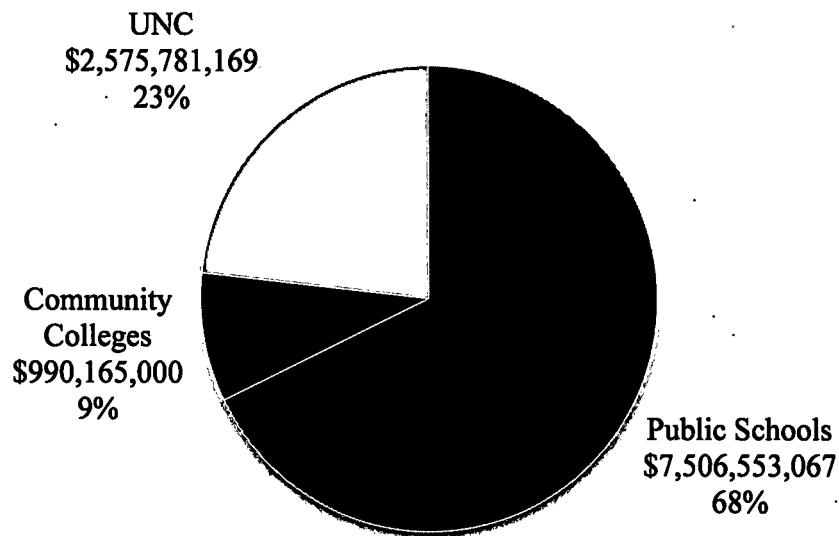
NCCCS	North Carolina Community College System
NCCU	North Carolina Central University
NCGA/GA	NC General Assembly
NCICU	North Carolina Independent Colleges and Universities
NCLB	No Child Left Behind
NCSU	North Carolina State University
NCVPS	North Carolina Virtual Public School
NR	Nonrecurring
R	Recurring
RttT	Race to the Top
SBCC	State Board of Community Colleges
SEAA	NC State Education Assistance Authority
Sec.	Section number (in a bill)
S.L.	Session Law
SP	Special Provision
System Office	NCCCS System Office
TAs	Teacher Assistants
UNC	The University of North Carolina System. Occasionally, UNC-Chapel Hill.
UNC-A	University of North Carolina at Asheville
UNC-C	University of North Carolina at Charlotte
UNC-CH	University of North Carolina at Chapel Hill
UNC-G	University of North Carolina at Greensboro
UNC-GA, GA	UNC - General Administration
UNC-P	University of North Carolina at Pembroke
UNC-SA	University of North Carolina School of the Arts
UNC-W	University of North Carolina at Wilmington
WCU	Western Carolina University
WSSU	Winston-Salem State University

FY 2012-13 Education Budget Summary

Total State Budget by Source

	Public Schools	Community Colleges	UNC
Net State General Fund Appropriations	7,506,553,067 76%	990,165,000 70%	2,575,781,169 64%
Tuition Receipts	- 0%	363,415,758 26%	1,190,193,584 30%
Federal Funding	1,987,438,061 20%	33,132,056 2%	Included in "Other"
Other Receipts and Transfers	440,049,101 4%	19,722,833 1%	250,986,848 6%
Total	\$9,934,040,229	\$1,406,435,647	\$4,016,961,601

Net State General Fund Appropriations



Source: BD 307 Certified Budget

Public Schools FY 2012-13 Summary

How Much Is There?

FY 2012-13 Certified Budget

State Appropriations:	\$7,506,553,067
Federal Funding:	\$1,987,438,061
Other Receipts and Transfers:	\$440,049,101
	<hr/>
	\$9,934,040,229

Source: BD 307 Certified Budget

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** (\$2.986 B): Provides LEAs guaranteed teaching positions based on recommended class size levels. This budgeted amount supports 71,400 positions.
- **Children with Disabilities** (\$636.6 M): Funds a program of support for students with an identified disability (CWD) in the public schools. The eligible CWD headcount for FY 2012-13 is 170,710 students and the allotment provides roughly \$3,700 per student.
- **Teacher Assistants** (\$549.0 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** (\$351.1 M): Provides LEAs with roughly \$231 per student in grades K-12. Funds may be used to support clerical, custodial, substitute, or other staff.
- **Instructional Support** (\$343.3 M): Provides LEAs 1 guaranteed position for every 210 ADM to fund nurses, counselors, psychologists, media specialists, social workers, and librarians. This budgeted amount supports 7,153 positions.
- **Note:** The above amounts do not include related costs for guaranteed benefits such as Social Security, nor do they reflect amounts returned by districts to meet the LEA Adjustment.

What Happened Last Biennium?

- **Excellent Public Schools Act:** The FY 2012-13 budget enacted several components of S795, including: the **Read to Achieve** program that provide additional supports for early literacy and end 3rd grade social promotion, letter-based **School Performance Grades**, school calendar adjustments, as well as other miscellaneous changes.
- **Federal Support:** Temporary federal funding (Education Stabilization Fund and Edujobs) partially offset State funding reductions. However, these sources were unavailable after September 30, 2012.
- **LEA Adjustment:** The "flex cut" was set to increase to \$503 million, but NCGA action reduced it to \$359 million.
- **Local Flexibility:** Maintained extensive flexibility for use of funds amongst different allotments, with the exception of a new limitation on Classroom Teachers and Teacher Assistants transfers.

North Carolina Community College System FY 2012-13 Summary

How Much Is There?

FY 2012-13 Certified Budget

State Appropriations:	\$990,165,000
Federal Funding:	\$33,132,056
Tuition Receipts:	\$363,415,758
Other Receipts and Transfers:	\$19,722,833
	<hr/>
	\$1,406,435,647

Source: BD 307 Certified Budget

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 each college has.

Major allocations include:

- **Tiered Instruction Funding** (\$777.7 M): Curriculum (\$687 M) and continuing education (\$90 M) funding is allocated on a tiered funding basis. Tier 1 includes curriculum budget FTE in high cost areas of health care, technical education, lab-based science, and college-level math. Tier 2 is all other curriculum 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** (\$82.1 M): Basic skills FTE are funded at the Tier 2 rate. Additionally, colleges receive additional funds based on the number of GEDs and Adult High School diplomas awarded.
- **Institutional & Academic Support** (\$496.9 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.
- **Categorical Allocations** (\$72.4 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, Customized Training program.
- **Specific Program Allocations** (\$6.4 M): Several colleges receive specific allocations for specialized programs, including: Marine Technology (Cape Fear), Manufacturing Solutions Center (Catawba Valley), Botanical Lab and NC Military Business Center (Fayetteville Tech), Center for Applied Textile Technology (Gaston), and NC Research Campus (Rowan Cabarrus).

What Happened Last Biennium?

- **Management Flexibility Reduction:** Over the biennium, the management flexibility reduction grew to \$83.2 million
- **Tuition Increase:** Curriculum tuition increased by \$12.50 per credit hour over the biennium.
- **Shift to Tiered Funding:** The 2011 budget shifted curriculum and continuing education to tiered funding (described above). The 2012 budget added math to Tier 1.

University of North Carolina System FY 2012-13 Summary

How Much Is There?

FY 2012-13 Certified Budget

State Appropriation:	\$2,575,781,169
Tuition Receipts:	\$1,190,193,584
Other Receipts and Transfers:	\$250,986,848
	<hr/>
	\$4,016,961,601

Source: BD 307 Certified Budget

Where Does It Go?

Ninety-one percent (91%) of the UNC budget flows directly to the campuses; the remaining nine percent (9%) 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 functions as follows:

- Based on projected student credit hours.
- 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 the UNC System's budget by \$414.0 each year in the form of a "management flexibility reduction," a lump-sum budget cut that the Board of Governors was charged with allocating to the campuses.
- **Enrollment Growth:** Appropriated \$48.2 million for enrollment growth across the System.
- **Hospital and Medical School Spending:** Redirected all State funding from UNC Hospital to the UNC School of Medicine for medical student education. (\$15 million for FY 2012-13; \$41 million for the FY 2013-15 Continuation Budget.)
- **Increased Operating Flexibility:** Amended State statutes to grant the UNC System more operating flexibility to spend some operating dollars on capital projects; invest institutional trust funds outside of the State Treasurer's purview; purchase campus safety motor vehicles outside of the Motor Fleet Management's purview; budget all student fees in Institutional Trust Funds, rather than the General Fund; lease out property for up to 10 years without seeking permission from the Department of Administration (authority expires in 2015); and purchase commercial liability insurance to cover risks and liabilities of staff related to benefit plan investments managed by the University.
- **Financial Aid:** Stabilized the Escheat Fund by increasing General Fund support to some scholarships, combined aid programs for private college students into one need-based program, and eliminated some waivers and scholarship programs.

VISITOR REGISTRATION SHEET

Appropriations on Education/Higher Education
(Committee Name)

February 12, 2013
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Ed Dennison	Moore County Schools
Jim Dwyer	Ed Consultant
Meredith	NCICU
Will Durrell	NCICU
Christopher Jones	OSBM
Bryan Conrad	OSBM
Elizabeth Brown	OSBM
Adam Brethgeman	OSBM
Gene Causby	NCSCA
Gene Ainsworth	AEA
Rachel Beaulieu	NCDPI
Anna Marshall Wilson	Capstreet
Matt Farrell	NCSBA
Jackson Covert	NCS
Jack Covert	NSS
Duke Cheston	Pope Center
Emily Doyle	NCPAPA

VISITOR REGISTRATION SHEET

Appropriations on Education/Higher Education

(Committee Name)

February 12th, 2013

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Kevin Howell	NCSU
Mark Lannier	UNCW
Marge Freeman	NCHFE
Rebecca Tronzo	NCHCC
Sarah Wolfe	MWC LLC
Drew Peretz	UNC GA
Joni Allmy	BEGINNINGS
Katherine Joyce	NASA

Date: February 12, 2013

Name	Firm or agency and address
Alex Badger	CSS
Ron Thorpe	NAT'L BOARD for Professional Teaching
Ashly Perkins	Perkinson Law Firm
Leanne Winer	NCSBA

Joint Appropriations Subcommittee on Education

Agenda

**Thursday, February 14, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Tom Apodaca, Presiding**

- I. Welcome**
Senator Apodaca

- II. Introduction to North Carolina's Public Schools Budget**
Kris Nordstrom, Fiscal Research Division

- III. Adjourn**

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)
Sen. Soucek (Co-Chair)
Sen. Tillman (Co-Chair)
Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,
Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)
Rep. Horn (Chair)
Rep. McGrady (Chair)
Rep. Bryan (Vice Chair)
Rep. Whitmire (Vice Chair)
Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,
Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,
Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

**Senate Committee on Appropriations on Education/Higher Education
Thursday, February 14, 2013 at 8:30 AM
Room 421 of the Legislative Office Building**

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on February 14, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Earline Parmon, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Debra Conrad, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Chris Malone, Rep. Mickey Michaux, Rep. Paul Stam, and Rep. Bob Steinburg. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Senator Tom Apodaca, Co-Chair, presided.

Sen. Apodaca, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Kris Nordstrom of the Fiscal Research Division for a presentation entitled, "Introduction to North Carolina's Public Schools Budget." (See Attachment 1) Mr. Nordstrom began by defining some key terms, such as "LEA," which stands for Local Education Agencies. There are 115 in North Carolina. He reviewed that the State is responsible for funding the public schools' policies, instruction, etc. The LEAs are responsible for capital funding and allocation of funds between schools, as well as hiring of personnel. There are 2,526 schools, 2418 are traditional public schools, 107 charter schools and 1 regional school.

Mr. Nordstrom explained that "ADM" stands for average daily membership and is the means by which student headcount is measured. There are approximately 1.5 million students in North Carolina public schools. He then went on to show breakdowns of numbers of children receiving free and reduced lunch, numbers of children with English as a second language, and numbers of children with disabilities in the public school system.

The Chair allowed several questions and discussion from the members regarding disability definitions and funding.

Mr. Nordstrom resumed his presentation speaking about the differences between LEA size, wealth, and student population. He reviewed LEA funding ranges throughout the various school districts. Mr. Nordstrom directed the Members of the committee to the handout entitled North Carolina LEA Characteristics, FY 2011-12 (See Attachment 2)

Mr. Nordstrom continued his presentation returning to "Introduction to North Carolina's Public Schools Budget." (See Attachment 1) He gave an overview of funding, comparing

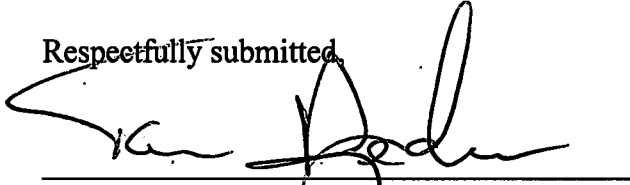
Federal funds with State funds, per pupil spending over 10 years, and percentage of the overall State budget for public school spending since the year 2000. He also showed North Carolina's ranking as compared to other states.

Mr. Nordstrom finished his presentation by referencing the various resources available to the Members related to public school funding.

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:40AM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Apodaca", written over a horizontal line.

Senator Tom Apodaca, Chair
Presiding

A handwritten signature in black ink, appearing to read "Mark Shiver", written over a horizontal line.

Mark Shiver, Committee Clerk

Introduction to North Carolina's Public Schools Budget



Kristopher Nordstrom
Fiscal Research Division

February 14, 2013



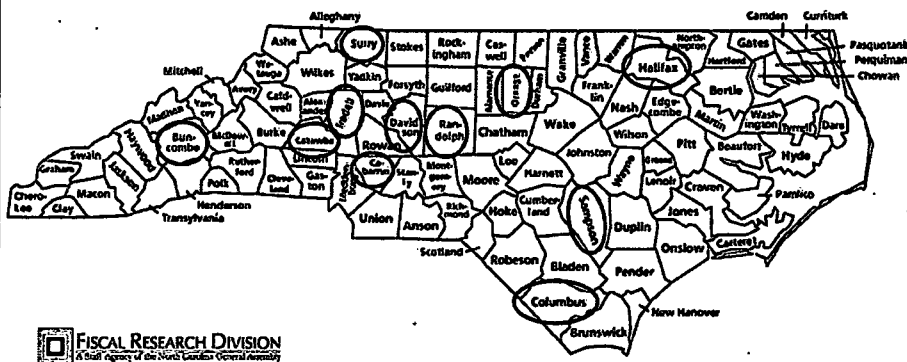
FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Takeaways

1. Provide some context before deeper dive into budget
2. Define key terms
3. Delineate State and local responsibilities
4. Review diverse characteristics of NC's school districts

NC Public Schools—Key Facts

- NC public schools divided into 115 local education agencies (LEAs)
 - 89 counties where county/LEA boundaries the same
 - 11 counties with multiple “county” and “city” LEAs



NC Public Schools—Key Facts

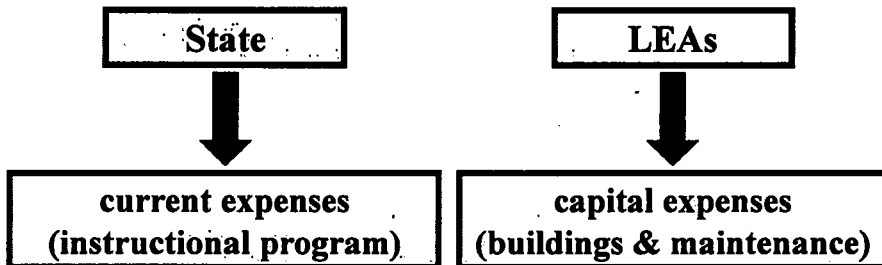
Constitutional Responsibilities

- North Carolina Constitution:
 - “The General Assembly shall provide by taxation and otherwise for a general and uniform system of **free public schools...**”
 - “The General Assembly **may assign to units of local government such responsibility for the financial support of the free public schools** as it may deem appropriate. The governing boards of units of local government...may use local revenues to add to or supplement any public school or post-secondary school program.”

NC Public Schools—Key Facts

Delineation of Funding Responsibilities

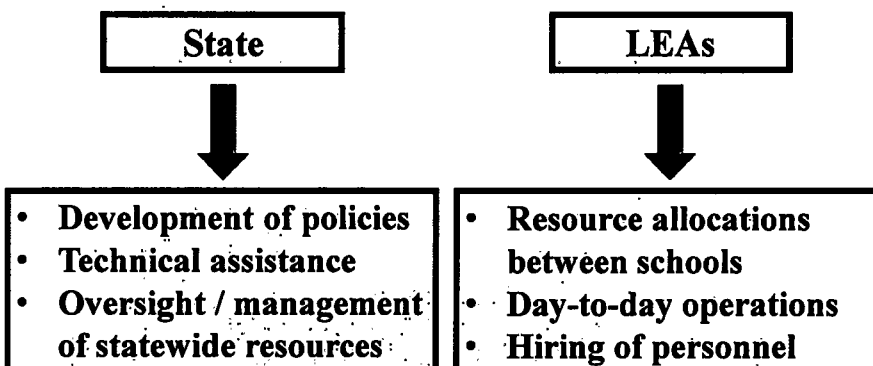
- 1933 School Machinery Act



- Now delineated in G.S. 115C-408(b)

NC Public Schools—Key Facts

Delineation of Operational Responsibilities



NC Public Schools—Key Facts

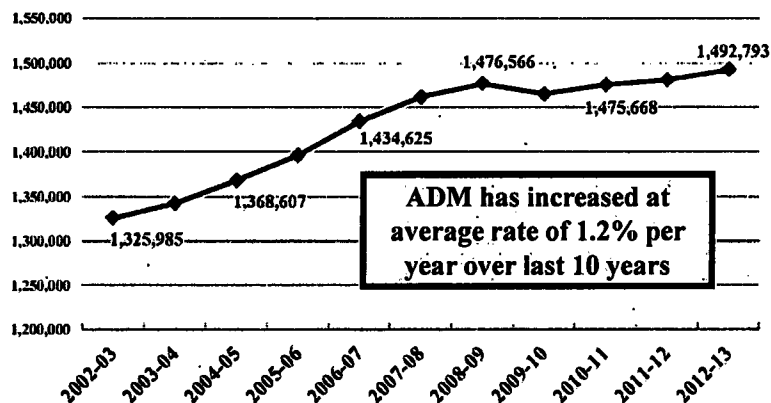
School Characteristics

Total Schools	→	2,526
Traditional Schools	→	2,418
Charter Schools	→	107
Regional Schools	→	1

NC Public Schools—Key Facts

Average Daily Membership

Allotted ADM: FY 2003-2013



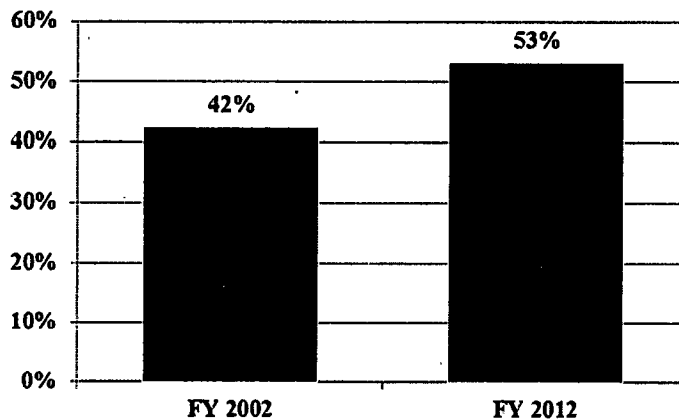
NC Public Schools—Key Facts

Student Characteristics

Statewide ADM	1,492,793	100%
Traditional Schools ADM	1,443,998	97%
Charter Schools ADM	48,795	3%
Free or Reduced Lunch	793,893	53%
Limited English Proficient	104,524	7%
Children with Disabilities	175,102	12%

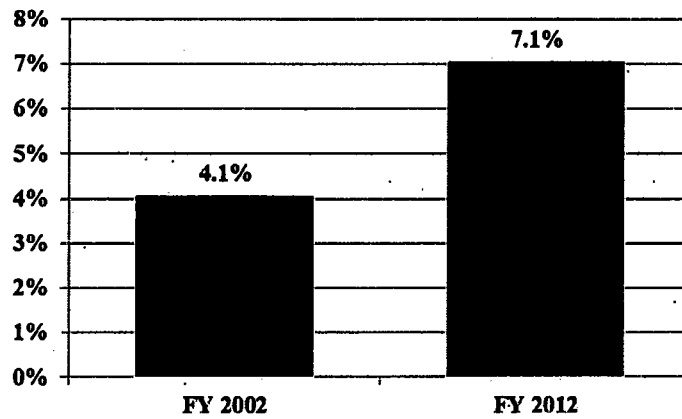
NC Public Schools—Key Facts

Free or Reduced Lunch



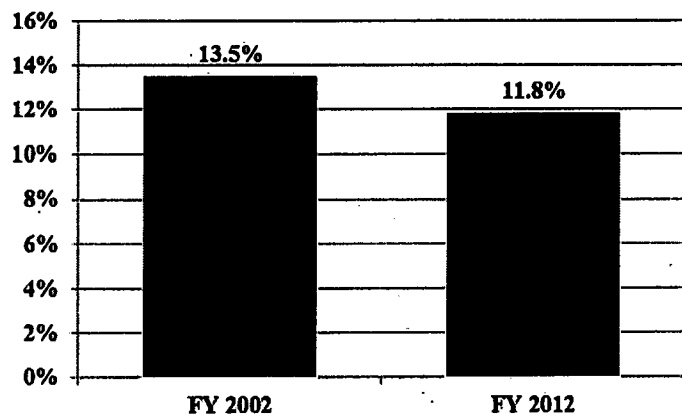
NC Public Schools—Key Facts

Limited English Proficient



NC Public Schools—Key Facts

Children with Disabilities



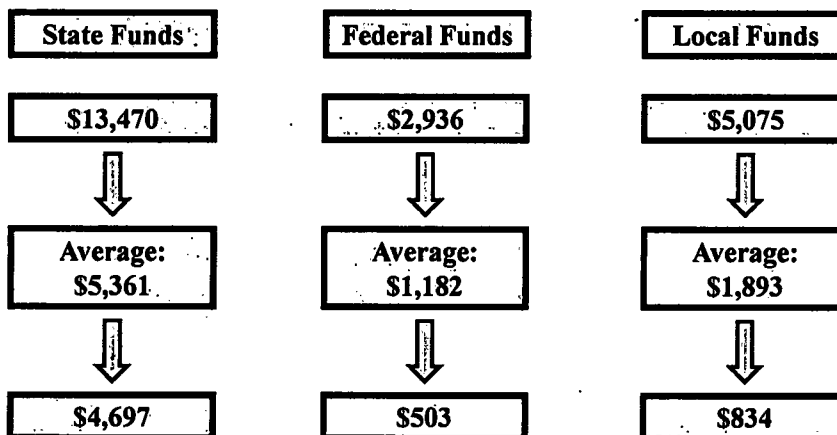
NC Public Schools—Key Facts

LEA Characteristics

- LEAs vary greatly
 - Size
 - Over 50% of students are in the 15 largest LEAs
 - 41 LEAs with less than 4,000 students
 - Wealth – ability to generate local funding for schools
 - Student needs
 - LEP
 - CWD
 - Poverty

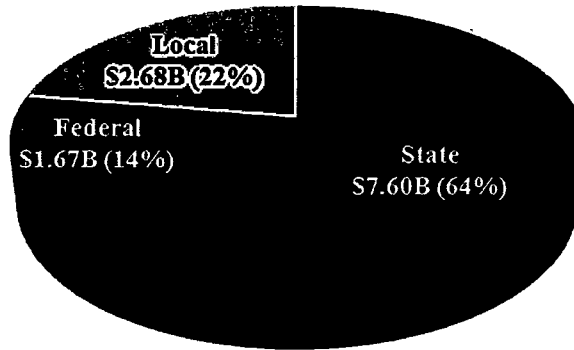
NC Public Schools—Key Facts

Per Pupil Expenditures



NC Public Schools—Key Facts

Public Schools FY 2011-12 Current Expense Expenditures by Source



Source: Department of Public Instruction Statistical Profile

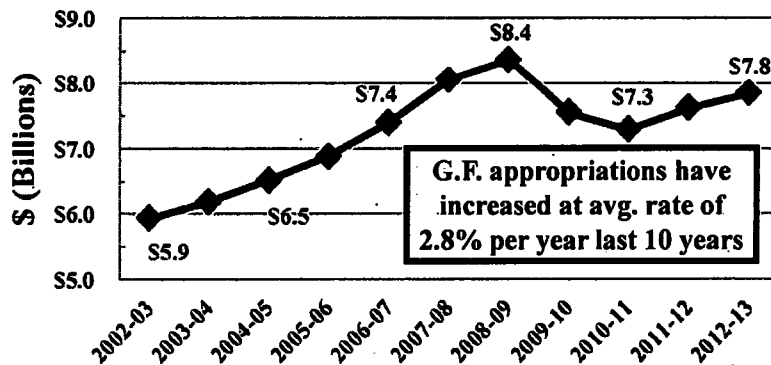
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NC Public Schools—Key Facts

State Public Schools General Fund Appropriations



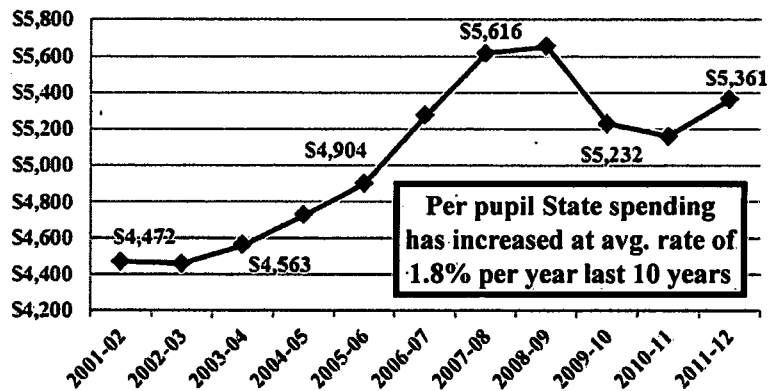
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NC Public Schools—Key Facts

State Expenditures per Pupil



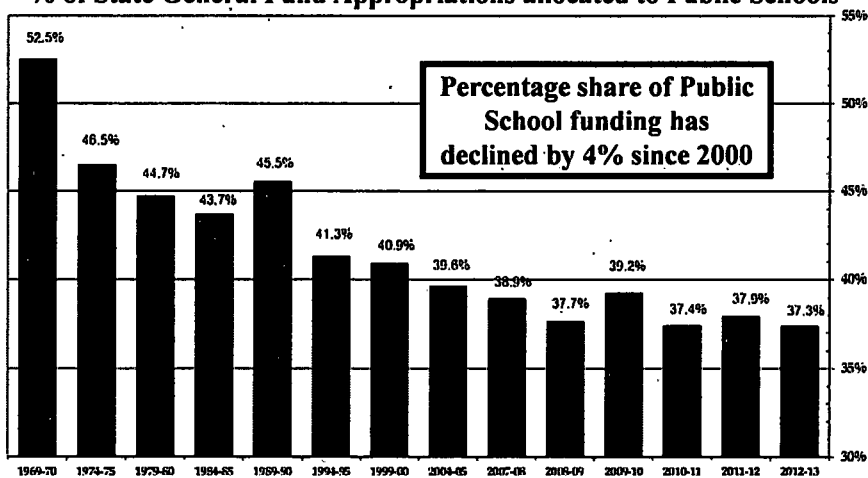
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NC Public Schools—Key Facts

% of State General Fund Appropriations allocated to Public Schools



Source: Department of Public Instruction (Highlights), Feb. 2013 (anticipated)

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February 14, 2013

NC Public Schools—Key Facts

NC Per Pupil Revenue vs. Rest of US

Total: \$9,101 (45th)

State: \$5,739 (22nd)

Local: \$2,208 (47th)

Federal: \$960 (40th)

NC Public Schools—Key Facts

Additional Resources

- **DPI website:** <http://www.ncpublicschools.org/>
 - Data & reports (Highlights & Statistical Profile):
<http://www.ncpublicschools.org/fbs/resources/data/>
 - School report cards: <http://www.ncreportcards.org/src/>
 - Manuals:
<http://www.ncpublicschools.org/fbs/resources/manuals/>
- **FRD website:** <http://www.ncleg.net/fiscalresearch/>
 - Budget documents and summaries
 - Topical reports

NC Public Schools—Key Facts

Additional Resources

- **Brian Matteson:** brianm@ncleg.net
(919) 733-4910
- **Kristopher Nordstrom:** kristophern@ncleg.net
(919) 733-4910

Questions?

North Carolina LEA Characteristics, FY 2011-12

LEA Name	ADM	Per Student Expenditures				FRL	LEP	CWD	Grad Rate	% NBPTS	Avg. Salary Supplement
		State	Fed	Local	Total						
State Average	12,488	\$5,361	\$1,182	\$1,893	\$8,436	56%	7%	12%	78%	13%	\$3,433
Alamance-Burlington	22,531	\$5,193	\$953	\$2,063	\$8,209	56%	12%	11%	76%	10%	\$3,127
Alexander County	5,507	\$5,761	\$1,144	\$1,118	\$8,023	54%	3%	14%	77%	20%	\$2,515
Alleghany County	1,455	\$7,148	\$1,575	\$1,975	\$10,698	63%	8%	12%	81%	16%	\$212
Anson County	3,810	\$6,862	\$2,228	\$1,337	\$10,427	80%	3%	15%	76%	9%	\$625
Ashe County	3,205	\$6,609	\$1,497	\$1,472	\$9,578	76%	4%	14%	81%	19%	\$0
Avery County	2,141	\$6,981	\$1,478	\$2,121	\$10,581	60%	6%	12%	85%	12%	\$1,332
Beaufort County	7,018	\$5,883	\$1,569	\$1,788	\$9,240	72%	6%	13%	76%	12%	\$1,488
Bertie County	2,762	\$7,372	\$1,815	\$1,092	\$10,279	84%	1%	14%	79%	7%	\$0
Bladen County	5,123	\$6,173	\$1,982	\$1,158	\$9,313	79%	7%	11%	75%	7%	\$834
Brunswick County	12,306	\$5,229	\$1,345	\$2,477	\$9,051	64%	4%	10%	79%	11%	\$2,773
Buncombe County	25,571	\$5,140	\$1,085	\$2,107	\$8,332	56%	7%	13%	78%	20%	\$3,779
Asheville City	3,956	\$5,492	\$1,620	\$4,222	\$11,334	51%	2%	13%	81%	19%	\$3,693
Burke County	13,417	\$5,270	\$1,375	\$1,073	\$7,718	63%	8%	14%	85%	18%	\$1,870
Cabarrus County	29,298	\$4,971	\$705	\$1,669	\$7,345	43%	7%	12%	84%	13%	\$2,626
Kannapolis City	5,290	\$5,247	\$1,645	\$1,779	\$8,671	76%	12%	14%	85%	18%	\$1,851
Caldwell County	12,709	\$5,652	\$1,220	\$1,270	\$8,142	60%	3%	11%	81%	20%	\$1,904
Camden County	1,969	\$6,965	\$794	\$1,018	\$8,777	76%	0%	11%	91%	16%	\$1,540
Carteret County	8,594	\$5,346	\$973	\$2,296	\$8,615	45%	2%	12%	83%	16%	\$2,420
Caswell County	2,941	\$7,235	\$1,387	\$950	\$9,572	69%	1%	14%	76%	13%	\$2,300
Catawba County	17,266	\$5,030	\$1,045	\$1,721	\$7,796	51%	7%	11%	86%	16%	\$2,944
Hickory City	4,297	\$5,269	\$1,500	\$1,670	\$8,440	63%	14%	11%	77%	13%	\$3,052
Newton-Conover	2,941	\$5,408	\$1,102	\$1,941	\$8,451	66%	14%	12%	83%	12%	\$2,847
Chatham County	7,952	\$5,465	\$879	\$3,009	\$9,352	52%	17%	13%	74%	13%	\$3,957
Cherokee County	3,411	\$6,393	\$1,543	\$2,075	\$10,010	70%	1%	13%	86%	21%	\$1,000
Edenton/Chowan	2,320	\$6,734	\$1,465	\$1,960	\$10,158	68%	2%	13%	78%	24%	\$1,131
Clay County	1,373	\$7,145	\$1,228	\$1,495	\$9,868	61%	2%	13%	85%	21%	\$0
Cleveland County	15,886	\$5,738	\$1,348	\$1,690	\$8,776	65%	2%	13%	73%	17%	\$1,502
Columbus County	6,550	\$6,157	\$1,573	\$1,178	\$8,908	77%	3%	10%	82%	9%	\$1,424
Whiteville City	2,262	\$6,170	\$1,737	\$1,112	\$9,020	69%	4%	10%	78%	15%	\$2,186
Craven County	15,100	\$5,058	\$1,523	\$1,292	\$7,873	59%	5%	10%	81%	10%	\$2,000
Cumberland County	52,443	\$5,131	\$1,587	\$1,614	\$8,333	51%	2%	13%	78%	6%	\$3,616
Currituck County	3,924	\$5,331	\$825	\$2,353	\$8,508	37%	1%	8%	80%	14%	\$3,275

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North Carolina LEA Characteristics, FY 2011-12

LEA Name	ADM	Per Student Expenditures				FRL	LEP	CWD	Grad Rate	% NBPTS	Avg. Salary Supplement
		State	Fed	Local	Total						
State Average	12,488	\$5,361	\$1,182	\$1,893	\$8,436	56%	7%	12%	78%	13%	\$3,433
Dare County	4,905	\$5,603	\$711	\$4,621	\$10,934	47%	6%	9%	90%	21%	\$4,096
Davidson County	20,418	\$5,094	\$966	\$1,124	\$7,184	45%	2%	12%	81%	10%	\$2,499
Lexington City	2,961	\$5,909	\$1,986	\$2,158	\$10,053	86%	20%	12%	73%	8%	\$3,405
Thomasville City	2,448	\$5,612	\$2,382	\$1,828	\$9,821	91%	15%	8%	68%	10%	\$2,181
Davie County	6,566	\$5,454	\$830	\$1,950	\$8,235	45%	4%	11%	77%	17%	\$2,245
Duplin County	9,220	\$6,010	\$1,422	\$982	\$8,414	76%	19%	9%	69%	9%	\$1,568
Durham County	32,369	\$5,388	\$1,365	\$3,376	\$10,130	64%	15%	13%	74%	11%	\$5,205
Edgecombe County	7,175	\$5,988	\$1,521	\$1,101	\$8,610	85%	5%	11%	75%	12%	\$1,582
Forsyth County	52,850	\$5,334	\$1,185	\$2,229	\$8,748	55%	12%	12%	79%	10%	\$4,986
Franklin County	8,683	\$5,590	\$1,173	\$1,497	\$8,260	61%	5%	10%	79%	10%	\$2,700
Gaston County	31,400	\$4,939	\$1,170	\$1,458	\$7,567	60%	5%	12%	75%	11%	\$2,367
Gates County	1,832	\$7,417	\$1,225	\$1,973	\$10,615	59%	0%	15%	82%	13%	\$550
Graham County	1,201	\$7,733	\$1,716	\$1,331	\$10,780	64%	1%	12%	86%	16%	\$0
Granville County	8,640	\$5,523	\$977	\$1,837	\$8,336	51%	6%	10%	67%	10%	\$3,314
Greene County	3,245	\$7,002	\$1,614	\$1,094	\$9,710	84%	18%	11%	76%	18%	\$1,000
Guilford County	72,056	\$5,174	\$1,275	\$2,627	\$9,076	59%	8%	13%	83%	10%	\$4,762
Halifax County	3,860	\$6,691	\$2,936	\$1,160	\$10,787	94%	1%	13%	72%	6%	\$0
Roanoke Rapids City	2,899	\$5,604	\$1,093	\$1,425	\$8,122	65%	4%	12%	75%	16%	\$1,719
Weldon City	1,052	\$7,742	\$2,233	\$2,785	\$12,760	89%	0%	11%	77%	1%	\$500
Harnett County	19,780	\$5,523	\$1,122	\$1,158	\$7,803	58%	7%	11%	73%	7%	\$2,271
Haywood County	7,701	\$5,489	\$1,174	\$2,185	\$8,848	55%	2%	15%	79%	21%	\$1,938
Henderson County	13,472	\$5,309	\$952	\$1,824	\$8,085	55%	10%	12%	83%	23%	\$3,092
Hertford County	3,148	\$7,363	\$1,812	\$1,388	\$10,563	85%	1%	13%	84%	7%	\$1,233
Hoke County	8,326	\$6,228	\$1,476	\$907	\$8,610	69%	7%	12%	70%	2%	\$2,442
Hyde County	577	\$13,470	\$1,911	\$2,963	\$18,344	69%	6%	14%	83%	11%	\$645
Iredell-Statesville	21,518	\$4,949	\$955	\$1,804	\$7,708	44%	5%	10%	85%	11%	\$2,281
Mooresville City	5,491	\$4,814	\$744	\$2,157	\$7,716	41%	4%	12%	91%	15%	\$3,101
Jackson County	3,611	\$5,836	\$1,500	\$1,939	\$9,274	58%	4%	14%	77%	17%	\$142
Johnston County	32,821	\$5,218	\$999	\$1,781	\$7,998	46%	9%	14%	79%	11%	\$3,065
Jones County	1,162	\$9,229	\$1,765	\$1,300	\$12,294	91%	3%	13%	77%	10%	\$2,051
Lee County	9,786	\$5,382	\$1,006	\$1,956	\$8,343	64%	14%	10%	80%	9%	\$2,677
Lenoir County	9,220	\$5,797	\$1,394	\$1,193	\$8,384	77%	6%	14%	72%	13%	\$1,069

North Carolina LEA Characteristics, FY 2011-12

LEA Name	ADM	Per Student Expenditures				FRL	LEP	CWD	Grad Rate	% NBPTS	Avg. Salary Supplement
		State	Fed	Local	Total						
State Average	12,488	\$5,361	\$1,182	\$1,893	\$8,436	56%	7%	12%	78%	13%	\$3,433
Lincoln County	11,782	\$5,041	\$900	\$1,583	\$7,523	50%	3%	13%	82%	14%	\$2,828
Macon County	4,367	\$5,822	\$1,184	\$2,430	\$9,436	65%	7%	15%	85%	17%	\$808
Madison County	2,581	\$6,880	\$1,342	\$1,312	\$9,534	63%	1%	13%	82%	9%	\$0
Martin County	3,789	\$6,665	\$1,522	\$1,517	\$9,704	73%	2%	13%	76%	9%	\$1,200
Mcdowell County	6,403	\$5,833	\$1,429	\$1,343	\$8,605	70%	6%	14%	75%	14%	\$925
Mecklenburg County	137,497	\$4,948	\$1,096	\$2,076	\$8,121	54%	11%	9%	74%	15%	\$5,471
Mitchell County	2,090	\$7,412	\$1,303	\$1,336	\$10,052	59%	5%	16%	80%	24%	\$50
Montgomery County	4,152	\$6,111	\$1,467	\$1,508	\$9,087	76%	15%	13%	78%	12%	\$1,452
Moore County	12,672	\$5,233	\$797	\$2,014	\$8,044	46%	4%	10%	72%	14%	\$3,335
Nash-Rocky Mount	17,014	\$5,912	\$1,402	\$1,393	\$8,707	70%	5%	12%	75%	10%	\$2,444
New Hanover County	24,636	\$5,165	\$854	\$2,607	\$8,626	52%	4%	11%	74%	18%	\$3,449
Northampton County	2,357	\$7,504	\$2,174	\$1,520	\$11,198	98%	2%	11%	76%	2%	\$1,182
Onslow County	23,644	\$4,697	\$1,038	\$1,777	\$7,512	48%	2%	12%	82%	11%	\$3,885
Orange County	7,272	\$5,311	\$915	\$3,128	\$9,354	42%	7%	14%	83%	20%	\$5,001
Chapel Hill-Carrboro	11,718	\$4,971	\$503	\$5,075	\$10,548	26%	13%	9%	88%	19%	\$6,072
Pamlico County	1,455	\$7,639	\$1,851	\$1,770	\$11,260	64%	1%	16%	81%	10%	\$1,500
Pasquotank County	6,069	\$5,853	\$1,394	\$1,890	\$9,137	62%	2%	13%	77%	11%	\$1,678
Pender County	8,353	\$5,060	\$1,031	\$1,784	\$7,875	64%	5%	11%	82%	16%	\$2,203
Perquimans County	1,758	\$6,913	\$1,525	\$1,603	\$10,041	69%	1%	14%	85%	20%	\$823
Person County	4,995	\$5,837	\$1,178	\$1,785	\$8,799	64%	3%	13%	73%	18%	\$3,183
Pitt County	23,557	\$5,239	\$1,306	\$1,619	\$8,164	61%	4%	11%	70%	15%	\$2,047
Polk County	2,359	\$6,657	\$1,526	\$2,391	\$10,574	64%	5%	14%	87%	18%	\$2,381
Randolph County	18,664	\$5,233	\$996	\$1,433	\$7,662	56%	7%	11%	83%	14%	\$2,833
Asheboro City	4,697	\$5,490	\$1,559	\$1,709	\$8,759	70%	21%	10%	84%	13%	\$2,444
Richmond County	7,632	\$5,923	\$1,395	\$1,112	\$8,430	76%	6%	10%	74%	9%	\$1,054
Robeson County	23,420	\$5,864	\$1,692	\$834	\$8,390	84%	7%	15%	79%	5%	\$2,356
Rockingham County	13,722	\$5,881	\$1,261	\$1,492	\$8,634	60%	5%	13%	72%	14%	\$2,088
Rowan-Salisbury	20,336	\$5,237	\$1,253	\$2,132	\$8,622	62%	7%	12%	77%	11%	\$2,164
Rutherford County	8,857	\$5,913	\$1,458	\$1,492	\$8,863	71%	3%	14%	69%	15%	\$1,100
Sampson County	8,444	\$5,833	\$1,405	\$1,154	\$8,392	73%	17%	10%	73%	8%	\$2,648
Clinton City	3,085	\$5,666	\$1,730	\$1,747	\$9,143	75%	10%	8%	78%	7%	\$3,784
Scotland County	6,253	\$6,709	\$1,614	\$1,733	\$10,056	80%	1%	15%	66%	12%	\$1,838

North Carolina LEA Characteristics, FY 2011-12

LEA Name	ADM	Per Student Expenditures				FRL	LEP	CWD	Grad Rate	% NBPTS	Avg. Salary Supplement
		State	Fed	Local	Total						
State Average	12,488	\$5,361	\$1,182	\$1,893	\$8,436	56%	7%	12%	78%	13%	\$3,433
Stanly County	9,070	\$5,719	\$1,141	\$1,352	\$8,213	56%	4%	17%	78%	16%	\$1,954
Stokes County	6,931	\$6,131	\$1,168	\$1,475	\$8,774	52%	2%	18%	81%	10%	\$1,627
Surry County	8,576	\$5,607	\$1,432	\$1,427	\$8,465	65%	10%	12%	78%	13%	\$1,243
Elkin City	1,194	\$6,086	\$1,040	\$1,867	\$8,993	43%	9%	10%	92%	18%	\$3,237
Mount Airy City	1,652	\$5,981	\$1,611	\$2,022	\$9,615	61%	6%	17%	85%	8%	\$1,590
Swain County	1,969	\$6,828	\$1,408	\$1,412	\$9,648	67%	2%	15%	73%	13%	\$3,000
Transylvania County	3,570	\$5,401	\$1,510	\$2,733	\$9,644	59%	2%	13%	78%	16%	\$3,098
Tyrrell County	582	\$11,781	\$2,193	\$3,348	\$17,322	81%	12%	15%	81%	10%	\$1,000
Union County	39,844	\$4,904	\$972	\$2,095	\$7,971	36%	6%	9%	89%	13%	\$2,539
Vance County	7,003	\$6,474	\$1,798	\$1,203	\$9,475	95%	8%	14%	68%	8%	\$2,512
Wake County	146,078	\$4,969	\$896	\$2,016	\$7,880	39%	8%	13%	81%	16%	\$5,930
Warren County	2,549	\$7,429	\$1,970	\$1,496	\$10,895	86%	3%	13%	80%	8%	\$0
Washington County	1,764	\$7,789	\$1,926	\$1,420	\$11,135	93%	4%	12%	83%	6%	\$0
Watauga County	4,380	\$5,464	\$1,016	\$2,510	\$8,990	41%	3%	16%	87%	25%	\$2,355
Wayne County	19,244	\$5,466	\$1,332	\$1,023	\$7,820	66%	8%	13%	75%	12%	\$2,609
Wilkes County	9,984	\$5,510	\$1,007	\$1,510	\$8,028	66%	5%	11%	81%	13%	\$2,195
Wilson County	12,194	\$5,292	\$1,333	\$1,297	\$7,922	64%	7%	9%	69%	11%	\$2,444
Yadkin County	5,854	\$5,973	\$1,075	\$1,512	\$8,559	56%	8%	13%	83%	9%	\$2,366
Yancey County	2,373	\$6,616	\$1,571	\$1,267	\$9,454	60%	7%	15%	78%	20%	\$300

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Anna-Marshall Wilson	Capistrato
Jennifer Willis	UNL-CH
Math Jamell	NCSBA
Katherine Joyce	NCA SA
Rachel Bentler	NCDPI
Ed Dennison	Moore County Schs Bd of Ed
Jim Ayer	Ed Consultant
Muriel Hulse	NCEU
Th. J. J. J.	NCICU
Gene Causby	NCSA
Emily Handome	OTOR

X

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Matt Viohl	CW Consulting
Laura Warrin	NCSBA
Marge Freeman	NONE
Chris Hill	NC Justice Center
Townes Maxwell	PSG
Alex Beyer	CSS
David Crawford	AIANC
Dee Simps	CAGC

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Emily Doyle

NCPAPA

Duke Cheston

Pope Center

Elise McDolell

Troutman Seider

Eric Moore

NCDPI

Grip Price

DPI

Tim Hurley

Teach For America

Tommy Sevier

Moore & Van Allen

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, February 20, 2013, 9:00 A.M.

Room 421, Legislative Office Building

Senator Dan Soucek, Presiding

I. Welcome

Senator Soucek

II. Funding of North Carolina's Public Schools (continued from 2/19)

Brian Matteson, Fiscal Research Division

III. Adjourn

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)

Sen. Soucek (Co-Chair)

Sen. Tillman (Co-Chair)

Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,

Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)

Rep. Horn (Chair)

Rep. McGrady (Chair)

Rep. Bryan (Vice Chair)

Rep. Whitmire (Vice Chair)

Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,

Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,

Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

Senate Committee on Appropriations on Education/Higher Education
Wednesday, February 20, 2013 at 8:30 AM
Room 421 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on February 20, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Co-Chair, Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Earline Parmon, Sen. Bob Rucho, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Debra Conrad, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Marvin Lucas, Rep. Chris Malone, Rep. Paul Stam, and Rep. Bob Steinburg. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Senator Dan Soucek, Co-Chair, presided.

Sen. Soucek, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Brian Matteson of the Fiscal Research Division for a continuation of the previous day's presentation entitled, "Funding of North Carolina's Public Schools." (See Attachment 1) Mr. Matteson picked up the presentation with a review of teacher assistant and central office funding. Included in the central office funding allotment are supplies, materials, equipment, career/technical education items, textbooks, and transportation.

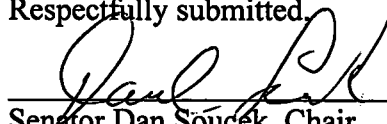
The Chair allowed for questions and answers throughout this portion of Mr. Matteson's presentation.

Mr. Matteson continued his presentation on public school funding with a review of various allotments such as allotments for students with disabilities, academically gifted students, school safety officers, disadvantaged student supplemental funding, and funding for students identified with limited English proficiency.

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:45AM.

Respectfully submitted,



Senator Dan Soucek, Chair
Presiding



Mark Shiver, Committee Clerk

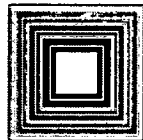
Funding of North Carolina's Public Schools

1



Brian Matteson
Fiscal Research Division

February 19 and 20, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Key Takeaways

- State Public Schools funding is distributed to Local Education Agencies (LEAs) through allotments
- Allotments are distributed based on funding formulas that typically utilize student headcount and other targeted factors
- Most State support is directed at all types of districts and students, but certain allotments address disparate student and district characteristics

Average Daily Membership



Average Daily Membership

- Most allotments are provided to LEAs on the basis of allotted Average Daily Membership (ADM)
- Membership = being on the current roll at a school (“expected to be there”)
 - Not the same as attendance
- $ADM = \frac{\text{daily sum of all students in membership for a month}}{\text{total days in month}}$



Determining Allotted ADM

- Each fall, DPI follows these 5 steps for determining total allotted ADM for the next year:
 - 1) For each LEA, compare **current year actual** ADM in month 1 and month 2 of school year (example: for FY 2012-13 budget, look at FY 2011-12 ADM)
 - 2) Identify the **higher** figure (“**Best 1 of 2**”)

September 30, 2012:
20,417

Vs.

October 31, 2012:
20,520

Determining Allotted ADM-Part 2

- 3) Compare the figure from step 2 to a statistical projection of ADM for the coming year

October 31, 2012:
20,520

Vs.

Projected 2012-13:
20,249

- 4) The higher number is the **allotted ADM** for that LEA (note: an LEA's ADM can be no lower than the prior-year actual, even if decline is projected)



Determining Allotted ADM-Part 3

- 5) Summing the allotted ADM figures for all of the LEAs produces:

Statewide Total Allotted ADM

**2012-13 Allotted ADM:
1,492,793**



Allotments

Basis for Public Schools Funding

Allotments

- **Allotments** – The way the money goes out the door to the LEAs
- Each allotment is driven by a formula
- There are approximately 22 State allotments
- Instead of funding specific programs, creates pool of funds from which the LEA can deliver a range of services

State Funding Allotments

- Largely three types of allotments
 - **Base allotments:** go to all LEAs, predominantly on the basis of ADM
 - **Allotments addressing student characteristics:** funding based on relative populations of certain student characteristics
 - **Allotments addressing LEA characteristics:** funding based on LEA size or wealth

Base Allotments



State Funding—Base Allotments

- Base allotments represent 81% of State allocations
- All of these allotments are intended to provide a foundation of public school operational support
 - Funds flow to all 115 LEAs
 - ADM, at the county and grade level, is the primary determinant of fund allocation
- Most Base allotment funding supports positions
 - Instead of dollar allocations, LEAs receive months of employment or 10- and 12-month positions
 - State pays the salary and benefits of employee regardless of person's placement on salary schedule



Base Allotments Guaranteed Positions



Classroom Teachers

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
2,994,779,435	2,986,497,197	35.0%

- **Purpose:** Provides LEAs guaranteed funding (salaries & benefits) to cover 10-month positions for classroom teachers
- **Formula:** LEAs provided positions based on the allotted ADM in certain grade spans
- **Note:** Other allotments also support teachers. Partially supported by Lottery funds (2012: \$220M)

Classroom Teachers

Class-size Ratios

2012-13 Grade Spans	Teacher Allotment Ratio	Class-Size Average Ratio for the LEA	Individual Class-Size Maximum	Positions Allotted in 2012-13
K	1:18	1:21	1:24	6,841.0
1-3	1:17	1:21	1:24	20,326.5
4-6	1:22	<i>1:26</i>	<i>1:29</i>	16,087.0
7-8	1:21	<i>1:26</i>	<i>1:29</i>	11,091.0
9	1:24.5	<i>1:26</i>	<i>1:29</i>	5,185.0
10-12	1:26.64	<i>1:29</i>	<i>1:32</i>	11,671.0

- Average class-size and individual class-size limits in grades 4-12 are suspended through the end of FY 2012-13

Source: Department of Public Instruction (Highlights), Feb. 2013



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Classroom Teachers

Statewide Salary Schedule

Years of Exp	Bachelor's Teacher			Bachelor's w/ NBPTS Certification		
	<u>Monthly Salary</u>	<u>12 Monthly Installments</u>	<u>Annual Salary (10 months)</u>	<u>Monthly Salary</u>	<u>12 Monthly Installments</u>	<u>Annual Salary (10 months)</u>
E-2	\$3,030	\$2,565.67	\$30,600	N/A	N/A	N/A
3-4	\$3,030	\$2,565.67	\$30,600	\$3,450	\$2,875.00	\$34,500
5	\$3,122	\$2,601.67	\$31,220	\$3,497	\$2,914.17	\$34,970
6	\$3,167	\$2,633.17	\$31,670	\$3,547	\$2,955.83	\$35,470
7	\$3,303	\$2,752.50	\$33,030	\$3,699	\$3,032.50	\$36,990
8	\$3,445	\$2,870.83	\$34,450	\$3,858	\$3,215.00	\$38,580
9	\$3,580	\$2,983.33	\$35,800	\$4,010	\$3,341.67	\$40,100
10	\$3,711	\$3,092.50	\$37,110	\$4,156	\$3,453.33	\$41,560

- Teacher must be paid at least the amount called for by her/his placement on Statewide schedule
- LEAs may supplement pay from local funds

Classroom Teachers

Statewide Salary Schedule

Years of Exp	Master's Teacher			Master's w/NBPTS Certification		
	<u>Monthly Salary</u>	<u>12 Monthly Installments</u>	<u>Annual Salary (10 months)</u>	<u>Monthly Salary</u>	<u>12 Monthly Installments</u>	<u>Annual Salary (10 months)</u>
0-2	\$3,338	\$2,623.33	\$33,660	N/A	N/A	N/A
3-4	\$3,338	\$2,623.33	\$33,660	\$3,795	\$3,162.50	\$37,950
5	\$3,434	\$2,661.67	\$34,340	\$3,846	\$3,205.00	\$38,460
6	\$3,434	\$2,503.33	\$34,840	\$3,902	\$3,251.67	\$39,020
7	\$3,633	\$3,027.50	\$36,330	\$4,059	\$3,330.83	\$40,590
8	\$3,790	\$3,153.33	\$37,900	\$4,245	\$3,537.50	\$42,450
9	\$3,936	\$3,261.67	\$39,360	\$4,411	\$3,675.83	\$44,110
10	\$4,092	\$3,401.67	\$40,820	\$4,572	\$3,810.00	\$45,720

- Teachers receive differential pay for Master's degrees and National Board Certification

Classroom Teachers

Statewide Salary Schedule

Years of Exp	ADVANCED (SIXTH YEAR)				DOCTORATE			
	Adv. Teacher		Adv. w/ NBPTS Cert.		PhD Teacher		PhD w/ NBPTS Cert.	
	10 Month	12 Monthly Installments	10 Month	12 Monthly Installments	10 Month	12 Monthly Installments	10 Month	12 Monthly Installments
2-2	\$3,514	\$2,523.33	N/A	N/A	\$3,541	\$3,034.17	N/A	N/A
3-2	\$3,514	\$2,523.33	\$3,321	\$3,257.50	\$3,541	\$3,034.17	\$4,048	\$3,373.33
5	\$3,550	\$2,555.57	\$3,372	\$3,310.00	\$3,597	\$3,072.50	\$4,096	\$3,415.83
6	\$3,510	\$3,033.33	\$4,223	\$3,255.57	\$3,737	\$3,114.17	\$4,135	\$3,452.50
7	\$3,759	\$3,432.50	\$4,135	\$3,435.83	\$3,696	\$3,233.33	\$4,322	\$3,501.57
8	\$3,515	\$3,253.33	\$4,371	\$3,542.50	\$4,053	\$3,353.17	\$4,438	\$3,748.33
9	\$4,054	\$3,335.57	\$4,537	\$3,780.83	\$4,431	\$3,492.50	\$4,564	\$3,855.57
10	\$4,209	\$3,505.57	\$4,633	\$3,915.00	\$4,235	\$3,512.50	\$4,826	\$4,020.83

- Also get supplement for advanced degrees and PhDs
- Salary Schedules used for instructional support, principals, psychologists



Classroom Teachers

How Does NC Budget Guaranteed Positions?

- Guaranteed positions don't have known fixed cost
- Use 6th pay period actual for estimating next fiscal year's projected costs

**2012-13 Classroom
Teaching Positions
Required: 71,400.5**

X

**2011-12 6th PP
Average Salary:
\$41,827**

=

2012-13 Budget: \$2,986,497,197



Classroom Teachers

What is the Rationale for Guaranteed Positions?

- LEAs can hire best candidate regardless of salary
- Eliminates possible incentives to:
 - Discourage teachers from securing advanced degrees or certification
 - Replace effective, experienced teachers with unproven, initially licensed teachers

Career and Technical Education

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
292,259,768	295,380,943	3.5%

- **Purpose:** Provides guaranteed months of employment to fund CTE teacher salaries and benefits
- **Formula:** 50 months of employment per LEA with remaining funds distributed based on grade 8-12 ADM



Instructional Support

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
339,418,232	343,132,091	4.0%

- **Purpose:** Supports 10-month positions for counselors, social workers and other instructional support personnel
- **Formula:** 1 position per every 210.53 in ADM

School Building Administration

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
234,898,074	238,804,328	2.8%

- **Purpose:** Provides guaranteed funding to cover 12-month positions for principals, and months of employment for assistant principals
- **Formula:**
 - Principals: 1 position for each school where ADM > 100
 - Assistant Principals: 1 month of employment per every 98.53 in ADM

Personnel Benefits

Allotment	2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
SOCIAL SECURITY	302,438,077	302,641,497	3.5%
STATE RETIREMENT	517,807,304	559,451,487	6.6%
MEDICAL INSURANCE	436,230,065	463,477,795	5.4%
SHORT TERM DISABILITY	5,437,304	5,437,304	0.1%
LONGEVITY	66,948,296	66,948,296	0.8%
ANNUAL LEAVE	28,315,257	28,315,257	0.3%
WORKERS COMP	33,759,906	33,759,906	0.4%
UNEMPLOYMENT	2,348,928	2,348,928	0.0%

- Personnel benefits are provided based on the number of positions, and the requirements of the specific benefit

Base Dollar Allotments



Teacher Assistants

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
537,555,389	554,090,958	6.5%

- **Purpose:** Provides funding for teacher assistants' salaries and benefits
- **Formula:** \$1,183 per K-3 ADM
- **NOTE:** FY 2011-13 Budget provision limits transfer of TA funding only to classroom teachers and vice versa. It would not be in force in FY 2013-14 without legislative action.

Central Office Administration

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
92,194,258	94,626,908	1.1%

- **Purpose:** Provides funding for central office personnel salaries and benefits
- **Formula:** Base formula has changed so many times over last 20 years that this position allotment now functions as a dollar allotment

Noninstructional Support Personnel

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
340,571,273	349,305,764	4.1%

- **Purpose:** Supports clerical, custodians, substitute teachers, and other personnel or purposes
- **Formula:** \$233.74 per ADM
- **NOTE:** Partially supported by Civil Fines and Forfeitures (FY 2012-13: \$120 million)



Supplies/Materials/Equipment

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
49,256,432	50,152,585	0.6%

- **Purpose:** Provides funds for classroom supplies and materials
- **Formula:** \$33.16 per ADM plus \$2.69 per ADM in grades 8 and 9 for PSAT Testing



Career and Technical Education

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
19,606,164	19,921,183	0.2%

- **Purpose:** Provides funding to assist LEAs in expanding, improving, modernizing, and developing quality CTE programs
- **Formula:** Base of \$10,000 per LEA with remaining funds distributed based on grade 8-12 ADM

Textbooks

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
23,431,227	22,816,039	0.3%

- **Purpose:** Provides funds for textbooks and instructional content in paper and digital form
- **Formula:** \$14.26 per ADM in grades K-12

Transportation

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
409,260,271	423,502,255	5.0%

- **Purpose:** Provides funds for transportation to and from school
 - Bus drivers and other personnel
 - Fuel
 - Maintenance
 - Contract Transportation
- **Formula:** Based on pupils transported and “budget rating”

School Buses

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
56,851,619	36,851,619	0.4%

- **Purpose:** Supports yellow school bus replacement for the existing bus fleet (not for growth)
- **Formula:** Subject to availability of funds, policy is to replace all yellow buses exceeding 20 years or 200,000 miles of service

Allotments Addressing Student Characteristics



Allotments Addressing Student Characteristics

- These allotments represent 14% of State allocations
- They are intended to enhance service delivery to specific populations of students
- Resources are provided solely through dollar allotments



Children with Disabilities—School-aged

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
617,118,447	641,888,810	7.5%

- **Purpose:** Provide a program of support to benefit students with identified disabilities in public schools from ages 5-21
- **Formula:** \$3,743 per identified student up to a 12.5% maximum identified LEA student cap

Children with Disabilities—Other Programs

Allotment	2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
PRESCHOOL CHILDREN	51,234,945	52,986,669	0.6%
BEHAVIORAL SUPPORT	11,108,547	11,335,088	0.1%
GROUP HOMES	4,210,460	4,442,061	0.1%
DEVELOPMENTAL DAY CARE	19,017,654	19,449,096	0.2%
COMMUNITY RESIDENCY CENTERS	3,921,105	4,572,909	0.1%

Preschool Children

- **Purpose:** Support local programs which address unique needs of this population
- **Formula:** Dollar equivalent of classroom teacher plus \$2,979 per 3, 4 and pre-K5 year-old identified student

Other Programs (available by application)

Academically or Intellectually Gifted

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
71,767,223	73,625,278	0.9%

- **Purpose:** Supports differentiated services to students with outstanding capability
- **Formula:** Total LEA Funding = 4% of LEA's ADM x Per-Pupil Funding Factor (FY 2012-13: \$1,233)

At-Risk Student Services

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
254,192,424	275,992,693	3.2%

- **Purpose:** Provide services/positions such as:
 - alternative instruction
 - dropout prevention
 - school safety officers (SSOs)
 - summer school instruction
 - remediation
 - alcohol/drug prevention

At-Risk Student Services Formula

- **Formula:** Every LEA receives the following:
 1. Funding equivalent to an School Safety Officer salary (\$37,838) per high school
 2. Remaining funds allocated based 50% on Federal Title I headcount (\$342.50/pupil) and 50% on allotted ADM (\$86.33/pupil)

NOTE: Each LEA must receive at least the equivalent of two teachers and two instructional support personnel (\$239,704).

Disadvantaged Student Supplemental Funding

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
79,669,361	80,808,768	0.9%

- **Purpose:** Provides supplemental funding to LEAs to enhance capacity to address the needs of disadvantaged students
- **Formula:** Distributed to all LEAs on a per-student basis, factoring in certain student characteristics and the relative wealth of the county

Limited English Proficiency

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
76,498,398	84,463,502	1.0%

- **Purpose:** Provides funding to LEAs to serve students not proficient in English
- **Formula:** Funding provided for up to 10.6% of total LEA ADM. Each LEA receives dollar equivalent of a teacher assistant position, with remaining funds allocated 50% on 3-year weighted average LEP headcount and 50% on LEP concentration.



Allotments Addressing District Characteristics



Allotments Addressing Student Characteristics

- These allotments represent 3% of State allocations
- They are intended to address economic and geographic conditions of school districts
- Resources are provided solely through dollar allotments

Low Wealth Supplemental Funding

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
226,892,540	227,417,694	2.7%

- **Purpose:** Provides funding for counties that have below State-average ability to generate local revenue to support public schools
- **Formula:** Only LEAs with calculated county wealth of less than 100% of the State average qualify. Qualifying LEAs can receive a maximum of the amount required to bring that district up to the statewide average local revenue per student

Small County Supplemental Funding

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
44,750,575	45,574,879	0.5%

- **Purpose:** Provides additional support for small county LEAs to compensate for diseconomies of scale
- **Formula:** All county LEAs with fewer than 3,239 students qualify, as do some with fewer than 4,080 students. Funds are then allocated on seven different criteria to all qualifying LEAs.

Child and Family Support Teams

2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
9,371,252	9,579,281	0.1%

- **Purpose:** A combination of positions (nurses) and dollars (social workers) to coordinate services among educational and human service agencies working with at-risk children and their families.
- **Formula:** Positions and dollars distributed between the 79 designated schools

Miscellaneous Programs



Cooperative and Innovative Programs

Allotment	2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
LEARN AND EARN	22,858,203	23,066,520	0.3%
L&E VIRTUAL HS	1,000,000	1,000,000	0.0%

- This program provides high school students the opportunity to earn college credit while in high school
- There are 73 Early Colleges in North Carolina that have received direct supplemental appropriations from the NCGA



Other Programs

Allotment	2011-12 Budget	2012-13 Budget	% of 12-13 Allotments
LIABILITY INSURANCE	3,700,000	3,145,000	0.0%
RESERVE ADM CONTINGENCY	2,618,500	2,618,500	0.0%
SCHOOL BREAKFAST	2,017,761	2,017,761	0.0%
EVAAS	1,845,000	1,845,000	0.0%
EXCELLENT PUBLIC SCHOOLS ACT	-	25,641,319	0.3%
CONNECTIVITY	19,001,948	19,001,948	0.2%
SMALL SPECIALTY HIGH SCHOOLS	4,017,304	4,017,304	0.0%
SCHOOL TECHNOLOGY FUND	18,000,000	18,000,000	0.2%
DRIVERS EDUCATION	26,867,517	26,877,414	0.3%
TEACHING FELLOWS	13,615,953	10,140,953	0.1%

Passthroughs

Allotment	2011-12 Budget	2012-13 Budget
TEACH FOR AMERICA	900,000	900,000
COMMUNITIES IN SCHOOLS	1,446,750	1,446,750
BEGINNINGS FOR PARENTS	919,730	919,730
TARHEEL CHALLENGE	1,017,719	767,719

LEA Adjustment

2009-10 Budget	2010-11 Budget	2011-12 Budget	2012-13 Budget
(225,000,000)	(304,774,366)	(428,991,908)	(359,738,508)

- Legislative requirement for LEAs to return a percentage of allotment funding to the State
- In lieu of State-level cuts, LEAs must make targeted reductions to State funding streams
- Due to the Adjustment, LEAs have marginally less funding available than the prior slides may suggest

Charter School Funding

- Charter Schools are entitled to both State and local K-12 funding per G.S. 115C-238.29
- State funding
 - Charter school receives same per-pupil share of State operational funding as its co-located LEA
 - EXCEPTION: Year 1 of operations, allotments are reduced from student prior home LEA to fund charter
- Local funding
 - LEA must provide to the charter, on behalf of each charter school student from the LEA, “an amount equal to the LEA’s per pupil local current expense appropriation”

Charter School Funding

State Charter School Funding: 2008-2012

Fiscal Year	Funded ADM	State Funding	\$/ADM
2007-08	32,266	\$169,192,779	\$5,244
2008-09	35,870	\$190,593,495	\$5,484
2009-10	41,716	\$201,748,380	\$5,050
2010-11	45,094	\$228,291,552	\$5,063
2011-12	49,245	\$256,417,175	\$5,178

Source: Department of Public Instruction (Highlights), 2008-2012



Other State Fund Sources



NC Lottery Proceeds for Education

- Lottery Act distributes lottery proceeds as follows:
 - 50% to Pre-K/Classroom Teachers
 - 40% to School Capital
 - 10% to Scholarships for Needy Students
- NCGA has modified distributions in the last 5 budgets

2011-13 NC Education Lottery Appropriations

	<u>2011-12 Enacted Budget</u>		<u>2011-12 Revised Budget</u>		<u>2012-13 Enacted Budget</u>	
	\$	% Total	\$	% Total	\$	% Total
Classroom Teachers	220,643,188	52%	220,643,188	48%	220,643,188	50%
LEA Flex Cut Reduction	N/A		-	0%	16,385,771	4%
Pre-K	63,135,709	15%	63,135,709	14%	63,135,709	14%
School Capital	100,000,000	24%	100,000,000	22%	100,000,000	23%
Scholarships for Needy Students	30,450,000	7%	30,450,000	7%	30,450,000	7%
UNC Need-Based Aid	10,744,733	3%	42,878,295	9%	10,744,733	2%
Total, Lottery	424,973,630	100%	457,107,192	100%	441,359,401	100%

Other Major State Funding Sources

- Fines and Forfeitures
 - Constitutional requirement for Revenue, Transportation and other penalties to be used to support Public Schools
 - Proceeds (12-13 Budget: \$138.4m) directed to School Technology Fund and Noninstructional Personnel Support
- Department of Revenue Transfer
 - 12-13 Budget: \$46 million
 - Implemented in FY 06-07 to offset elimination of LEA's refund eligibility for the State portion of Sales and Use Tax
- Highway Fund Transfer
 - 12-13 Budget: \$27 million
 - Only State source of Driver Training funding



State Public School Capital Fund Sources

- Pub. Sch. Building Capital Fund
 - Includes Lottery (\$100M) and Corporate Income Tax support for school capital
 - Corporate Income Tax (ADM Fund) set-aside (7.25% of tax) suspended over last four budgets
 - While funds are held at county level, proceeds may not support charter school real property acquisition

Federal Fund Sources



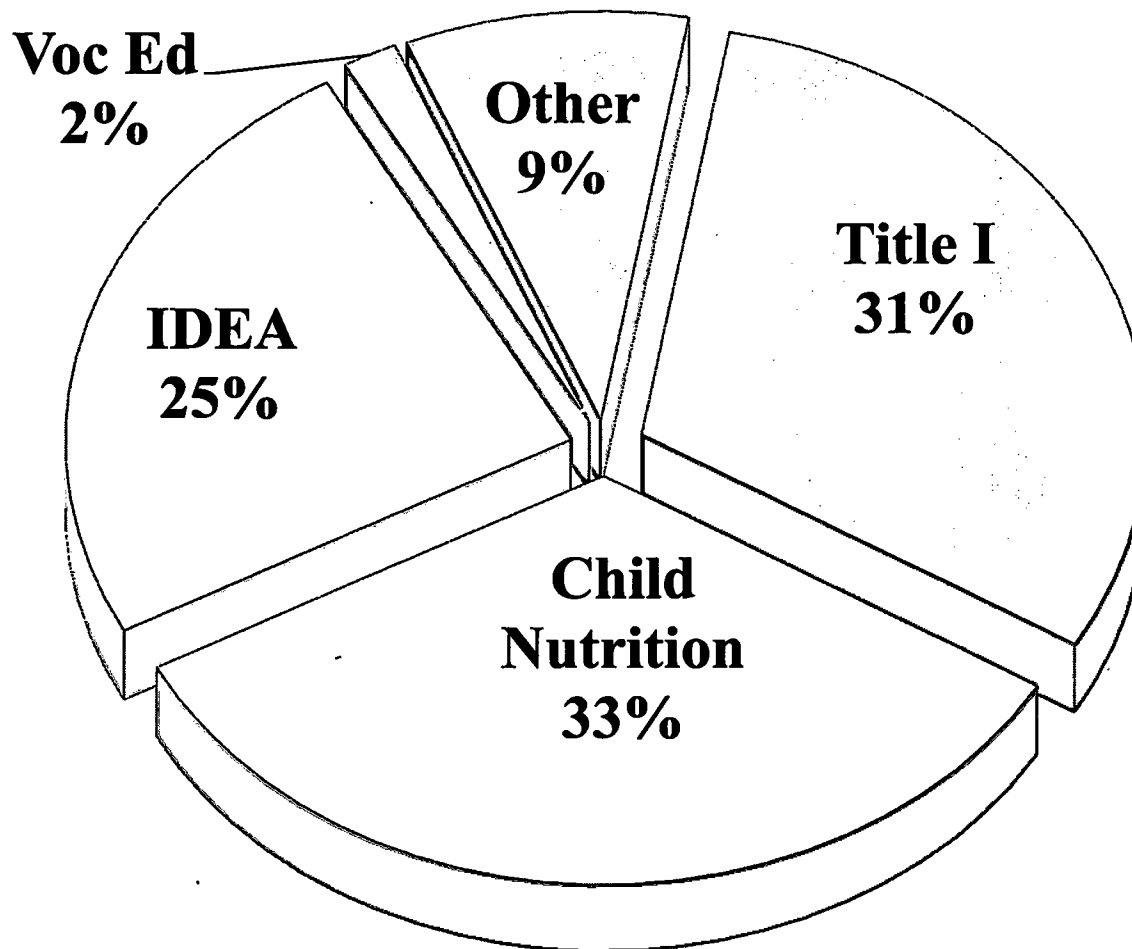
Federal K-12 Fund Sources

- Most programs are included in State budget, but General Assembly lacks authority to modify program requirements
- Federal grants may be spent over a 27-month period, so expenditures best measure of impact
- Federal funds were significantly through recent Stimulus programs but still comprised only 16% of total NC K-12 expenditures at their relative height in FY 2010-11



Federal K-12 Fund Sources

2012-13 State Federal Funding Received

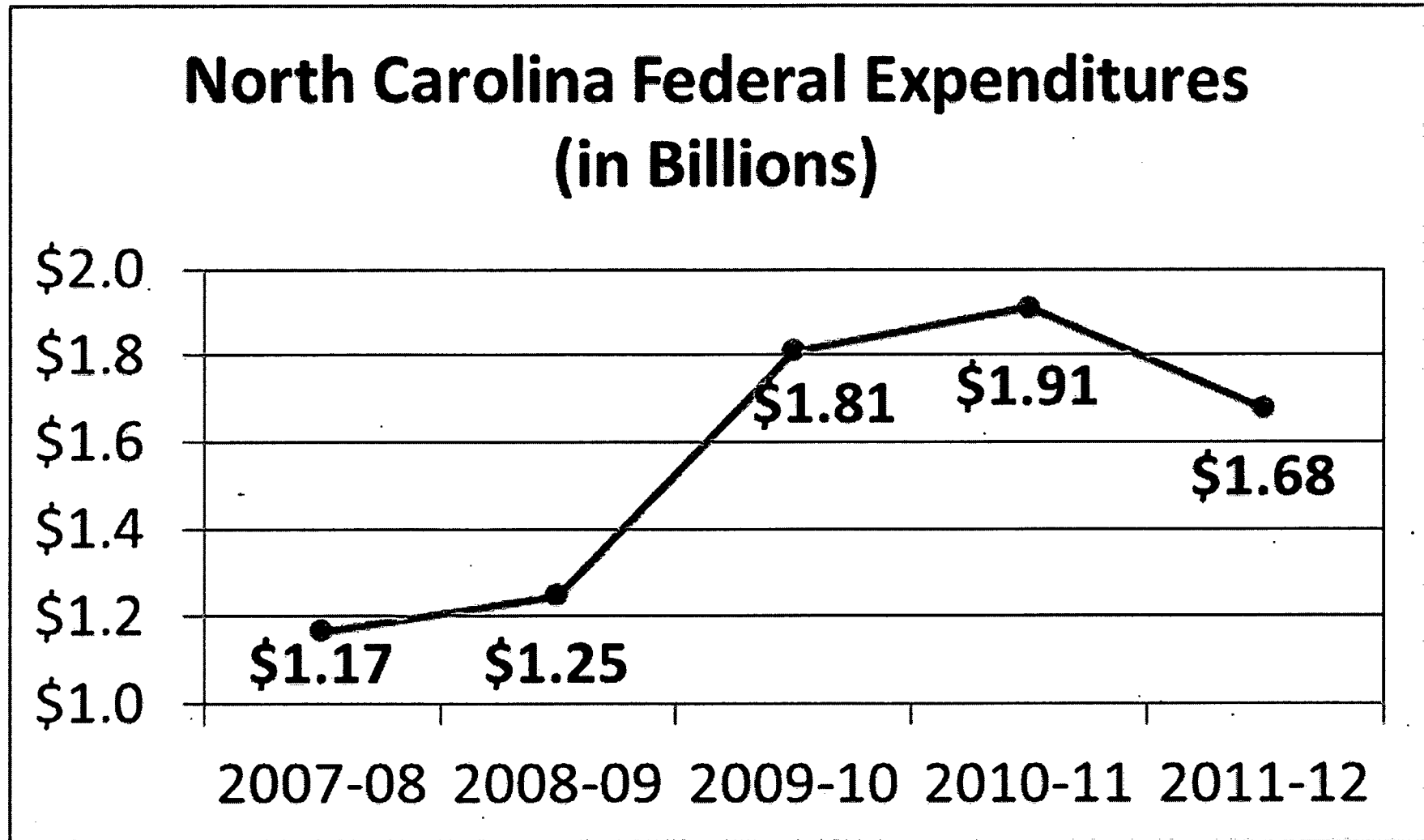


Most federal funds are targeted towards a specific population such as Low Income Children or Children with Special Needs.

These funds must be used for the purposes allotted and cannot be transferred.

Source: Department of Public Instruction (Highlights), Feb. 2013

Federal K-12 Fund Sources



Race to the Top

- North Carolina successfully competed for this \$400 million federal grant in 2010
- Funds available for 4 years and allocated to:
 - State-level programs (\$200 million)
 - Local programs (\$166 million)
 - Cloud computing initiative (\$34 million)
- Activities supported include district transformation, teacher and principal recruitment and development, professional development and an online Instructional Improvement System

Questions?

VISITOR REGISTRATION SHEET

Joint

House Subcommittee on Education Appropriations

2/20/2013

Name of Committee

Date

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Jackson Court	NCS
<i>[Signature]</i>	Policy Group
Stacy Bassett	College Board
Michael Berke	Graduate & Professional Student Federation University of North Carolina at Chapel Hill
Laura Tollini	" "
John Sheridan	GPSF UNC
Hannah Martin	" "
ANDREW B. GIBBS	GPSF & UNC School of Law
Alex Badger	CSS
Alexa Schmitt	UNC - Chapel Hill
Will Wright	UNC-Chapel Hill
Bo Heath	McGuire Woods

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House Subcommittee on Education Appropriations

2/20/2013

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Jim Ayer	Ed Consultant
Marcel Hardin	KCIU
Rachel Beaulieu	NCDPI
Martez Hill	SBE
Danielle Musselwhite	Jason Deans + Assoc.
Bryan Conrad	OSBM
ADAM BRUEGGEMANN	OSBM
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Christopher Jones	OSBM
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Buddy Harris	Hand Installed
Eric Moore	NC DPI
Philip Price	DPI
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Townes Maxwell	PSG
Edna Wallace	NC New Schools
John Kent	MWC
Ashley Perkins	Perkinson Law
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House Subcommittee on Education Appropriations

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Leanne Winner	NCSBA
Dylan Finch	Rep. Stam
Mark Lanier	UNCW
Emily Doyle	NCPAPA
Katherine Joyce	NASA
Camara Henley	MVA
Elise McDowell	Troumae Seide.
Paul Johnson	Inform
Joni Allmy	BEGINNINGS

Joint Appropriations Subcommittee on Education

Agenda

~~Thursday~~ ^{TUESDAY}, February 26, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Jerry Tillman, Presiding

- I. Welcome**
Senator Tillman

- II. NC Public Schools Expenditures, Outcomes & Other Topics**
Kristopher Nordstrom, Fiscal Research Division

- III. Adjourn**

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)

Sen. Soucek (Co-Chair)

Sen. Tillman (Co-Chair)

n. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,

n. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)

Rep. Horn (Chair)

Rep. McGrady (Chair)

Rep. Bryan (Vice Chair)

Rep. Whitmire (Vice Chair)

Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,

Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,

Rep. Maloné, Rep. Michaux, Rep. Stam, Rep. Steinburg

**Senate Committee on Appropriations on Education/Higher Education
Tuesday, February 26, 2013 at 8:30 AM
Room 421 of the Legislative Office Building**

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on February 26, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Malcolm Graham, Sen. Fletcher Hartsell, Jr., Sen. Earline Parmon, Sen. Bob Rucho, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Debra Conrad, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Marvin Lucas, Rep. Chris Malone, Rep. Mickey Michaux, Rep. Paul Stam, and Rep. Bob Steinburg. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Senator Jerry W. Tillman, Co-Chair, presided.

Sen. Tillman, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Kristopher Nordstrom of the Education Fiscal Research Division (FRD) for his presentation, "NC Public Schools Expenditures, Outcomes & Other Topics." (See Attachment 1) Mr. Nordstrom began by reviewing North Carolina Virtual Public Schools, (NCVPS) which do not receive a general fund appropriation, but instead is funded through a cost-sharing formula. He reviewed that formula for the Members.

Mr. Nordstrom then reviewed how the money for public schools is actually spent. The majority of public school funding is spent on the LEAs, with most of the LEA money going to fund personnel. 92% of the money is spent on salaries and benefits. Mr. Nordstrom pointed out that there has been a decrease in the number of full-time public school employees over the past four years.

Mr. Nordstrom outlined the various allotments and the rules – both Federal and State – which apply to how the allotments can be used.

Sen. Tillman – The Chair, commented that he is looking at legislation that would give total flexibility as to how allotments are spent to the LEAs, within Federal and State guidelines.

Mr. Nordstrom pointed out the flexibility that the LEAs do have currently in managing their allotments. They typically will change class sizes, and reduce positions such as teaching assistants, for example.

Mr. Nordstrom then moved on to another topic in his presentation related to flexibility: position transfers. He mentioned that the subcommittee may want to consider making a permanent decision on the transfer of positions, as some of the current provisions will soon expire.

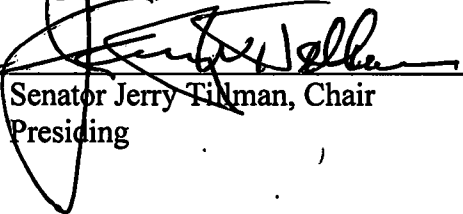
Mr. Nordstrom then mentioned a few other items that will be "on the radar" of this subcommittee, starting with the continuation budget. He explained that it is the starting point for the creation of the next budget. Traditionally it is last year's budget adjusted for ADM increases, inflation, and the restoration of non-recurring cuts. He indicated that it is essentially what it would cost to provide last year's level of service this upcoming year. Mr. Nordstrom alerted the committee that there could be increases before the budget work even begins due to increases in ADM, restoration of non-recurring cuts, and underfunded line items. The continuation budget could come in at \$282 million above the 2012-13 budget levels.

Mr. Nordstrom reviewed the impact of last session's Senate Bill 795 – "The Excellent Public Schools Act" and the Federal "Race to the Top" grant money on the budget. Following this, he reviewed how North Carolina public schools compare nationally, regionally and internationally in a variety of areas.

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:45AM.

Respectfully submitted,



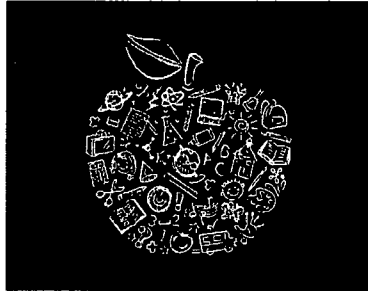
Senator Jerry Tillman, Chair
Presiding



Mark Shiver, Committee Clerk

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NC Public Schools Expenditures, Outcomes & Other Topics



Kristopher Nordstrom
Fiscal Research Division

February 26, 2013



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NC Virtual Public Schools

North Carolina Virtual Public Schools

NCVPS Overview

- Online (and blended) courses for public school students

Course Type	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13*
Summer	6,985	2,697	7,484	8,542	10,215	8,000
Fall	4,205	4,550	10,596	13,019	17,150	15,950
Year Long	1,269	1,778	3,162	3,796	4,580	4,372
Spring	4,866	7,860	15,864	19,371	17,332	18,748
Total	17,325	16,885	37,106	44,728	49,277	47,070

* Enrollments as of Feb 13, 2013

- Funded via cost-sharing formula
 - Original implementation FY 10-11
 - Modified for FY 11-12

North Carolina Virtual Public Schools

NCVPS Funding Formula

- **Step 1:** Project NCVPS enrollment by course type for each LEA and charter school
- **Step 2:** Multiply by the per-student cost of instruction for each course type to get projected instructional cost
- **Step 3:** Reduce each LEA's teacher allotment by 75% of projected instructional cost
- **Step 4:** Adjust each LEA/charter's adjustment based on actual enrollment

North Carolina Virtual Public Schools

NCVPS FY 12-13 Budget

NCVPS FY 12-13 Reductions

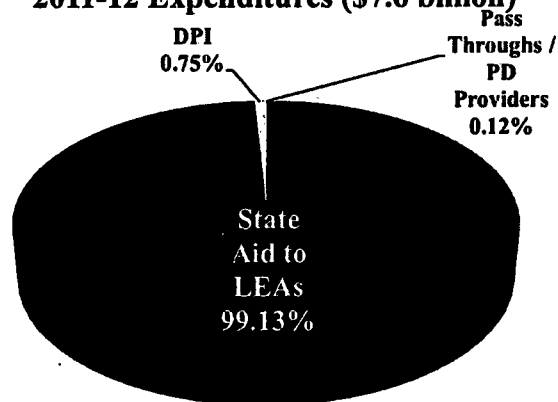
75% Dollar Reduction	\$17,781,379
Administration	\$3,210,953
<u>Enrollment Reserve</u>	<u>\$1,018,464</u>
Total	\$22,010,796

How Is Public Education Money Spent?

How Is Public Education Money Spent?

Majority of Funding Supports Districts

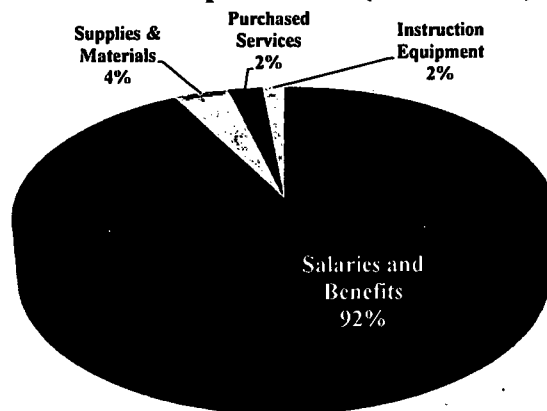
2011-12 Expenditures (\$7.6 billion)



How Is Public Education Money Spent?

Majority of LEA Spending on Personnel

2011-12 Expenditures (\$7.6 billion)



How Is Public Education Money Spent?

Number of Full-Time Employees Decreasing

Full-Time Public School Personnel. All Funding Sources

	2008-09	2009-10	2010-11	2011-12	2012-13	# Change: FY09 vs FY13	% Change: FY09 vs FY13
Teacher Assistants	30,002	26,752	26,306	24,264	24,412	(5,590)	-18.6%
Other Non-Certified	27,414	26,890	25,635	24,507	24,069	(3,345)	-12.2%
Assistant Principals	3,000	2,745	2,686	2,601	2,733	(267)	-8.9%
Clerical / Secretarial	11,153	10,732	10,646	10,364	10,270	(883)	-7.9%
Technicians	1,640	1,574	1,569	1,519	1,555	(85)	-5.2%
Teachers	99,098	95,377	94,879	93,964	95,146	(3,952)	-4.0%
Central Office	1,868	1,850	1,861	1,786	1,810	(58)	-3.1%
Instructional Support	14,550	14,595	14,465	14,227	14,722	172	1.2%
Principals	2,402	2,424	2,423	2,398	2,432	30	1.2%
Total	191,127	182,939	180,470	175,630	177,149	(13,978)	-7.3%

How Is Public Education Money Spent?

Changes in FTE Vary by Funding Source

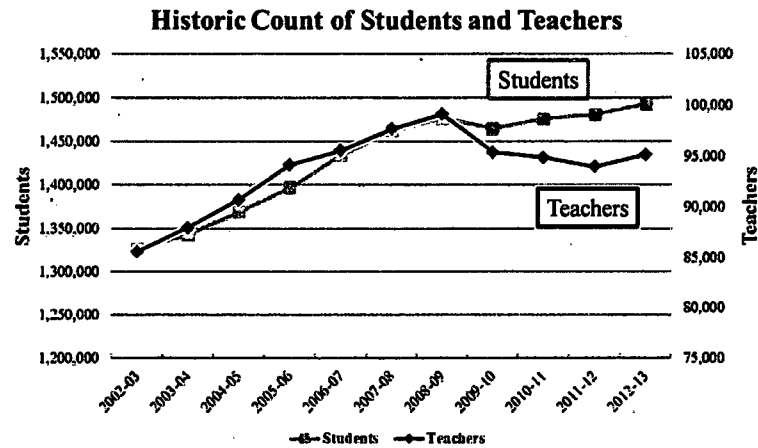
Full-Time Public School Personnel All Position Types

	2008-09	2009-10	2010-11	2011-12	2012-13	# Change: FY09 vs FY13	% Change: FY09 vs FY13
State	144,793	128,540	125,981	130,594	133,792	(11,001)	-7.6%
Federal	12,524	24,715	26,070	18,650	13,993	1,469	11.7%
Local	33,810	29,684	28,419	26,386	29,364	(4,446)	-13.1%
Total	191,127	182,939	180,470	175,630	177,149	(13,978)	-7.3%

- Local and State reductions off-set partially by increased federal support

How Is Public Education Money Spent?

Student Population Continues to Grow



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February 26, 2013

How Is Public Education Money Spent?

Historical Changes in Teacher Salaries

Fiscal Year	Teachers	State Employees	Consumer Price Index
1993-94	5.0%	2.0%	2.6%
1994-95	7.0%	4.0%	2.9%
1995-96	2.0%	2.0%	2.7%
1996-97	5.5%	4.5%	2.8%
1997-98	7.5%	4.0%	1.8%
1998-99	7.5%	3.0%	1.7%
1999-00	7.5%	3.0%	2.9%
2000-01	6.5%	4.2%	3.4%
2001-02	2.9%	0.0%	1.8%
2002-03	1.8%	0.0%	2.2%

Efforts made to
bring NC teacher
salaries to
national average

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February 26, 2013

How Is Public Education Money Spent?

Historical Changes in Teacher Salaries

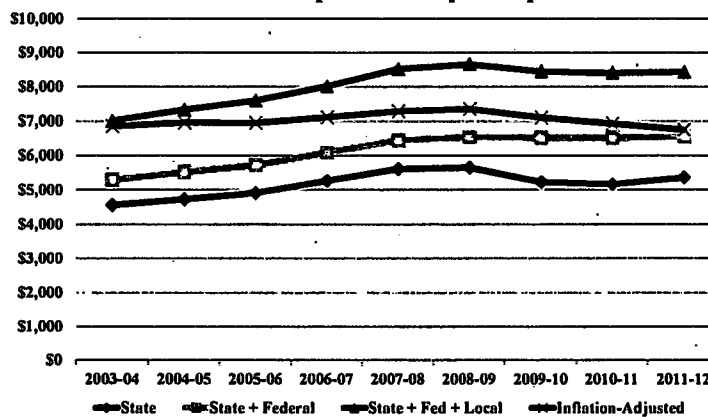
Fiscal Year	Teachers	State Employees	Consumer Price Index
2003-04	1.8%	0.0%	2.2%
2004-05	2.5%	2.5%	3.0%
2005-06	4.2%	2.0%	3.8%
2006-07	8.0%	5.5%	3.2%
2007-08	5.0%	4.0%	2.8%
2008-09	4.0%	2.8%	3.8%
2009-10	0.0%	0.0%	-0.4%
2010-11	0.0%	0.0%	1.5%
2011-12	0.0%	0.0%	3.0%
2012-13	1.2%	1.2%	1.8%

Salaries frozen during Recession

How Is Public Education Money Spent?

Historic Per Pupil Expenditures

Historic Expenditures per Pupil



How Is Public Education Money Spent?

Takeaways

1. Over 99% of State funds support LEAs
2. Almost all funding supports personnel
3. Personnel has decreased, despite increased students
4. Teacher pay and expenditures per student relatively flat over recent years

Flexibility in Using Allotted Funds

Flexibility in Using Allotted Funds

Funding Flexibility

- Restricted by State:
 - Central Office Administration – funds can move out, but not in
- Restricted by federal maintenance of effort:
 - CTE
 - Children with Disabilities
- Partially-restricted by State:
 - Classroom Teachers – only into TA allotment
 - Teacher Assistants – only into Teacher allotment

Flexibility in Using Allotted Funds

FY 2012-13 Impact of LEA Adjustment

Description	Positions	Amount
Classroom Teachers	(4,289.42)	(179,370,676)
Estimated Matching Benefits	-	(65,813,312)
Teacher Assistants	-	(44,649,593)
Vocational Education	(444.03)	(27,480,564)
Charter Schools	-	(11,758,791)
Instructional Support	(216.76)	(10,404,263)
Classroom Materials/Instructional Supplies	-	(5,387,018)
School Building Administration	(51.43)	(2,859,426)
Academically & Intellectually Gifted	-	(2,135,219)
Children with Special Needs	-	(2,110,876)
At Risk Student Services/Alternative Schools	-	(1,990,895)
Low Wealth Supplemental Funding	-	(1,634,406)
Disadvantaged Student Supplemental Funding	-	(1,411,417)
Noninstructional Support Personnel	-	(758,053)
Limited English Proficiency	-	(641,270)
Central Office	-	(630,705)
Textbooks	-	(603,152)
Small County Supplemental Funding	-	(79,906)
Transportation	-	(18,966)
Total		\$ (359,738,508)

Teachers and TAs
account for
approximately 75%
of the funds returned
in the LEA
Adjustment

Flexibility in Using Allotted Funds

Funding Flexibility – Position Transfers

- Before 2012 Budget, positions transferred at State average salary
- LEAs increasingly began transferring out positions, receiving the State average salary, and paying beginning personnel from local funds

		LEA	
C	\$12,263 (State funds)	n	
=	\$11,843 (difference)		
—	\$30,430 (local funds)		

Flexibility in Using Allotted Funds

Position Transfers

- GA enacted new rules for position transfers:
 - Principals – first step of the principal III salary schedule (S.L. 2011-145, Sec. 7.14)
 - Savings: approximately \$7.7 million
 - Teachers & Instructional Support – step 6 of the "A" Teachers salary schedule (S.L. 2012-145, Sec. 2.4)
 - Savings: at least \$25 million

Under FY 12-13 rules, LEAs still have flexibility to transfer positions out if they'd like to use funds for other uses

Flexibility in Using Allotted Funds

Upcoming Session

- Without GA action, flexibility rules revert
- Pre- 09-10 rules still permit considerable flexibility
 - “Another important strength of the system...is the flexibility it promotes in the use of funds” – APA
- Permanent decision on transfer of positions
 - “it is the intent of the General Assembly to require that all transfers of teacher and instructional support personnel positions be based on step 0 of the "A" Teachers salary schedule” (S.L. 2012-145, Sec. 2.4)

Flexibility in Using Allotted Funds

Takeaways

1. LEAs have had broad authority to move money between allotments, especially last four years
2. LEA Adjustment allows for flexibly managing cuts *and* expansion funding
3. LEA complaints are mostly arguments for increased resources, couched as an argument for more flexibility

2013 Session: Public Schools Topics

2013 Session: Public Schools Topics

Continuation Budget

- ADM increase: \$136 million
- Restoration of NR items: \$135 million
- Underfunded line items*: \$87 million
- Change in average salaries: (\$76 million)

**FY 13-14 continuation budget could be up to
\$282 million above FY 12-13 budgeted levels**

2013 Session: Public Schools Topics

LEA Adjustment (Negative Reserve)

- LEA Adjustment requires LEAs to identify a certain amount of budget reductions and “return” the money to the State

	FY 09-10	FY 10-11	FY 11-12	FY 12-13
LEA Adjustment	\$ 225,000,000	\$ 304,774,366	\$ 428,991,908	\$ 359,738,508
Share of State Aid	3.05%	4.27%	5.75%	4.67%

2013 Session: Public Schools Topics

LEA Adjustment (Negative Reserve)

- Options for 2013 Budget:
 1. Maintain LEA Adjustment at some level
 2. Eliminate LEA Adjustment, replace with cuts to specific allotments
 3. Eliminate LEA Adjustment, replace with additional appropriation

2013 Session: Public Schools Topics

Excellent Public Schools Act

- 2012's Excellent Public Schools Act (S795) enacted several reforms including:
 - Establishing North Carolina Read to Achieve Program, making numerous changes to K-3 literacy policy
 - Assignment of "A-F" grades to schools based on performance
 - Flexibility regarding required school instructional time and adjusts the school calendar start and end and dates

2013 Session: Public Schools Topics

Excellent Public Schools Act

Estimated Program Costs - Read to Achieve

Requirement Description	2012-13	2013-14	2014-15
Continuously evaluate the comprehensive plan to improve reading achievement	\$0	\$500,000	\$500,000
Solicit input from stakeholders in developing statewide plan	\$80,000	\$0	\$0
Formative diagnostic reading assessments for all students in grades k-3	\$23,576,691	\$9,777,168	\$11,146,757
Retain students who score at Level I or Level II on third grade Reading EOG	\$0	\$0	\$20,536,590
Provide technical assistance to LEAs to implement the program locally	\$1,007,812	\$1,078,610	\$1,143,456
Kindergarten Entry Assessment for all entering kindergarten students beginning FY 14-15	\$0	\$18,500,000	\$750,000
Kindergarten developmental screening of early language, literacy, and math skills	\$0	\$0	\$754,588
Summer reading camp for students not demonstrating reading proficiency	\$0	\$15,465,450	\$15,465,450
LEAs provide alternative reading assessment for third graders who have a reading deficiency	\$0	\$257,613	\$254,055
Parents of retained students shall be provided with a plan for reading at home, including participation in reading workshops for the parent	\$0	\$23,007,944	\$18,330,263
Supplemental tutoring for students who have been retained twice	\$0	\$0	\$8,927,453
Providing monthly progress reports to parents of retained students	\$0	\$0	\$159,777
Establish NC Teacher Corps	\$0	\$0	\$1,818,286
Total Requirements (per 2012 fiscal note)	\$24,664,503	\$68,586,785	\$77,968,389
Existing State Appropriation	\$27,000,000	\$27,000,000	\$27,000,000
Expansion Requirements	N/A	\$41,586,785	\$50,968,389

2013 Session: Public Schools Topics

Race to the Top

- NC one of 12 states to win a federal Race to the Top grant
- \$400 million over four years
- Funding multitude of initiatives
 - Cloud computing/IIS
 - Professional development for Common Core
 - NC Teacher Corps
 - District and School Transformation
 - Measures of Student Learning
- Funding only through 13-14

2013 Session: Public Schools Topics

Race to the Top

- GA selects which projects to fund in 14-15

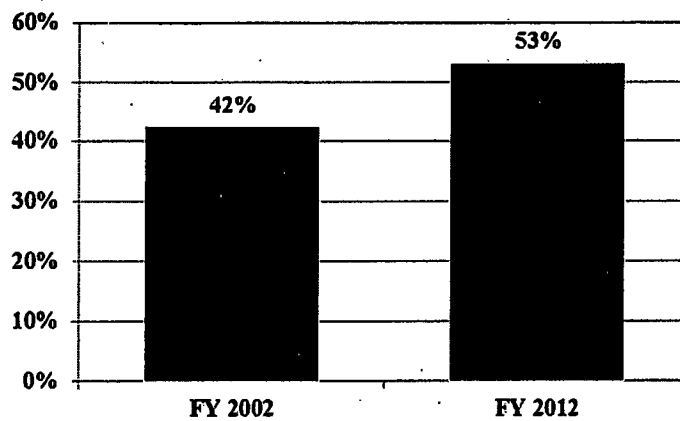
Initial Budget Estimates of Race to the Top Initiatives

Initiative	Est. 14-15 Cost	Notes
Turning Around the Lowest-Achieving Schools	\$11,900,000	
Professional Development	\$10,600,000	
Incentives for Lowest-Achieving Schools	\$9,000,000	
Regional Leadership Academies	\$8,000,000	
Home Base	\$6,000,000	Potential for LEA cost-sharing
Induction Support in High-Need Schools	\$2,600,000	
Teach for America Expansion	\$2,500,000	Potential for LEA cost-sharing
NC Teacher Corps	\$1,800,000	Included in EPSA projections
Student Survey of Teacher Performance	\$1,500,000	

NC School Performance

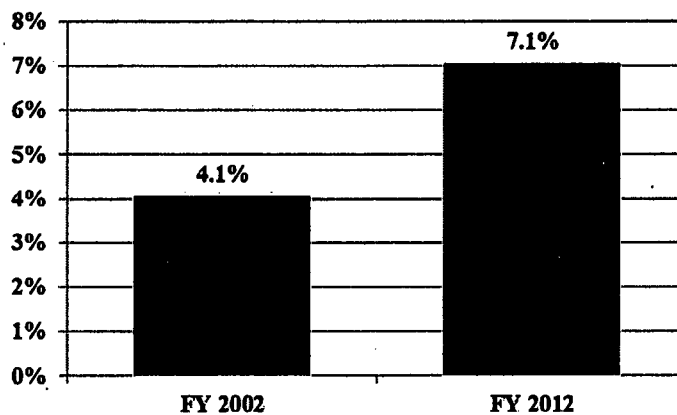
NC Public Schools—Key Facts

Free or Reduced Lunch



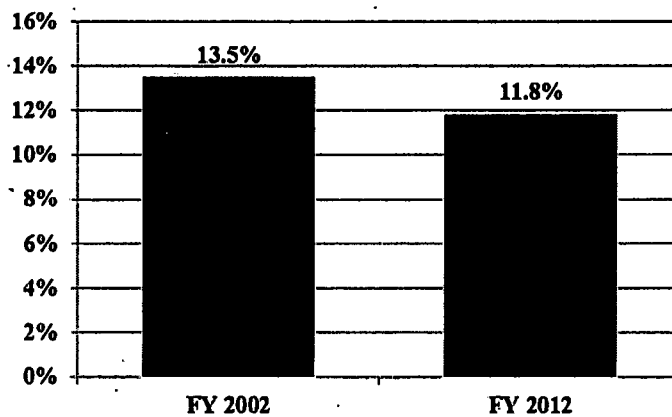
NC Public Schools—Key Facts

Limited English Proficient



NC Public Schools—Key Facts

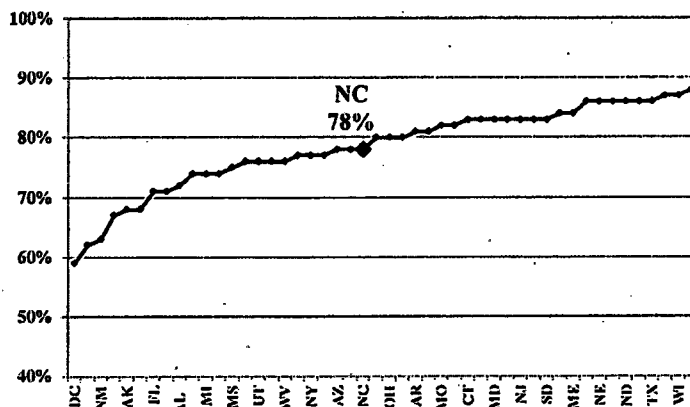
Children with Disabilities



Educational Outcomes

Graduation Rate

4-year Cohort Graduation Rate, 2010-11



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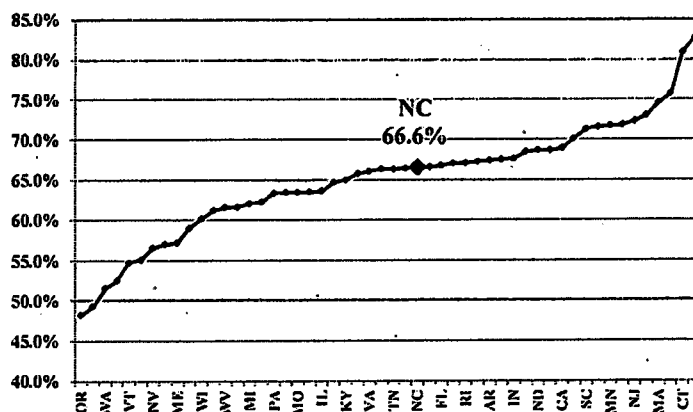
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February 26, 2013

Educational Outcomes

College-Going Rate

Est % of Recent H.S. Grads in College, Fall 2010



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Source: SREB

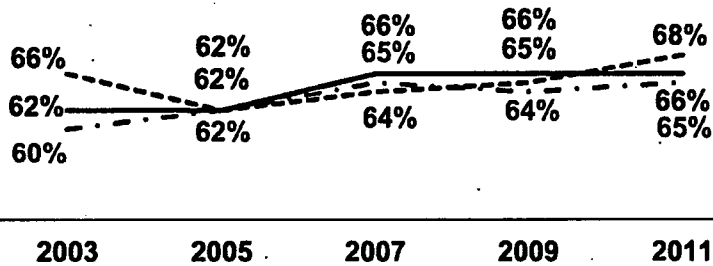
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Educational Outcomes

NAEP Fourth-Grade Reading Results

Percent Scoring At or Above Basic



Source: SREB Challenge to Lead

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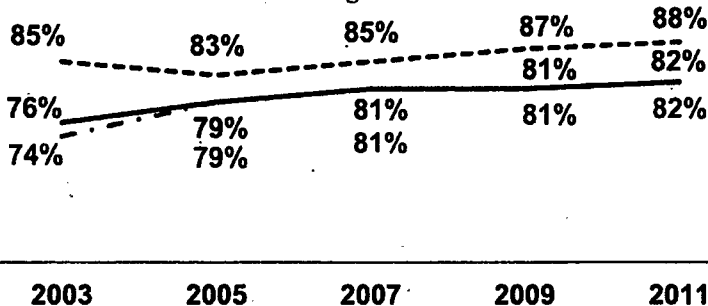
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Educational Outcomes

NAEP Fourth-Grade Math Results

Percent Scoring At or Above Basic



Source: SREB Challenge to Lead

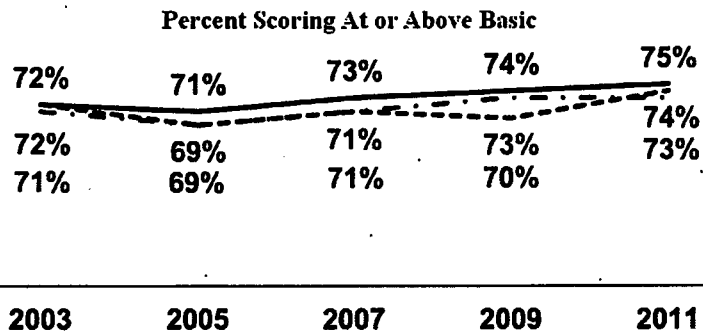
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Educational Outcomes

NAEP Eighth-Grade Reading Results



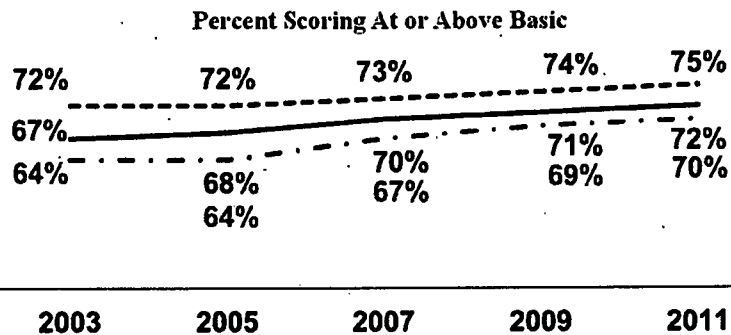
Source: SREB Challenge to Lead
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Educational Outcomes

NAEP Eighth-Grade Math Results



Source: SREB Challenge to Lead
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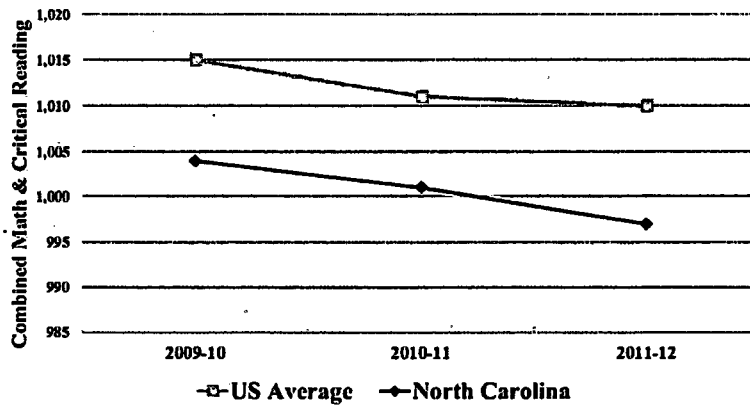
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Educational Outcomes

SAT Results

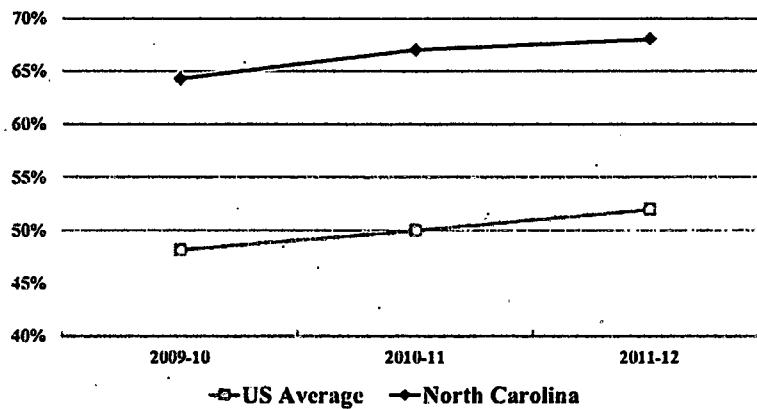
NC SAT Results



Educational Outcomes

SAT Results

NC SAT Participation Rate



Educational Outcomes

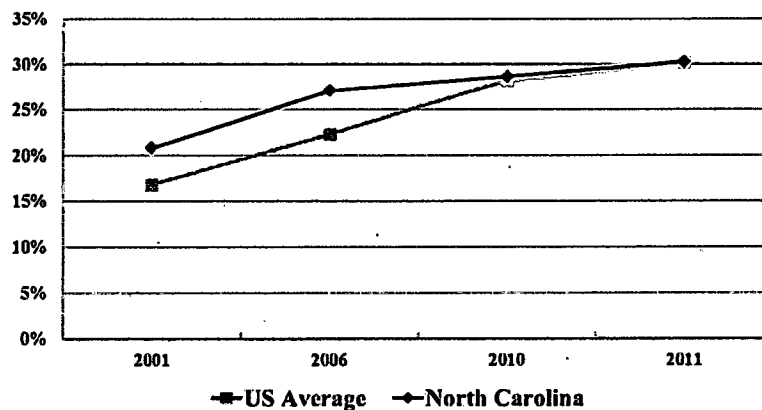
TIMMS

- 2011, NC one of 9 states participating as “a country”
- **4th grade math:** Only 5 education systems outperformed NC
- **8th grade math:** Only 6 systems outperformed NC
- **4th & 8th grade science:** In-line with US average

Educational Outcomes

Advanced Placement Exams

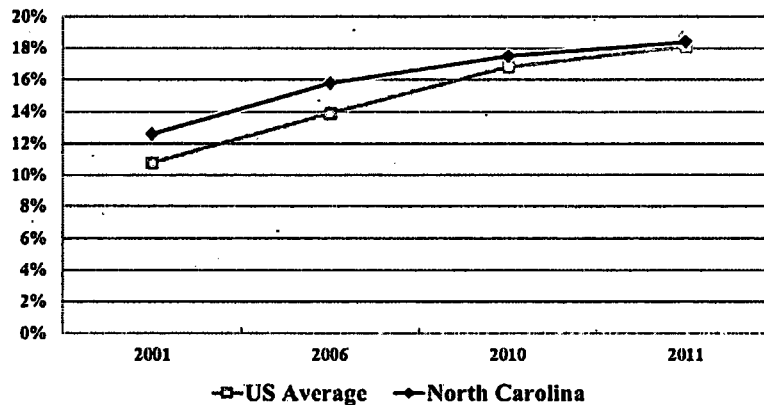
NC Advanced Placement Participation Rate



Educational Outcomes

Advanced Placement Exams

Percent of Graduates Who Scored 3+ on an AP Exam



Educational Outcomes

Harvard Study on Int'l Growth Trends 2012

- Ranked 12th for annual rate of growth in student achievement in math, reading and science from 1992-2011
 - Over 1.5 years of additional learning over 19-year period
- NC spent money wisely over the period
 - NC along with MI, IN, ID, CO, and FL made the most gains for every incremental dollar spent

Educational Outcomes

Takeaways

1. Despite relatively low funding per student, absolute performance is near national average
2. Despite increasingly high-need student population, academic growth has been strong
3. Performance in math stronger than English/Reading

Questions?

VISITOR REGISTRATION SHEET

Joint Appropriation on Education
(Committee Name)

2/26/2013

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
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John Ayne	Ed Consultant
Martez Hill	SBE
Bryan Conrad	OSBM
John Spencer	OSBM
Elizabeth Groenestien	OSBM
Gene Causey	NCSCA
Matt Viehl	CW Cons
Jackson Covert	NSS
Dan Powell	NCICU
Dick Carlton	Mydhar
Jim Steger	NIC PCSA
Joni Allmy	BEGINNINGS

VISITOR REGISTRATION SHEET

IT Sub EO Appropriations

(Committee Name)

02/26/13

Date

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Chrishele Kingdom	
Kali Whitaker	UNC-chapel Hill Press News
Camern Hanly	MVA
Will Grantham	McGuire Woods
Adam Pridemore	NCAASA
Elise McDowell	Trouncker Soldiers
Jennifer Willis	UNC-CH
Drew Metz	UNC GA
Marge Freeman	NCAE
Eric Moore	NC DOT
Tim Price	DPI
Ray Harris	Hut Institute
Lindsey Wagner	NC Policy Watch
Leanne Wynn	NC SBA
Duke Cheston	Pope Center

Joint Appropriations Subcommittee on Education

Agenda

**Thursday, February 28, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Tom Apodaca, Presiding**

I. Welcome

Senator Apodaca

II. NC Community College System:

State Aid to Colleges (continued)

Tuition and Other Receipts / Student Financial Aid

System Office

Metrics

Andrea Poole, Fiscal Research Division

III. Adjourn

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)

Sen. Soucek (Co-Chair)

Sen. Tillman (Co-Chair)

Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,

Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)

Rep. Horn (Chair)

Rep. McGrady (Chair)

Rep. Bryan (Vice Chair)

Rep. Whitmire (Vice Chair)

Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,

Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,

Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

Senate Committee on Appropriations on Education/Higher Education
Thursday, February 28, 2013 at 8:30 AM
Room 421 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on February 28, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Co-Chair, Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Fletcher Hartsell, Jr., Sen. Earline Parmon, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Debra Conrad, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Marvin Lucas, Rep. Chris Malone, Rep. Mickey Michaux, Rep. Paul Stam, and Rep. Bob Steinburg. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Senator Tom Apodaca, Co-Chair, presided.

Sen. Apodaca, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Andrea Poole of the Education Fiscal Research Division (FRD) to continue her presentation from yesterday's meeting, "NC Community College System - State Aid to Colleges" (See Attachment 1)

Mrs. Poole reviewed that available state aid to community colleges in North Carolina as well as various allotments to the NC Community Colleges.

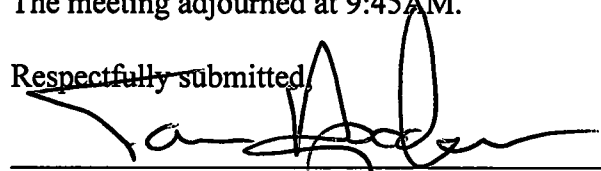
Mrs. Poole next went into a review entitled "NC Community College System: Tuition and Other Receipts Student Financial Aid" (See Attachment 2)

This presentation looked at the budget, sources of funding, and student tuition/fees. Mrs. Poole also reviewed the carryforward amount, Federal funding, and student financial aid available in the community college system.

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:45 AM.

Respectfully submitted,



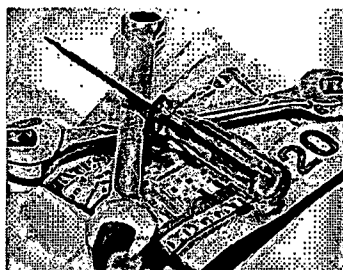
Senator Tom Apodaca, Chair
Presiding



Mark Shiver, Committee Clerk

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NC Community College System: State Aid to Colleges



**Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
February 27, 2013**



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A Staff Agency of the North Carolina General Assembly

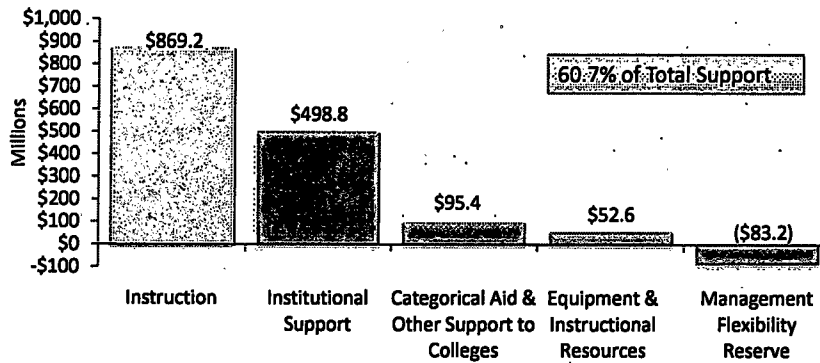
Agenda

- 1. College Allocations**
- 2. Categorical Programs**
- 3. Management Flexibility**



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Instruction Formula Funding



What it is:

- Curriculum
- Continuing Education
- Basic Skills

What it pays for:

- Faculty Salaries
- Instructional Supplies

Instruction: Base Funding

- Each college receives a base funding amount through the curriculum and continuing education formulas.
- **Curriculum** = \$381,698 (equivalent to 6 full-time faculty members)
- **Continuing Education** = \$63,616 (equivalent to 1 full-time faculty member).

Instruction: Equivalent Values

Basic Skills

- Beginning in FY 2012-13, funded at Tier 2 rate (\$3,207.45 per BFTE).
- Remaining State funds allocated based on colleges' pro-rata share of the number of GEDs and Adult High School diplomas awarded.
 - \$1,024.81 per GED/AHS diploma in FY 2012-13.

Instruction: Sample College Allocation

Curriculum				
Base				\$381,698
Tier 1	\$3,689.84	x	2,577.1	= \$9,509,087
Tier 2	\$3,207.45	x	3,597.9	= \$11,540,084
Curriculum Total				\$21,430,869
Continuing Education				
Base				\$63,616
Tier 2	\$3,207.45	x	309.5	= \$992,706
Tier 3	\$2,725.15	x	340.5	= \$927,914
Continuing Education Total				\$1,984,235
Basic Skills				
FTE	\$3,207.45	x	441.0	= \$1,414,485
GED/AHS Diplomas	\$1,024.81	x	353.0	= \$361,758
Basic Skills Total				\$1,776,243
Total Instruction				\$25,191,348

Institutional: Base Allotment

- Represents what is needed to “open the doors”
- FY 2012-13 base allotment is \$2,144,332 based on the costs for 30 positions.

Administrative (9)

- 4 senior administrators
- 1 general institution
- 1 technical/paraprofessional
- 3 clerical

Instructional Support (21)

- 2 supervisors
- 7 student support services
- 4 general institution
- 4 technical / paraprof.
- 4 clerical

Institutional: Multi-Campus Allotment

- Provides funding for colleges with multi-campus centers (MCC), self-contained satellite campuses.
- MCCs offer all student services – financial aid, registration, guidance counselors, and libraries.
- To be classified as an MCC, a campus must offer at least one Associate Degree obtainable entirely at that campus and have an enrollment of at least 300 FTE.

Institutional: Presidents' Salaries

- 1C SBCCC 400.94(c) governs the establishment of pay rates for community college presidents based on size of institution and years of eligible experience.
- For this purpose, college size is based on total FTE, not budget FTE (i.e. includes FTE generated through categorical or self-supporting programs).
- The schedule determines the amount of State funding provided for presidents' salaries.
- Colleges may provide additional salary adjustments using local funding sources.

Institutional: Presidents' Salary Schedule

YEARS OF EXPERIENCE (STEPS)	GRADE			
	1	2	3	4
	FTE RANGE			
	0-2749	2750-4499	4500-7499	7500-UP
0	\$ 103,807	\$ 110,823	\$ 118,535	\$ 126,650
1	105,871	113,148	120,906	128,188
2	108,009	115,404	123,322	131,762
3	110,183	117,712	125,788	134,410
4	112,388	120,068	128,301	137,105
5	114,615	122,480	130,864	139,838
6	116,810	124,913	133,475	142,631
7	119,254	127,415	136,159	145,473
8	121,634	129,953	138,879	148,388
9	124,051	132,564	141,660	151,375
10	126,540	135,211	144,477	154,387
11	129,079	137,919	147,380	157,483
12	131,665	140,676	150,318	160,629
13	134,288	143,481	153,342	163,847
14	136,972	146,372	156,403	167,114
15	139,717	149,268	159,536	170,465
16	142,498	152,288	162,730	173,878
17	145,352	155,322	165,984	177,351
18	148,266	158,418	169,287	180,909
19	151,229	161,588	172,676	184,518
20	154,253	164,818	176,124	188,208

NUMBER OF COLLEGES IN GRADE

17

20

12

6

How Do the Formula Factors Change?

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



Funding Flexibility

- The General Assembly has allowed colleges to have flexibility in order to meet individual college needs.
- Formulas are for allocation purposes only.
- Colleges can spend the formula allocations however they choose, except:
 - **Basic Skills funding may only be used for basic skills programs.**



Categorical Aid & Other Support to Colleges

Workforce Development Funding		FY 2012-13
Customized Training — Programs and training services to assist new and existing business and industry to remain profitable, productive, and within NC. Funds allocated through 4 means: <ol style="list-style-type: none"> 1. Program projects 2. Business and Industry Support formula 3. Regional Capacity Building 4. Local Capacity Building 		\$22,804,544
Small Business Centers — Each college receives a base allotment of \$93,364 and a performance allocation based on the number of: <ul style="list-style-type: none"> • Non-FTE attendees, • Non-FTE seminars, • Counseling clients, • Counseling hours, and • Small businesses in service area. 		\$6,059,814

Categorical Aid & Other Support to Colleges

Workforce Development Funding (continued)		FY 2012-13
NC Back-To-Work — A partnership with NC Dept. of Commerce, provides training to long-term unemployed North Carolinians. Funding is awarded to colleges on a competitive basis; it is currently operating at 16 colleges in 28 counties.		\$5,000,000 (Nonrecurring)
Note: This program's budget as of Jan. 2013 is \$7 million — an additional \$1.8m in Federal WIA funding for colleges and \$200,000 at the System Office.		

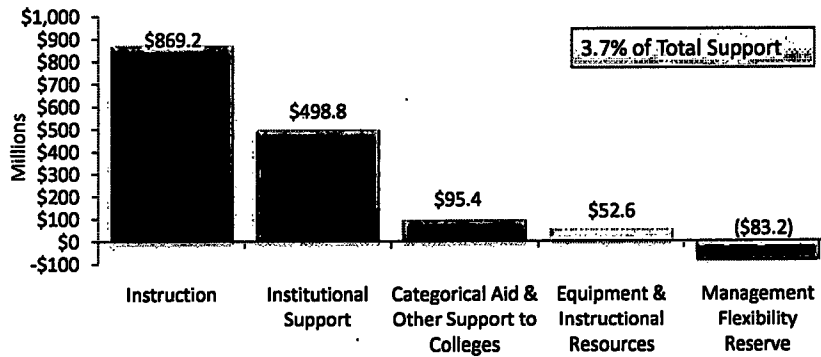
Categorical Aid & Other Support to Colleges

Other Multi-College Awards (continued)	FY 2012-13
Prison Program Start-Up – Funding from the Division of Adult Corrections for start-up funding for new programming. This funding is allocated on a nonrecurring basis to colleges because they will generate FTE during the first year of instruction to continue support.	\$50,000
<p>Note: Funding shown reflects annual start-up funding. Additionally, the Division transfers funding for specific projects over the course of the year. The January authorized budget for this funding is \$1 million.</p>	
Performance Funding – <i>Funded from carryforward from FY 2011-12, this funding is budgeted, but has not been allocated to colleges yet due to receipts shortfalls in the budget (this will be discussed in the Tuition and Fees presentation).</i>	\$7,061,794

Categorical Aid & Other Support to Colleges

Specific Program Allocations	FY 2012-13
NC Research Campus (Rowan-Cabarrus CC)	\$3,389,145
NC Military Business Center (Fayetteville TCC)	\$1,132,634
Marine Technology High Cost Program (Cape Fear CC)	\$688,670
Manufacturing Solutions Center (Catawba Valley CC)	\$546,922
NC Motorcycle Safety Education Program (Administrative host – Lenoir CC)	\$499,000
Textile Center (Gaston College)	\$353,954
Botanical Lab (Fayetteville TCC)	\$264,000

Equipment and Instructional Resources



What it is:

- Equipment
- Instructional Resources

What it pays for:

- Computers
- Instructional equipment
- Books and other library resources

Equipment and Instructional Resources

Total Funding: \$52,637,961

Equipment

FY 2012-13 Equipment Allotment	\$48,962,762
Equipment Carryforward	\$622,952
Total	\$49,585,714

Instructional Resources

FY 2012-13 Instructional Resources Allotment	\$2,500,000
NC LIVE Contract	\$500,000
Carryforward from Prior Year	\$52,247
Total	\$3,052,247

Equipment Allotment

- Each college receives a base allocation of \$100,000.
- Remaining funds are allocated to the colleges on a weighted FTE basis.
- \$233.79 per Equipment FTE (E/FTE)
 - Low = .5 E/FTE (College Transfer, General Education, Basic Skills)
 - Moderate = .75 E/FTE (Occupational Education)
 - High = 1.0 E/FTE (Technical and Vocational Education)

\$48,962,762 allotted in FY 2012-13

Instructional Resources

- Provides funds for:
 - Library books,
 - Book-like materials,
 - Magazines and periodicals,
 - Audio visual materials, and
 - Other non-equipment learning resources of a durable nature.

Management Flexibility Reserve

Total Management Flexibility Reduction: \$83,233,302

- Management flexibility reduction is a budget cut that is not specifically prescribed.
- Colleges have the flexibility to determine what budget line items to cut, within certain parameters.
- Allocated on a pro-rata basis based on each colleges' estimated General Fund appropriation.

Management Flexibility Reserve

- There are restrictions on local flexibility.
- Colleges may not identify funds from:
 - Federal allocations
 - Allocations approved by the State Board outside of regular budget allocations. Examples include:
 - BioNetwork
 - Minority Male Mentoring
 - Customized Training regional trainers

2

NC Community College System: Tuition and Other Receipts Student Financial Aid



**Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
February 28, 2013**



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Agenda

- 1. Tuition**
- 2. Carryforward**
- 3. Federal Funding**
- 4. Student Financial Aid**



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

February 28, 2013

FY 2012-13 Budget

- The FY 2012-13 certified budget is \$1.48 billion.

State Appropriation	\$1,040,421,605
Tuition and Fees	\$367,565,152
Federal	\$33,164,912
Carryforward from Prior Year	\$18,895,729
Other Receipts and Transfers	\$19,682,650
Total	\$1,479,730,048

- Additionally, local governments are budgeted to contribute \$210.1 million.

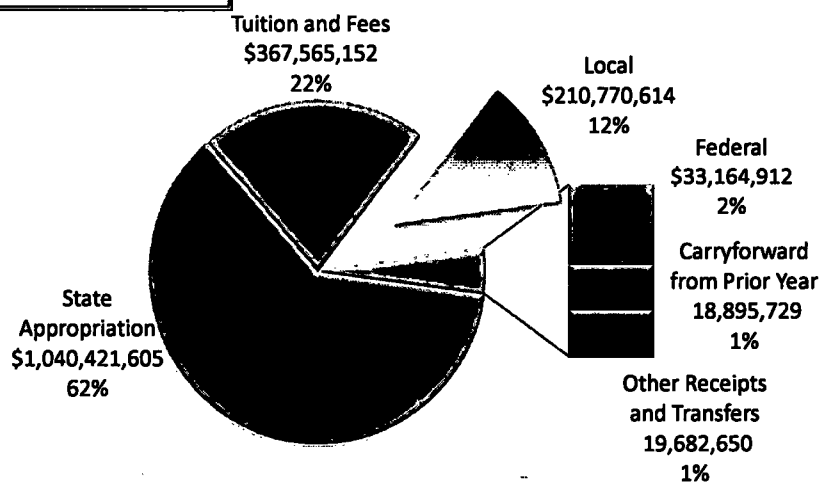
Sources: FY 2012-13 Certified as of Sept 30, 2012, DCC 2-1 Summary



February 28, 2013

FY 2012-13 Sources of Funding

Total: \$1.69 billion



Sources: FY 2012-13 Sept. 30 Certified Budget, DCC 2-1 Summary



February 28, 2013

Tuition

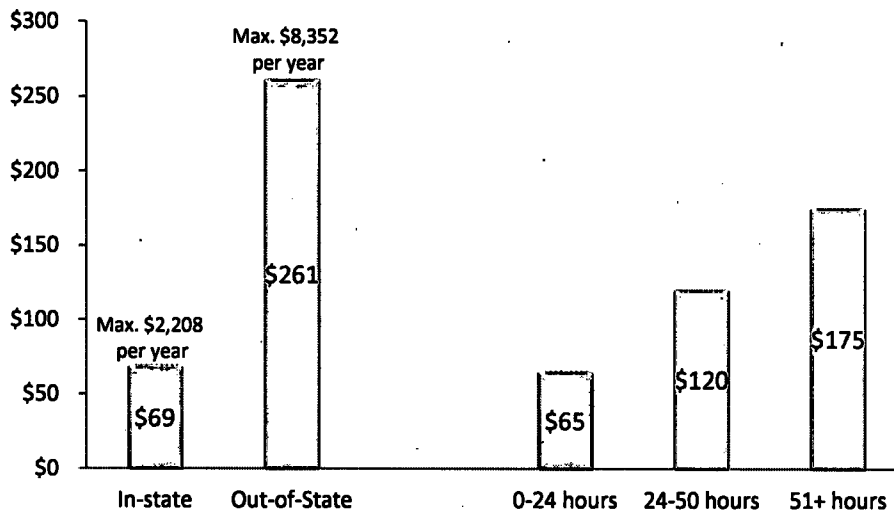
G.S. 115D-39. Student tuition and fees.

(a) The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter.

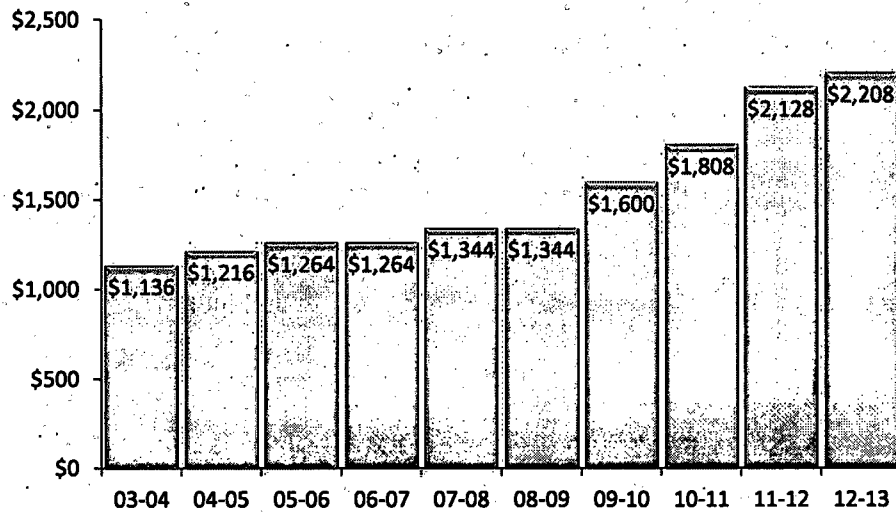
The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.

Tuition: FY 2012-13

Curriculum Tuition per Credit Hour Continuing Education Fees



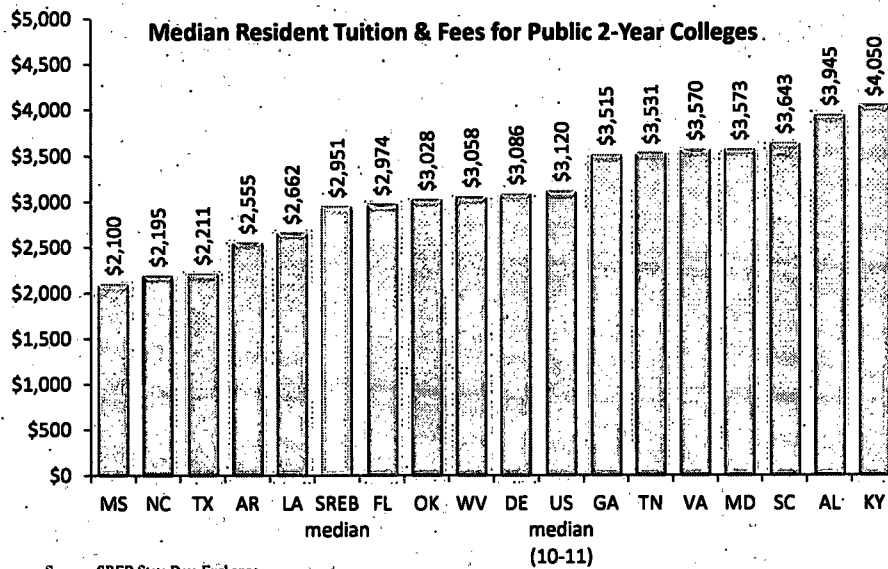
Tuition: Maximum Curriculum Tuition



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Tuition: SREB States FY 2011-12

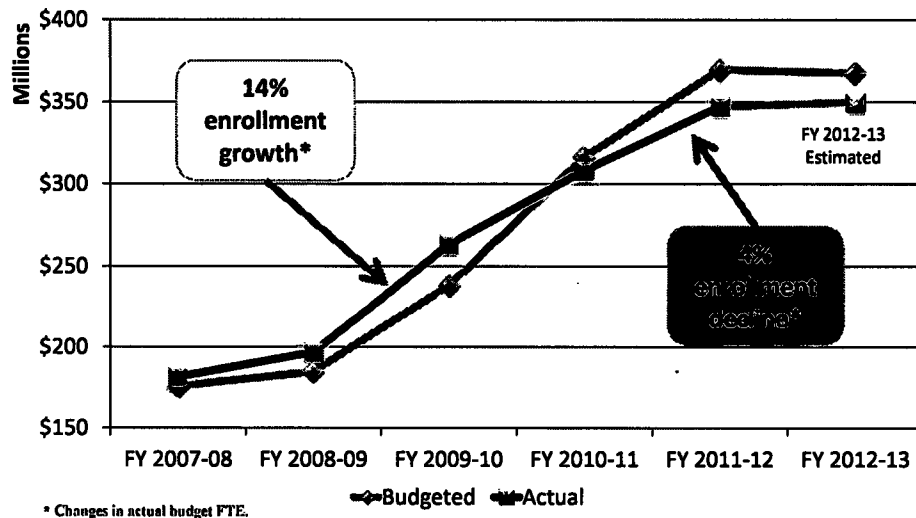


Source: SREB State Data Exchange

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Tuition: Budgeted vs. Actual Receipts



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February 28, 2013

Tuition: Waivers

- There are several populations for whom tuition is waived by statute.

FY 2011-12 Total Tuition Waived

Curriculum	\$22.2 million
Continuing Education	\$53.8 million
Total	\$76.0 million

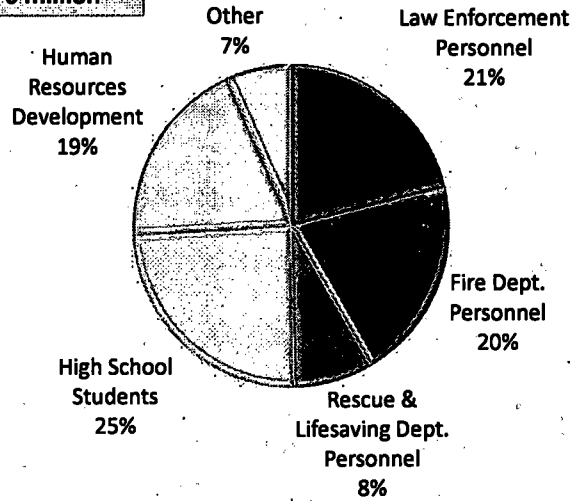
Source: NCCCS Tuition Waiver Report, FY 2011-12

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Tuition: Waivers by Category, FY 2011-12

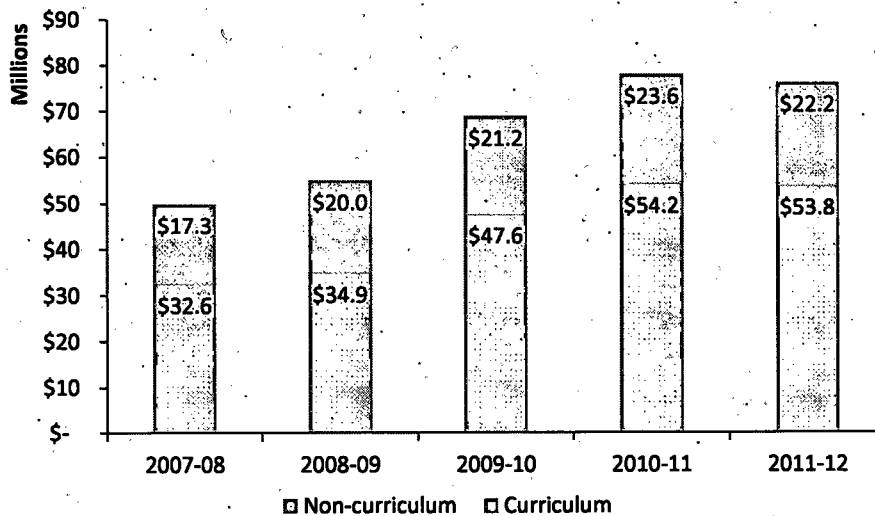
Total: \$76 million



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Tuition: Waivers FYs 2008-12



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February 28, 2013

Carryforward

- NCCCS is permitted by statute to carryforward funding for a number of reasons:
 - Performance funding
 - Equipment and library books
 - Customized Training program
 - Over-realized tuition receipts
 - Financial aid
- Total budgeted carryforward in FY 2012-13 is \$18,895,729.

Federal Funding

- Federal grants fund activities in two major areas:

Vocational Education

- \$14.9 million (budgeted)
- Through the Carl D. Perkins Career and Technical Education Improvement Act of 2006

Basic Skills Education

- \$17.6 million (budgeted)
- Through Title II – Adult Education and Literacy of the Workforce Investment Act of 1998

- Total budgeted federal funding in FY 2012-13 is \$33,164,912.

Student Financial Aid

- Community college students participate in many State-funded scholarship programs.
- This presentation discusses the 3 programs in the NCCCS budget. The rest will be discussed in the UNC presentation.
- Total funding in FY 2012-13 is \$16,500,000.
 - \$16,335,000 from the Escheat Fund
 - \$165,000 from the General Fund

Student Financial Aid: CC Grant Program

- Combination of three programs:
 - Federal Pell Grant
 - NC Community College Grant
 - Education Lottery Scholarship
- Provides students with an Expected Family Contribution (EFC) up to \$5,000 with at least a combined \$4,350 (or “floor”).
 - \$650 for students with EFC between \$5,000 and \$6,000.
 - Floor prorated for $\frac{3}{4}$ - and $\frac{1}{2}$ -time students.

Sample Student: EFC of \$2,500	
Federal Pell Grant	\$3,100
NC Community College Grant	\$950
Education Lottery Scholarship	\$300
Total Award	\$4,350

Student Financial Aid: CC Grant Program

FY 2011-12 Program Statistics	
Expenditures	\$15,187,0230
Students Assisted	26,487
Average Award (CC Grant only)	\$573.37
Average % of Students Full-Time	77%
% Independent Students	55%

Student Financial Aid: Targeted Assistance and Less than Half-Time Students

- Total funding: \$550,000
- Allocated to colleges to assist students who do not qualify for CC Grant Program, including:
 - Students who enroll in low-enrollment, but high-demand programs.
 - Students with disabilities referred by the Div. of Vocational Rehabilitation (DHHS)
 - Students enrolled less than half-time.

Summary

NC has among the lowest tuition and fees among SREB states

During periods of slow growth or enrollment declines, tuition receipts often do not meet budgeted projections.

VISITOR REGISTRATION SHEET

Joint Subcommittee on Education Appropriations
(Committee Name)

02/28/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE
CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Townes Maxwell	PSG
Dre- Moretz	UNCGA
Kevin Howell	NCSU
Nell Whiggin	Gates Co. LLC
Bred Fowler	NC AOC
Sarah Wolfe	MWCLLC
Caroline Cobb	The Policy Group
Duke Chaston	Pope Center
CS Hollis	ISS
Jenni Ar Wmle	UNC-CH
Lindsay Wagner	NC Justice Ctr / Policy Watch
MAGE Foman	NCAE
Chris Hill	NC Justice Center
Morgan Ben	Gov. Office ✓

VISITOR REGISTRATION SHEET

Joint Subcommittee on Education Appropriations
(Committee Name)

02/28/13

Date

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Brandy Andrews	NCCCS
Jennifer Hargood	NCCCS
Mary Shuping	NCCCS
Bryan Conrad	OSBM
Martez Hill	SBE
Jim Johnson	BSA
FRED R. HATLEY	CLERK OF COURT (LIN. Co.)
Will Howell	NCICU
Joyce Peters	CSS
Math Vihl	CH Consult.
Charles Jovelue	Morehead-Cain Foundation
DAVE SIMPSON	CARC / NC ACTE

Joint Appropriations Subcommittee on Education

Agenda

**Thursday, March 7, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Dan Soucek, Presiding**

I. Welcome

Senator Soucek

II. NC Community College System:

**Tuition and Other Receipts / Student Financial Aid (continued from 2/28)
System Office
Metrics**

Andrea Poole, Fiscal Research Division

III. Adjourn

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)
Sen. Soucek (Co-Chair)
Sen. Tillman (Co-Chair)
Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,
Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)
Rep. Horn (Chair)
Rep. McGrady (Chair)
Rep. Bryan (Vice Chair)
Rep. Whitmire (Vice Chair)
Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,
Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,
Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

Senate Committee on Appropriations on Education/Higher Education
Thursday, March 7, 2013 at 8:30 AM
Room 421 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on March 7, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Fletcher Hartsell, Jr., Sen. Earline Parmon, Sen. Bob Rucho, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Debra Conrad, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Marvin Lucas, Rep. Chris Malone, Rep. Mickey Michaux, and Rep. Bob Steinburg. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Senator Dan Soucek, Co-Chair, presided.

Sen. Soucek, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Andrea Poole of the Education Fiscal Research Division (FRD) to continue her presentation from February 28th's meeting, "NC Community College System"

Mrs. Poole picked up her review entitled "NC Community College System: Tuition and Other Receipts Student Financial Aid" (See Attachment 1) She reviewed the sources of financial aid available to community college student and their amounts. The Federal Pell Grant, the NC Community College Grant and the Education Lottery Scholarship are the three financial aid opportunities available for community college students. Students use the FAFSA (Federal Application for Student Financial Aid) to determine their "Expected Family Contribution" toward their tuition and expenses. The financial aid determination is based on this amount. She summarized that NC has relatively low tuition and fees compared to other southern states, and that during times of low enrollment, tuition receipts may not meet budget projections.

Mrs. Poole then moved to a discussion on the NC Community College System Office, (See Attachment 2) She discussed the budget allocations, structure, and pending reorganization of the system office.

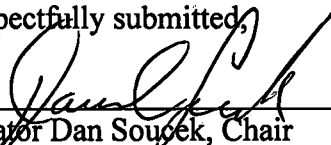
Mrs. Poole then moved to a review on the NC Community College System Metrics; (See Attachment 3) She discussed the appropriations over time per FTE. She also reviewed Critical Success Factors including performance measures and standards. Also, Mrs.

Poole looked at comparisons between the NC Community Colleges and SREB and nationally.

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:55AM.

Respectfully submitted,

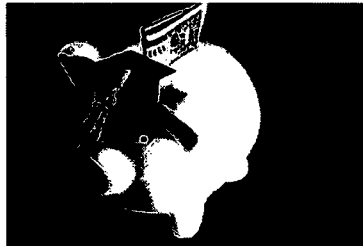


Senator Dan Soucek, Chair
Presiding



Mark Shiver, Committee Clerk

NC Community College System: Tuition and Other Receipts Student Financial Aid



**Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
February 28, 2013**



Agenda

- 1. Tuition**
- 2. Carryforward**
- 3. Federal Funding**
- 4. Student Financial Aid**

FY 2012-13 Budget

- The FY 2012-13 certified budget is \$1.48 billion.

State Appropriation	\$1,040,421,605
Tuition and Fees	\$367,565,152
Federal	\$33,164,912
Carryforward from Prior Year	\$18,895,729
Other Receipts and Transfers	\$19,682,650
Total	\$1,479,730,048

- Additionally, local governments are budgeted to contribute \$210.1 million.

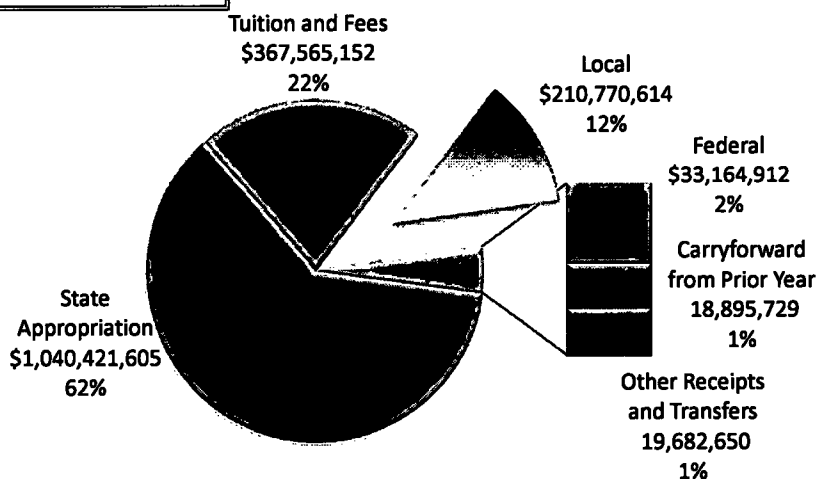
Sources: FY 2012-13 Certified as of Sept 30, 2012, DCC 2-1 Summary



February 28, 2013

FY 2012-13 Sources of Funding

Total: \$1.69 billion



Sources: FY 2012-13 Sept. 30 Certified Budget, DCC 2-1 Summary



February 28, 2013

Tuition

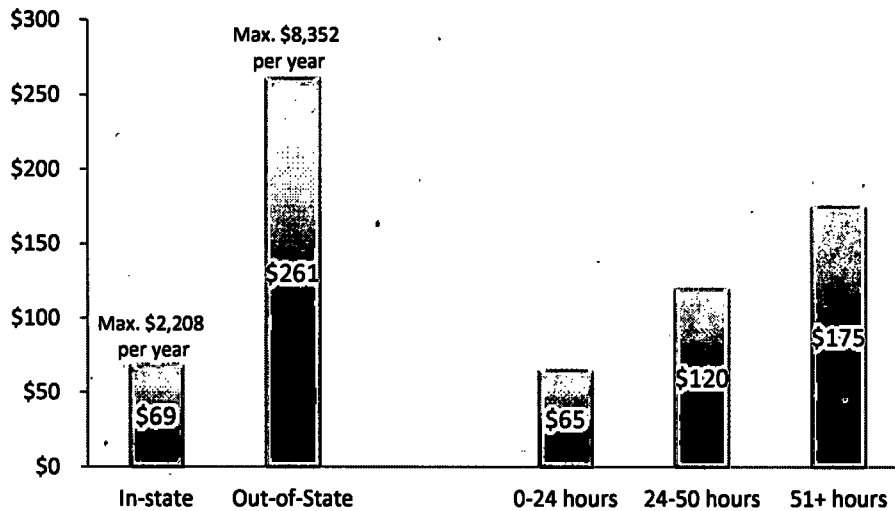
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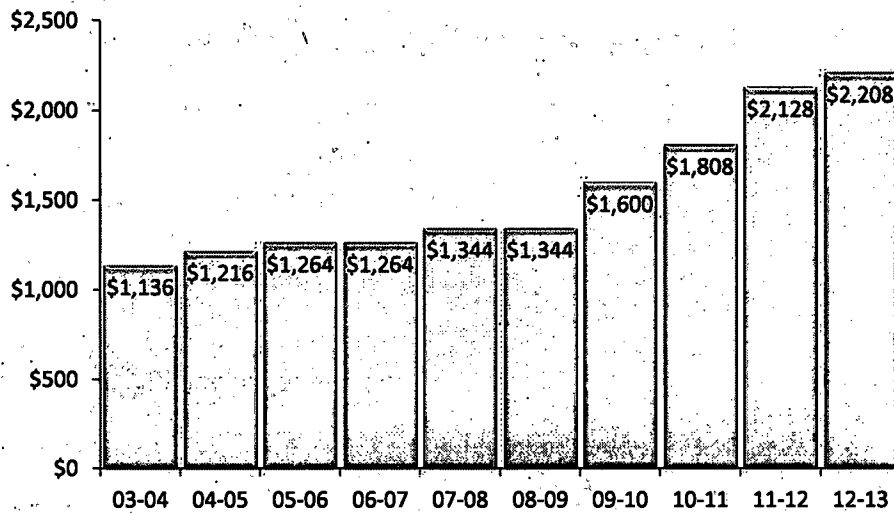
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Tuition: FY 2012-13

Curriculum Tuition per Credit Hour Continuing Education Fees



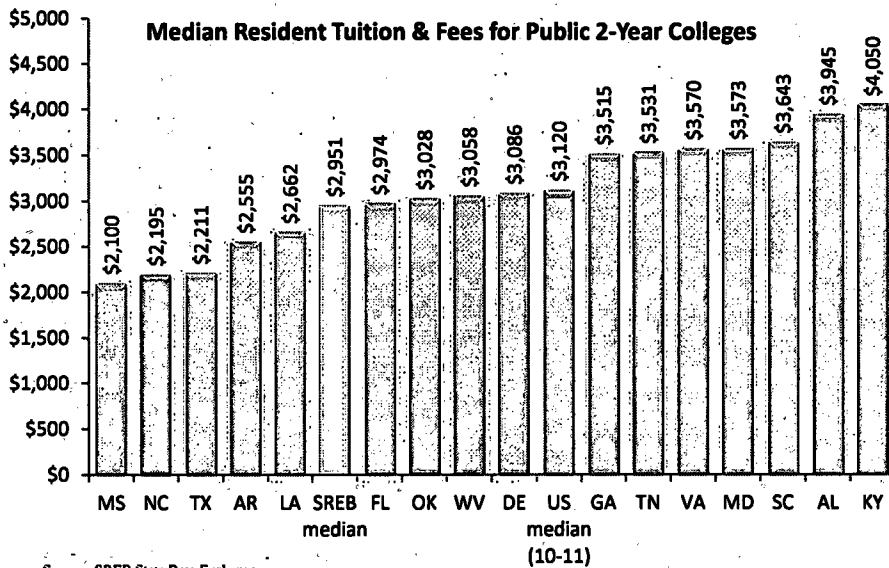
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Tuition: SREB States FY 2011-12

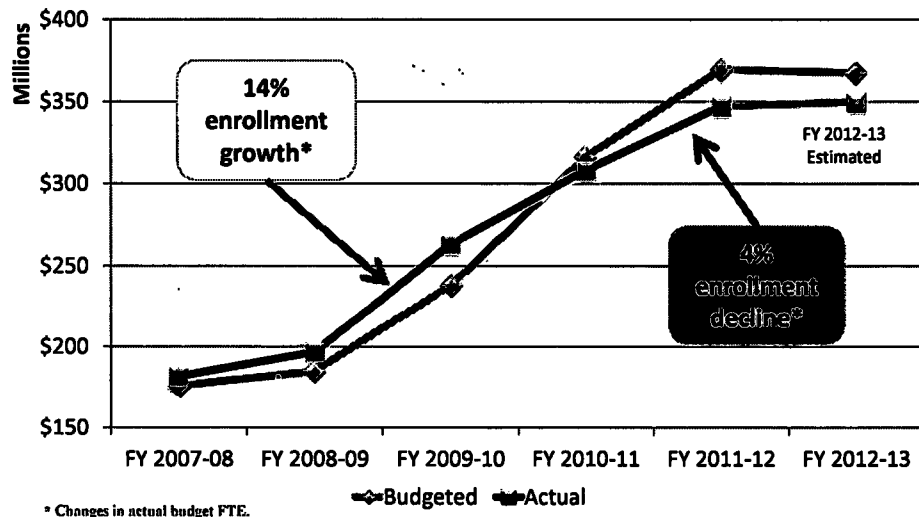


Source: SREB State Data Exchange

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Tuition: Budgeted vs. Actual Receipts



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Tuition: Waivers

- There are several populations for whom tuition is waived by statute.

FY 2011-12 Total Tuition Waived

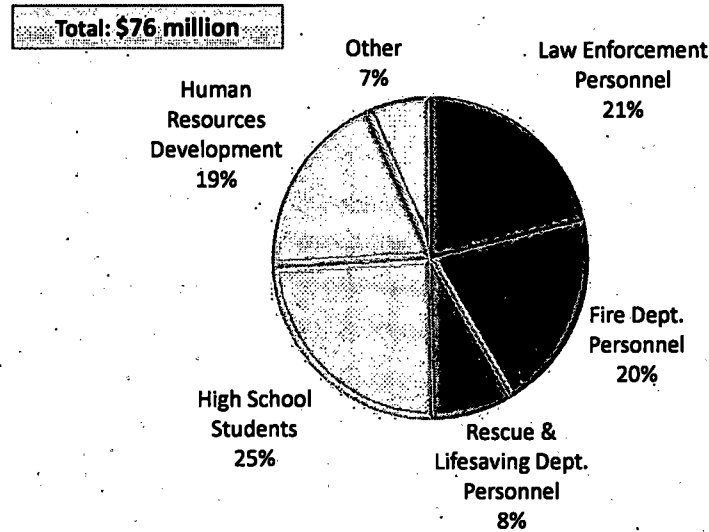
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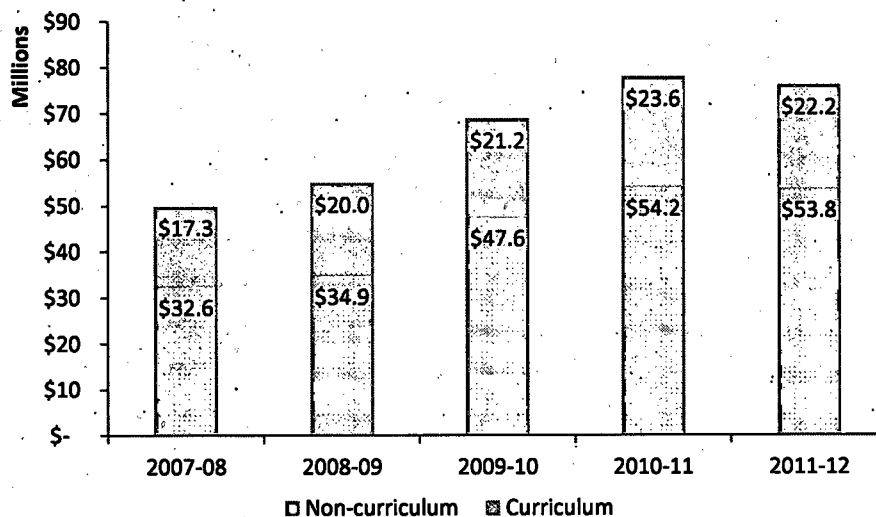
Tuition: Waivers by Category, FY 2011-12



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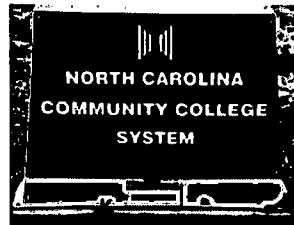
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2

NC Community College System: System Office

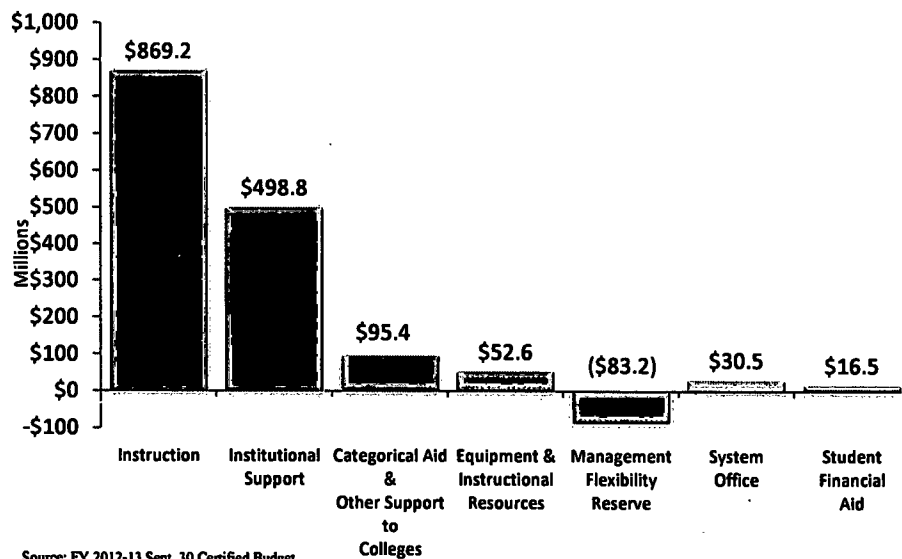


Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
February 28, 2013



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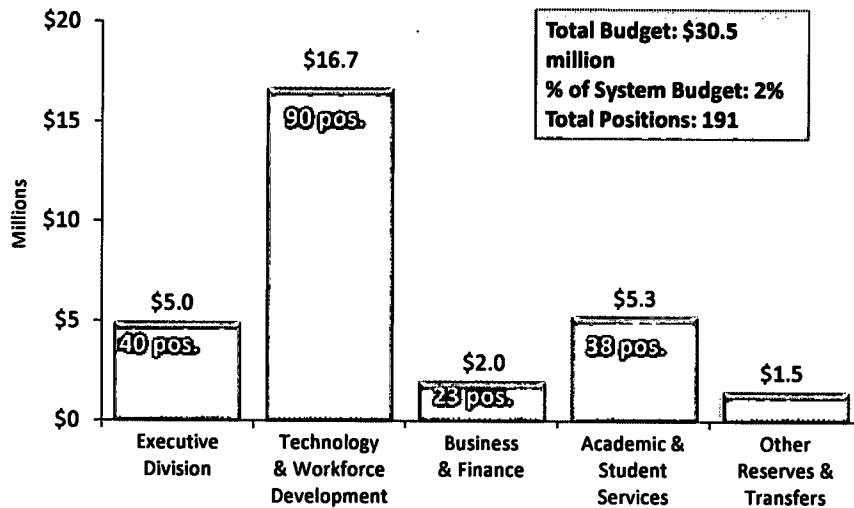
Allocation of Funds: FY 2012-13



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February 28, 2013

Community Colleges System Office Budget



Source: Sept. Certified Budget: BD 307 Certified Budget for Positions

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Community Colleges System Office

- **Executive Division**
 - \$5.0 million, 40 positions
 - Office of the President, Audit Services, Personnel Services
- **Technology & Workforce Development Division**
 - \$16.7 million, 90 positions
 - Information Technology, Distance Learning, Library Services, Workforce Development, Continuing Education, Small Business Centers

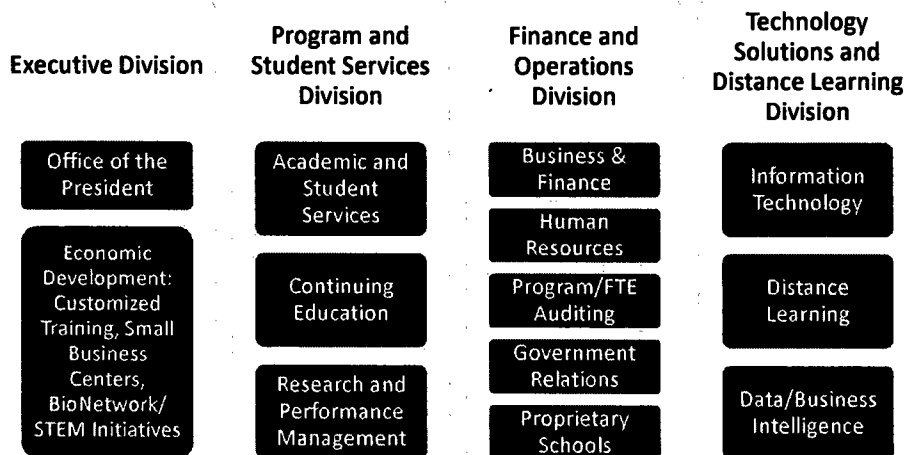
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February 28, 2013

Community Colleges System Office

- **Business & Finance Division**
 - \$2.0 million, 23 positions
 - Budget & Analysis, Fiscal Management, Purchasing, Facility services
- **Academic & Student Services**
 - \$5.3 million, 38 positions
 - Academic Administration, Student Development Services, Vocational Education, Literacy, GED/Adult High School

Community Colleges System Office Reorganization



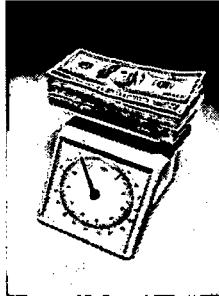
Summary

Community Colleges System Office has 191 FTE and an operating budget of \$30.5 million.

The System Office is undergoing a reorganization into 4 divisions.

3

NC Community College System: Metrics



Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
February 28, 2013



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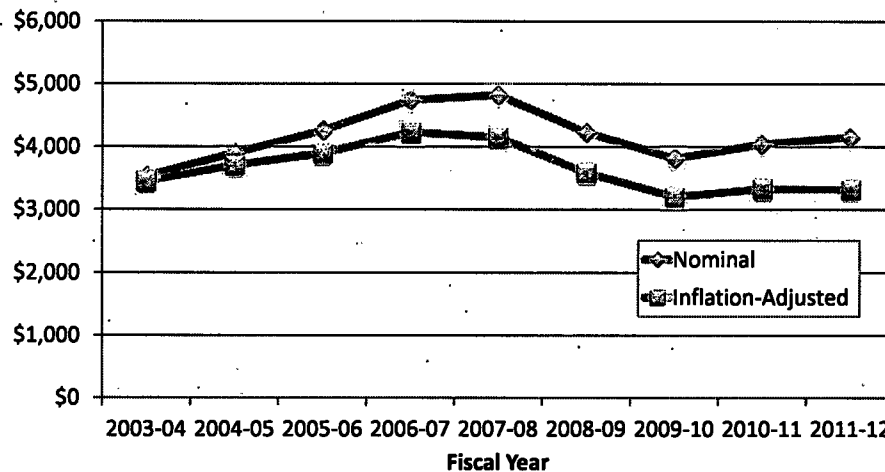
Agenda

1. Appropriations per FTE
2. Critical Success Factors
3. SREB and National Comparisons



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Appropriations per FTE: FY 2004-12



Source: Year-end BD-701 reports, Budget Code 16800 (Final net State General Fund Appropriations); NC Community College System Annual Statistical Reports (Budget FTE and non-budget FTE supported by appropriations, does not include self-supported FTE).

Critical Success Factors

- The Critical Success Factors Report is the North Carolina Community College System's major accountability document .
- History of performance measurement in NCCCS:
 - 1993 – SBCC began monitoring performance data on specific measures.
 - 1999 – Established 12 performance measures for accountability.
 - 2007 – Reduced to 8 measures.
 - 2012 – 8 performance revised.

Critical Success Factors: Measures

Measures Until July 2012	New Measures (S.L. 2012-142, Sec. 8.5)
Progress of Basic Skills Students*	Progress of Basic Skills Students
	Passing Rate for GED Diploma Examinations
Performance of College Transfer Students	Performance of College Transfer Students
Passing Rates of Students in Developmental Courses	
Success Rates of Developmental Students in Subsequent College-Level Courses	Success rates of Developmental Students in Subsequent College-level English
	Success rates of Developmental Students in Subsequent College-level Math
	Progress of First-Year Curriculum Students
Curriculum Student Retention and Graduation	Curriculum Student Retention and Graduation
Passing Rate for Licensure and Certification Exams	Passing Rate for Licensure and Certification Exams
Satisfaction of Program Completers and Non-Completers	
Client Satisfaction with Customized Training	

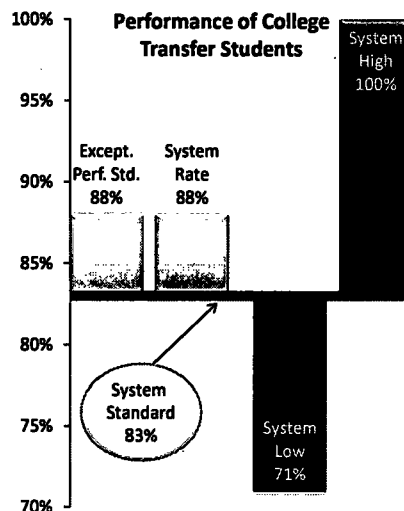
*Not measured in 2012 per S.L. 2012-142, Sec. 8.6.

Critical Success Factors: Standards

- To receive “Recognition of Exceptional Institutional Performance” a college must:
 - Meet or exceed all performance measures,
 - Have no licensure exams with a passing rate of less than 70%, and
 - Have their college transfer students perform at a level equal to or above other UNC system students.
- For 2012:
 - 27 of 58 colleges met all performance standards
 - 16 colleges received Recognition of Exceptional Institutional Performance.

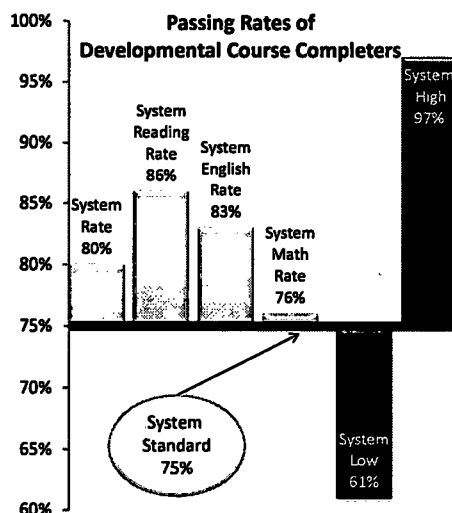
Critical Success Factors: Performance of College Transfer Students

- % of students transferring to a university with a GPA equal to or greater than 2.00 after two semesters at the university.
- 43 colleges met 83% standard.
- 28 colleges met 88% exceptional standard.



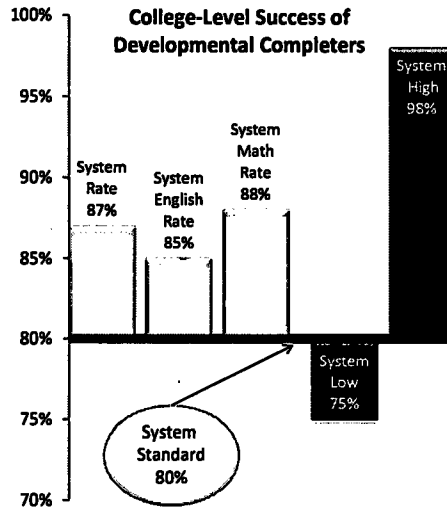
Critical Success Factors: Passing Rates of Students in Developmental Courses

- % of developmental course completers in English, reading, or math with a grade of C or better.
- 48 colleges met 75% standard.



Critical Success Factors: Developmental Students in Subsequent College-Level Courses

- % of college level English or math course completers with previous developmental coursework who complete the college level English or math with a grade of D or better.
- 53 colleges met 80% standard.



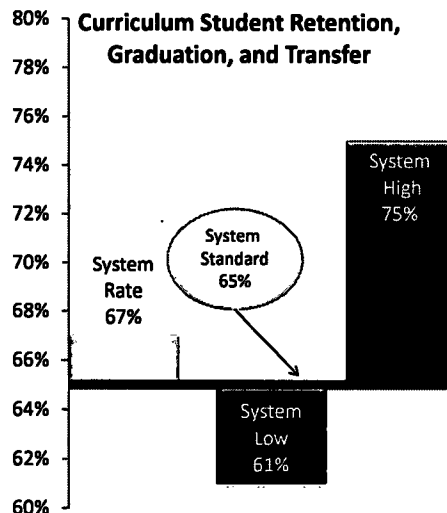
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Critical Success Factors: Curriculum Student Retention, Graduation, and Transfer

- % of fall credential-seeking students who have graduated or are still enrolled at the same college, another community college, or a university one year later.
- 48 colleges met 65% standard.



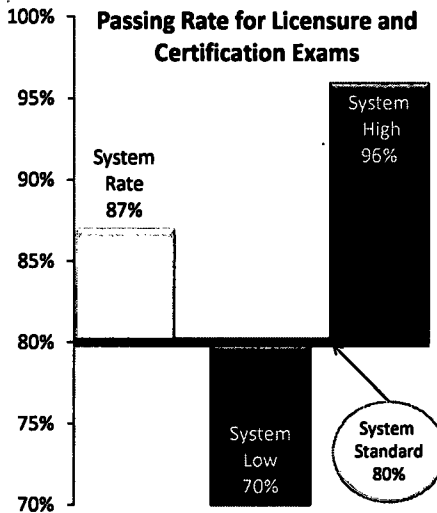
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February 28, 2013

Critical Success Factors: Passing Rate for Licensure and Certification Exams

- % of first-time test takers passing an exam required for NC licensure or certification prior to practicing the profession.
- 47 colleges met 70% standard.
- 36 colleges met Exceptional Standard, with no exam passing rate less than 70%.



Critical Success Factors: Satisfaction Rates

Program Completers and Non-Completers

- Standard = 90% of exiting students will be "satisfied" or "very satisfied" with overall quality of the college.
- System rate = 96%; all 58 colleges met standard.

Customized Training

- Standard = 90% of clients receiving customized training programs and services through Customized Training and Small Business Centers will be satisfied with the training.
- System rate = 95%; all 58 colleges met standard.

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Joint Appropriation Committee on Education
(Committee Name)

3-7-2013

Date

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CLERK


<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Leetta Peace Bunch	NCDPI
Adam Bridemore	NCA SA
Jennifer Willis	WNC-VA
JACKSON CROOK	NSS
ELISE McDowell	Troun... ..
Ray Joiner	SoundTracs
Duke Cheston	Pope Center
DAVID RICE	MFS
Doug Miskew	PSG
Sarah Curry	JLF
Evelyn Hawthorne	PCNE; CISNC

VISITOR REGISTRATION SHEET

Joint Appropriation Committee on Education
Name of Committee

3-7-2013
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mary Shuping	NCCCS
Jennifer Huggard	NCCCS
Brandy Andrews	NCCCS
Will Grantham	MWC
Christopher Jones	OSBM
Elizabeth Brownstein	OSBM
ADAM BRUEGGEMANN	OSBM
Bryan Conrad	OSBM
	OSBM
Jim Stegall	NCPCSA
Margaret Henders	NCCIU

VISITOR REGISTRATION SHEET

Joint Appropriation Committee on Education
Name of Committee

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VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Edna Wallace

NC New Schools

W. M. Lowry

Усисис

Marc Freeman

~~N/A~~

Kelley Nicholson

UNC Health Care

Step Badger

CSS

Joint Appropriations Subcommittee on Education

Agenda

**Wednesday, March 13, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Jerry Tillman, Presiding**

I. Welcome

Senator Tillman

II. UNC System:

Budget, Enrollment Growth, and Capital (cont.)

Tuition and Fees

Financial Aid

Andrea Poole, Fiscal Research Division

III. Adjourn

Senate Appropriations on Education/Higher Education

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Sen. Tillman (Co-Chair)

Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,

Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)

Rep. Horn (Chair)

Rep. McGrady (Chair)

Rep. Bryan (Vice Chair)

Rep. Whitmire (Vice Chair)

Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,

Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,

Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

Senate Committee on Appropriations on Education/Higher Education
Wednesday, March 13, 2013 at 8:30 AM
Room 421 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on March 13, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Fletcher Hartsell, Jr., and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Marvin Lucas, Rep. Chris Malone, Rep. Mickey Michaux, and Rep. Paul Stam. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Senator Jerry Tillman, Co-Chair, presided.

Sen. Tillman, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Andrea Poole of the Education Fiscal Research Division (FRD) to continue her presentation from March 12th's meeting, "UNC System"

Mrs. Poole picked up her review entitled "UNC System: Enrollment Growth and Capital" (See Attachment 1) She reviewed the sources of revenues into the UNC System and then looked at expenditures. This included instruction, research, public service, academic support/student services, institutional support, physical plant, auxiliaries, hospital services, and other items such as depreciation and interest.

Mrs. Poole then discussed enrollment growth and its funding and the building reserves for the UNC System.

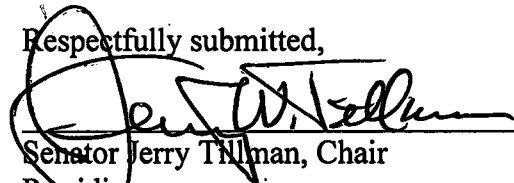
Mrs. Poole next discussed the UNC System: "Tuition and Fees" (See Attachment 2) She began with a look at how tuition is set, followed by an undergraduate tuition comparison of the universities in the UNC System. She spoke briefly on what is "residency" and finished with a look at the various fees in the UNC System. She also mentioned the tuition surcharge.

Mrs. Poole reviewed the fees by campus in the UNC System, and how they are used for various expenditures.

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:55AM.

Respectfully submitted,



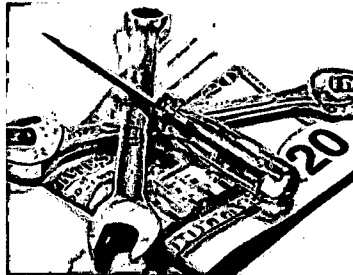
Senator Jerry Tillman, Chair
Presiding



Mark Shiver, Committee Clerk

①

UNC System: Budget, Enrollment Growth, and Capital



**Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
March 12, 2013**



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Agenda

- 1. Budget**
- 2. Enrollment Growth**
- 3. Capital**

UNC Budgeting 101

State General Fund Budget

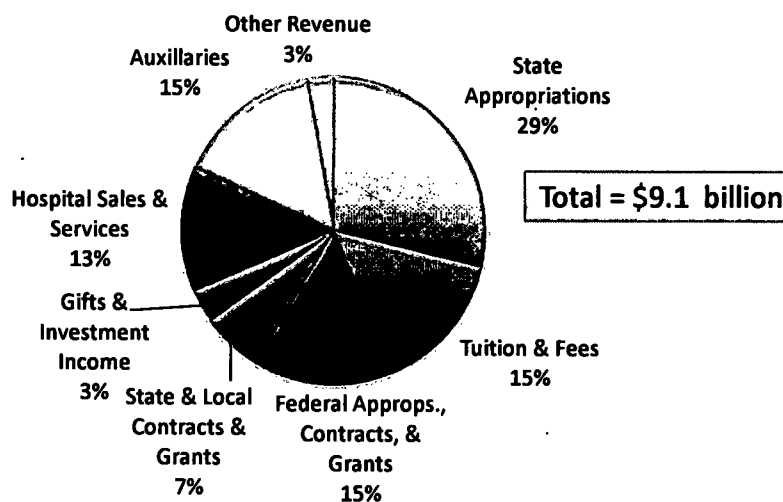
- Education and related spending
- Any State appropriations for other items.

Campus Budgets

- Hospitals
- Auxiliary services
- Research
- Endowments

UNC Total Operating Revenues

FY 2011-12 Total Operating Revenues (Unaudited)



Source: UNC General Administration

Note: Does not include \$18.8 million in FY 2011-12 NCSSM expenditures.

State General Fund Budget

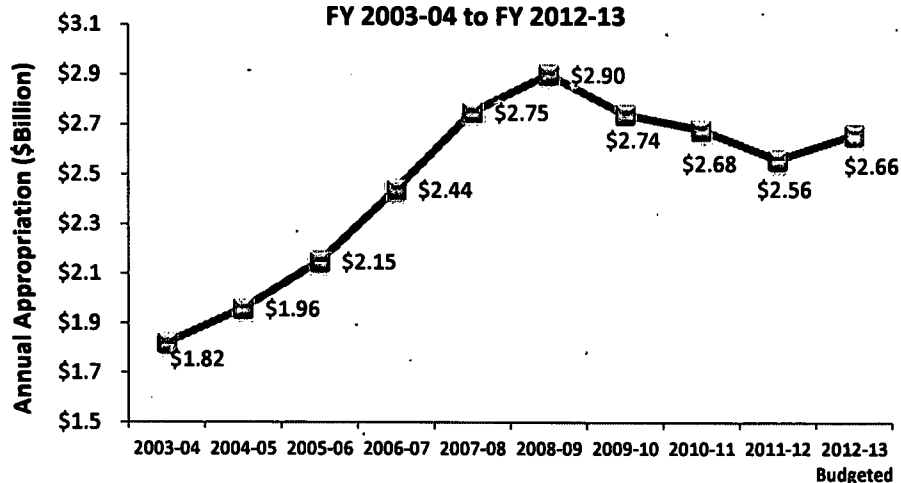
FY 2012-13 General Fund budget is \$4.3 billion

State Appropriation	\$2,663,562,434
Tuition and Fees	\$1,379,837,119
Sales, Services, and Rentals	\$77,395,595
Carryforward	\$51,182,720
Federal Grants and Appropriations	\$24,722,278
Other Receipts and Transfers	\$98,102,115
Total	\$4,294,802,261

Source: FY 2012-13 Certified Budget as of November 2012.

State General Fund Budget

**Net State General Fund Appropriations
FY 2003-04 to FY 2012-13**



Source: June 30 BD 701 reports FY 2003-04 – 2011-12; FY 2012-13 Certified Budget as of November 2012.

State General Fund Budget

- 90.6% of net State General Fund appropriations flow directly to the campuses.
- Of the remaining nine percent (9.4%) funds:
 - Financial aid, including private college aid (7.1%)
 - UNC General Administration (1.3%)
 - Other non-campus-specific programs (1%)

Campus Budgets and Headcounts

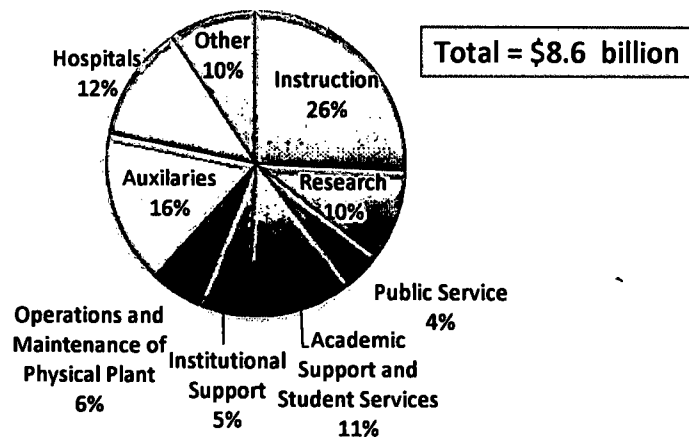
Campus	FY 2012-13 Net State G.F. Appropriation Budget	Fall 2012 Headcount
NCSU (Academic Affairs Only)	389,148,498	34,340
East Carolina University	274,569,993	29,278
UNC-Chapel Hill (Academic Affairs Only)	220,122,706	26,947
UNC - Charlotte	193,196,414	26,232
UNC - Greensboro	154,054,869	18,516
Appalachian State University	128,557,512	17,589
NC A&T State University	97,412,835	10,636
UNC - Wilmington	96,677,892	13,733
North Carolina Central University	84,334,189	8,604
Western Carolina University	82,785,262	9,608
Winston-Salem State University	68,092,240	5,689
UNC - Pembroke	54,866,509	6,269
Fayetteville State University	49,621,054	6,060
UNC - Asheville	37,513,018	3,751
Elizabeth City State University	35,509,448	2,878
UNC School of the Arts (excludes H.S. students)	27,102,930	880
Total	\$1,993,565,369	221,010

Note: Excludes non-academic affairs budget codes and high school students: 272 at School of the Arts and 681 and \$19.1 million at School of Science and Math.

Expenditures

2011-12 Expenditures

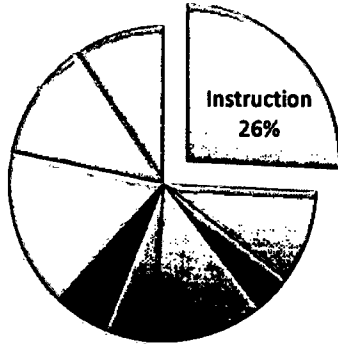
FY 2011-12 Total Operating Expenditures(Unaudited)



Source: UNC General Administration

Note: Does not include \$18.8 million in FY 2011-12 NCSSM expenditures.

Expenditures: Instruction

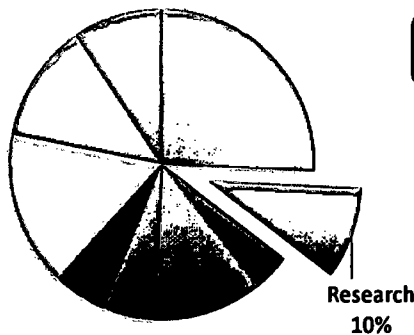


FY 2011-12: \$2.2 billion

- Direct academic instruction
- 84% for salaries and benefits

Total = \$8.6 billion

Expenditures: Research

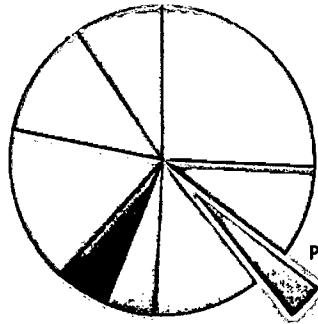


FY 2011-12: \$822 million

- Research projects
- Supplies
- Personnel
- Laboratories
- Operation and maintenance costs for facilities directly associated with research

Total = \$8.6 billion

Expenditures: Public Service

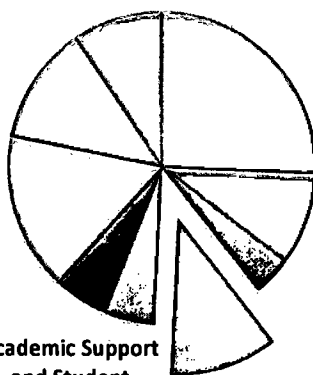


Total = \$8.6 billion

FY 2011-12: \$349 million

- Expenditures that directly benefit people and groups outside the UNC System, such as:
 - UNC-TV
 - Cooperative/Agricultural Extension
 - Conferences and Institutes

Expenditures: Academic Support & Student Services

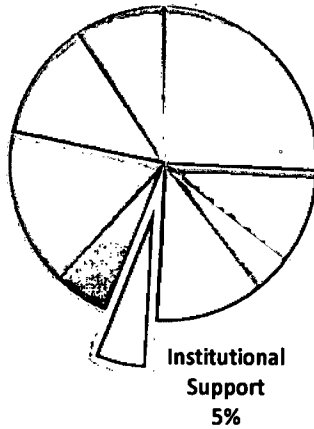


Total = \$8.6 billion

FY 2011-12: \$980 million

- Academic Support: \$442 M
 - Academic Administration (e.g., deans of colleges)
 - Student Advising
 - Curriculum Development
- Scholarships & Fellowships: \$379 M
- Student Services: \$159 M
 - Admissions
 - Registrar
 - Student counseling

Expenditures: Institutional Support

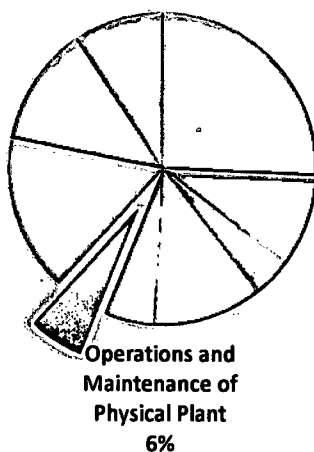


Total = \$8.6 billion

FY 2011-12: \$454 million

- General campus operations:
 - Central, executive-level management; governing boards; chancellors
 - Long-range planning
 - Human Resources
 - Fiscal and legal operations
 - Central mail & phone services
 - Alumni and community relations

Expenditures: Physical Plant

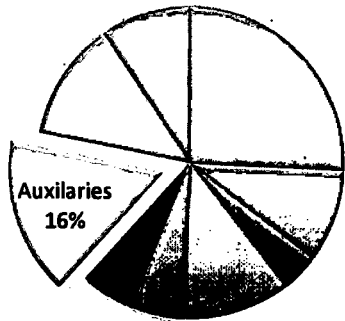


Total = \$8.6 billion

FY 2011-12: \$489 million

- Costs to operate and maintain:
 - Buildings
 - Grounds
 - Infrastructure

Expenditures: Auxiliaries

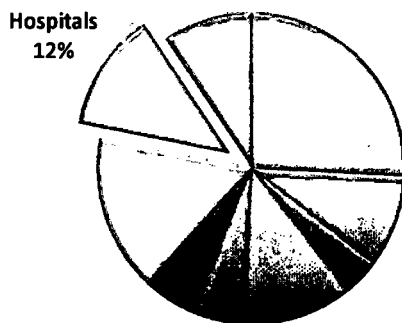


Total = \$8.6 billion

FY 2011-12: \$1.4 billion

- Fee-based services to students or faculty:
 - Residence halls
 - Food services
 - Student Health Centers
 - Staff Parking

Expenditures: Hospital Services

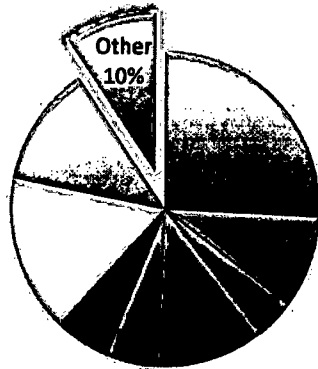


Total = \$8.6 billion

FY 2011-12: \$1.1 billion

- All expenses associated with the UNC Health Care System:
 - Direct Patient Care
 - Human Resources, finance, and legal affairs
 - Maintenance of facilities

Expenditures: Other



FY 2011-12: \$809 million

- Depreciation and Interest
- Independent Operations
- Costs that don't fit any other category

Total = \$8.6 billion

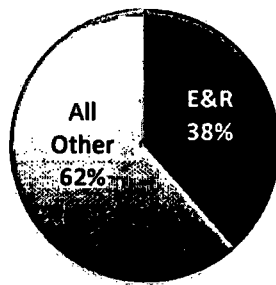
Expenditures: Education and Related Spending

- Universities spend money on many things not directly for education, including things like:
 - Research
 - Auxiliaries (Parking, dorms, food, etc.)
 - Physical plant
 - Hospitals
- Education and related spending (E&R) is a metric developed to compare the total cost of instruction, developed by the Delta Cost Project.

Source: UNC-GA

Expenditures: Education and Related Spending

FY 2011-12 Spending by Type



E&R spending includes:

- All instruction costs
- All student services costs
- A proportional share of:
 - Academic support
 - Institutional support
 - Operations and maintenance of physical plant.

Source: UNC-GA

Expenditures: Education and Related Spending

UNC Campus	2011-12 E&R Spending	2011-12 E&R % of Total
UNC School of the Arts	34,752,074	72%
North Carolina Central University	125,554,061	66%
Winston Salem State University	90,965,022	64%
Fayetteville State University	68,334,705	62%
UNC - Greensboro	221,093,683	61%
UNC - Pembroke	68,790,248	60%
Elizabeth City State University	49,185,908	60%
UNC - Asheville	48,367,399	60%
UNC - Charlotte	267,922,244	59%
Western Carolina University	105,410,109	58%
UNC - Wilmington	143,039,560	56%
Appalachian State University	193,744,761	56%
East Carolina University	366,694,064	48%
North Carolina A&T State University	130,135,947	47%
North Carolina State University	495,876,078	41%
UNC - Chapel Hill*	880,316,185	35%

* UNC-Chapel Hill E&R spending amount is currently under review. Also, this total does not include UNC Hospitals
Source: UNC-GA

Expenditures: Personnel

- \$4.8 billion was expended for personnel (salaries and benefits) in FY 2011-12.
- 56.6% of total expenditures.
- Total of 60,664 FTE as of December 2012.

Source: UNC-GA



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March 12, 2013

Enrollment Growth



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Enrollment Growth

- G.S. 116-11(8) gives the Board of Governors (BOG) authority to set enrollment levels.
- The BOG has historically determined guiding principles for enrollment plans; e.g.:
 - Use existing capacity to fullest extent possible
 - Restrain enrollment at special mission schools (e.g., North Carolina School of the Arts)
 - Meet some growth demand through distance learning



Enrollment Growth

- UNC has used an enrollment growth funding model since 1998 to develop its budget request.
 - Funds regular term and distance education estimated student credit hours.
 - Excludes UNC School of the Arts, Science & Math, and professional schools (funded on FTE basis).
 - Excludes summer school, noncredit courses, and distance education classes delivered outside of NC to nonresident students.
- Beginning in 2011-13, the BOG added campus retention and graduation rates as a factor in determining growth.



Enrollment Growth

- In 2008, General Assembly directed Program Evaluation Division to study the enrollment growth funding model/formula.
- PED's 2010 report recommendations:
 - Modify the existing enrollment change funding formula and standardize the enrollment projection process.
 - Develop policies for enrollment change funding decisions.
 - Submit annual performance reports.
 - Implement performance-based funding.

Enrollment Growth Funding

- Last biennium, the General Assembly partially funded UNC's enrollment growth request.
 - FY 2011-12: Fully funded FY 2011-12 request for \$46.8 million.
 - FY 2012-13: Funded \$1.4 million of requested \$17.4 million.

Capital Projects

Capital Project Funding

- Per Full Chairs' guidance, debt service and capital are outside the subcommittees' purview.
- Most projects are not funded by the General Fund.
- Building reserves (funds to operate new buildings) are in this committee's purview.

Building Reserves

- Funds to operate and maintain new and renovated facilities.
- UNC uses a funding formula/model to determine the cost of maintaining and operating new and renovated facilities
- Last biennium, the General Assembly fully funded UNC's request for Building Reserves
 - FY 2011-12: \$18.5 million
 - FY 2012-13: \$38.6 million (cumulative)

Building Reserve Model

Personnel	• Housekeeping, mechanical and trade techs, police, EHS techs, IT support
Supplies	• Housekeeping, repair, police, IT
Utilities	
Moving Costs	
Maintenance Contracts	• Elevators, pest control, garbage removal, fire alarm/sprinkler system, uniforms, chillers
Insurance	• Real property, vehicles
Equipment & Communications	• Vehicles, other

Summary

UNC System spent a total of \$8.5 billion in FY 2011-12.

Education and related spending made up 38% of total funds spent in FY 2011-12.

UNC enrollment growth funding is based largely on projected student credit hours.

Building reserves provide funds to operate and maintain new and renovated facilities.

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UNC System: Tuition and Fees



Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
March 13, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Agenda

1. Setting Tuition
2. Residency
3. Tuition
4. Fees



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Setting Tuition

“The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.”

-State Constitution, Sec. 9



Setting Tuition

- **G.S. 116-11(7) directs the Board of Governors to set tuition and fees rates “not inconsistent with actions of the General Assembly.”**
- **In 2010, the Board of Governors adopted a four-year tuition and fee plan to guide it through 2014.**
 - **Resident undergraduate tuition and fees must remain in the bottom 25% of each campus’s public “peer institution”**
 - **Non-resident undergraduate tuition and fees must fully cover the cost of education.**
- **The Board of Governors annually considers campus requests to increase tuition and fees.**



Setting Tuition: Undergraduate Peer Comparisons

Institution	Resident Rank	Nonresident Rank
ASU	19 of 19	8 of 19
ECU	19 of 19	11 of 19
ECSU	15 of 16	12 of 16
FSU	17 of 17	10 of 17
NCA&T	17 of 18	12 of 18
NCCU	17 of 18	12 of 18
NCSU	15 of 17	16 of 17
UNCA	15 of 15	5 of 15
UNC-CH	11 of 11	7 of 11
UNCC	17 of 18	13 of 18
UNCG	18 of 19	13 of 19
UNCP	17 of 19	12 of 19
UNCW	18 of 18	13 of 18
UNCSA	13 of 14	13 of 14
WCU	16 of 18	10 of 18
WSSU	16 of 17	16 of 17

- Compares UNC campuses to public peer institutions
- Rank determined by value of FY 2013-14 proposed tuition and fees of UNC campuses compared to FY 2012-13 total tuition and fees for public peer institutions.

Source: UNC-GA presentation to Board of Governors, January 10, 2013.



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March 13, 2013

Residency

- G.S. 116-143.1 mandates specific criteria for determining who is a "resident" for tuition purposes.
- Residency is legally complex, but generally, a person may receive resident status if:
 - A permanent resident of NC for the previous 12 months, and
 - Not a resident solely to attend an NC college or university.
- In 2012, UNC reviewed its process for determining who is a resident. It found:
 - Duplication of efforts, and some errors
 - That time could be saved and outcomes improved by centralizing the process.



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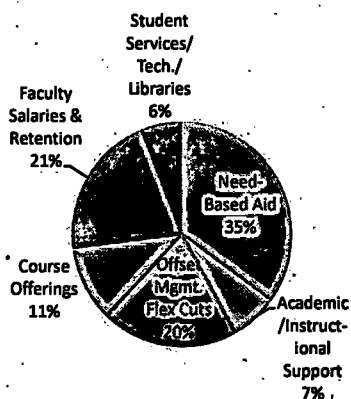
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March 13, 2013

Tuition Revenues

- In the UNC System, tuition is collected and maintained on campus.
- Tuition and fees vary significantly by campus
 - FY 2012-13 lowest: Elizabeth City State: \$4,150 for residents
 - FY 2012-13 highest: UNC-Chapel Hill: \$28,252 for non-residents
- Used for a variety of purposes.

Historical Use of Campus Initiated Tuition Revenues: 2000-01 to 2012-13



Source: UNC-GA presentation to Board of Governors, January 13, 2012.



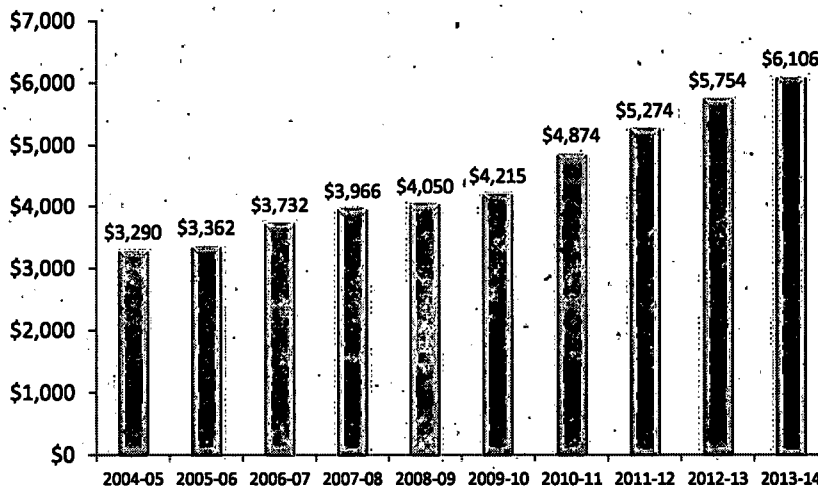
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March 13, 2013

Tuition History

Average Undergraduate Resident Tuition and Fees



Sources: FY 2004-05 to FY 2012-13: Tuition and fees schedules; FY 2013-14: Appendix K of February 8th BOG Meeting.



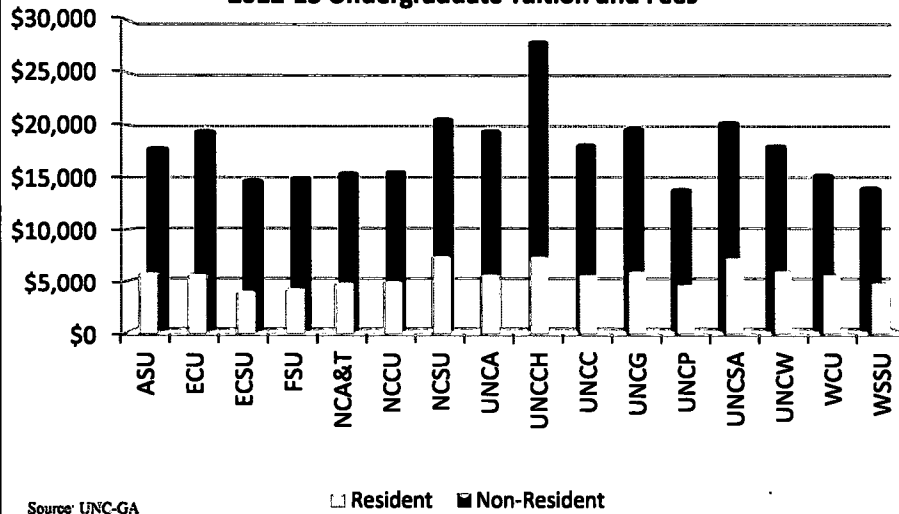
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March 13, 2013

Tuition and Fees by Campus

2012-13 Undergraduate Tuition and Fees



Source: UNC-GA

□ Resident ■ Non-Resident

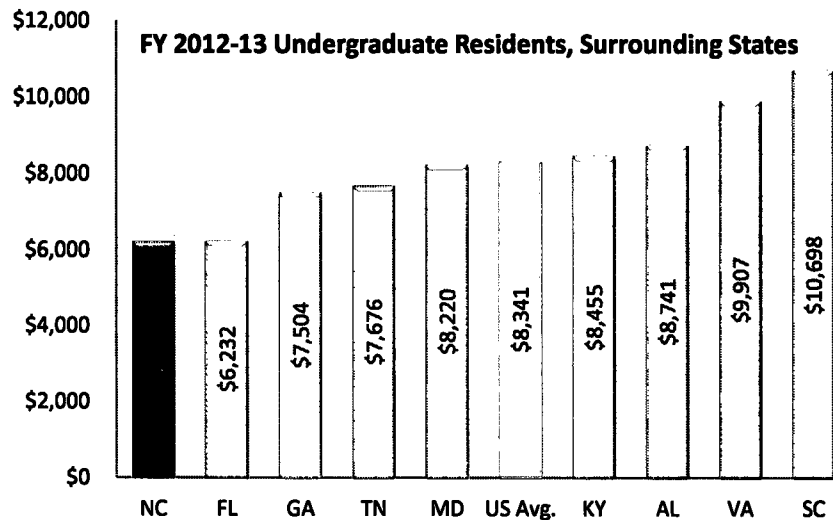
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March 13, 2013

Tuition Comparisons

FY 2012-13 Undergraduate Residents, Surrounding States



Source: College Board, Trends in Higher Education Pricing, <http://trends.collegeboard.org/college-pricing>

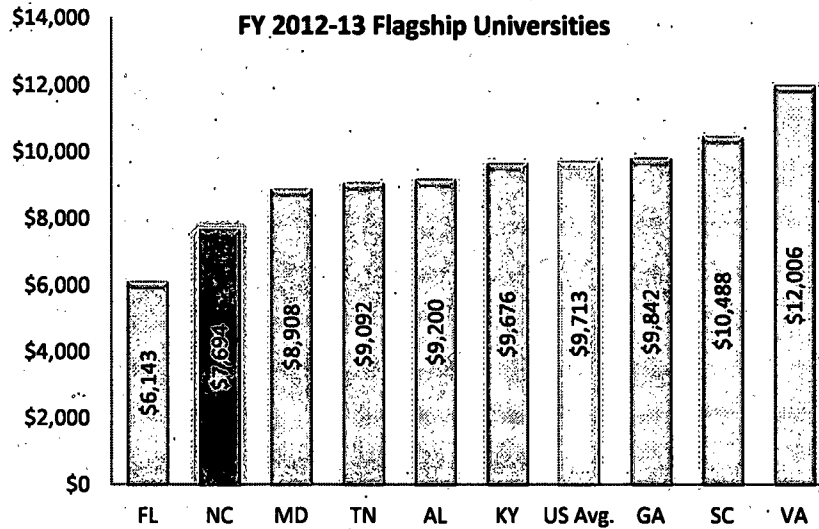
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March 13, 2013

Tuition Comparisons

FY 2012-13 Flagship Universities



Source: College Board, Trends in Higher Education Pricing, <http://trends.collegeboard.org/college-pricing>

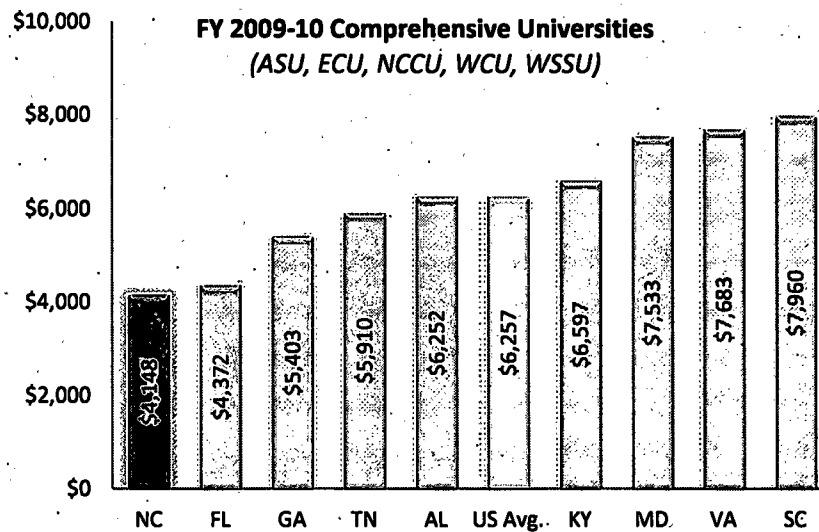
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March 13, 2013

Tuition Comparisons

FY 2009-10 Comprehensive Universities (ASU, ECU, NCCU, WCU, WSSU)



Source: Higher Education Coordinating Board of Washington, <http://www.wsac.wa.gov/PublicationsLibrary/PolicyAndResearch/Tuition>

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March 13, 2013

Tuition Surcharge

- Began in 1994 with a 25% surcharge on any credit hours over 140 hours and over 4 years (or the equivalent for a 5-year program).
- Increased to 50% surcharge beginning in 2010-11 year.
- 2012 report determined that it was not possible to determine if the change had an impact yet.
- Accounted for \$5 million in tuition revenue in FY 2011-12.



Fees

- Fees vary by campus
- FY 2012-13 total fees range from:
 - Lowest: \$1,567 at Elizabeth City State
 - Highest: \$2,420 at Appalachian State
- The five standard fees are:



Fees

Athletics Fee

- Funds the maintenance and operation of equipment and physical plant facilities that are used in conjunction with these Athletic Services.
- Funds intercollegiate athletic services, including athletic scholarships
- Every campus charges an Athletics Fee except the UNC School of the Arts
 - Lowest: \$227 at NCSU
 - Highest: \$688 at WCU

Fees

Health Services Fee

- Funds are used to maintain and operate student health centers.
- Every campus charges a Health Services Fee
 - Lowest: \$141 at FSU
 - Highest: \$765 at UNC SA and \$429 at UNC-CH

Fees

Student Activities Fee

- Funds “nonacademic student services”, including the cost to maintain/ operate related facilities.
- Includes student unions, intramural facilities, student organizations, newspapers, yearbooks, and entertainment programs.
- Every campus charges a Student Activities Fee
 - Lowest: \$352 at UNC-CH
 - Highest: \$683 at UNCA



Fees

Educational and Technology Fee

- Funds specialized instructional supplies and services
- Funds scientific and data processing equipment not directly related to individual/ specific courses.
- For the 2010-11 academic year, Educational and Technology fees were increased at 14 institutions
- Every campus charges an Education and Technology Fee
 - Lowest: \$207 at ECSU
 - Highest: \$510 at WCU



Fees

Debt Service Fee

- Funds debt service payments for some capital projects that are not State-funded
- Once the Board of Governors establishes a debt service fee for a specific project, that fee must remain in effect until the debt is retired.
- Every campus except Elizabeth City State currently charges a Debt Service Fee
 - Lowest: \$120 at NCCU
 - Highest: \$707 at UNCG

Summary

NC has comparatively low tuition.

Resident tuition and fees have increased 86% over the last 10 years.

VISITOR REGISTRATION SHEETSt Appo. Education**(Committee Name)**3/13/13**Date****VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
DAVID RICE	MANNING FULTON
DAVID A. BROWN	UNC School of Gov't
CHARLES LOVE LACE	MOREHEAD-CAIN FOUNDATION
Mark Lanier	UNC Wilmington
S S	NCSU
Susan McCracken	Appalachian State Univ.
Dee Harts	UNC BR
Charlie Perune	UNCGA
Jonathan Pruitt	UNC GA
Jenna Robinson	Pope Center
Elise M. Dowell	Troutman Seeders
Kelly Nicholson	UNC HC
Mary Shuping	NC COMM. COLLEGES
Townes Maxwell	PSG
Stacie Tanner	NCCM
Cameron Harty	MVA
Wendy Kelly	Police Dept

VISITOR REGISTRATION SHEET

Jt. Apprv. Education

Name of Committee

3/13/13

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Doug Miskew

PSG

Dr. G. V. M.



VISITOR REGISTRATION SHEET

St. Approx. Education

Name of Committee

3/13/13

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

James Ann	Ed Consultant
Martez Hill	SBE
Muscatelli	NCCIU
Rachel Beaulieu	NCDPI
Will Grantham	KWC
Elizabeth Brown	OSBM
ADAM BRUGGEMANN	OSBM
Matt Viohl	CW Consult

Joint Appropriations Subcommittee on Education

Agenda

**Tuesday, March 19, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Tom Apodaca, Presiding**

- I. Welcome**
Senator Apodaca

- II. UNC System:**
Financial Aid
Metrics Part 2
Andrea Poole, Fiscal Research Division

- III. Adjourn**

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)
Sen. Soucek (Co-Chair)
Sen. Tillman (Co-Chair)
Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,
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Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,
Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,
Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

**Senate Committee on Appropriations on Education/Higher Education
Tuesday, March 19, 2013 at 8:30 AM
Room 421 of the Legislative Office Building**

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on March 19, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Co-Chair, Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Fletcher Hartsell, Jr., and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Marvin Lucas, Rep. Chris Malone, Rep. Mickey Michaux, Rep. Paul Stam, and Rep. Bob Steinburg. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Sen. Tom Apodaca, Co-Chair, presided.

Sen. Apodaca, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Andrea Poole of the Education Fiscal Research Division (FRD) to continue her presentation from March 14th's meeting, "UNC System"

Mrs. Poole began with a return to the handout, "UNC System: Financial Aid" (See Attachment 1) picking up from the previous meeting on slide #16 and a look at the four major need-based financial aid programs. The escheat funds, the lottery funds, and the general fund are the three main sources of funding for these programs. In some cases the three are combined for different scholarships, with certain restrictions.

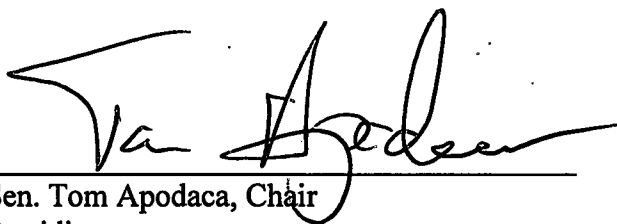
Mrs. Poole reviewed each of the need-based programs including scholarships and grants. She reviewed the financial aid process, the Federal & State opportunities for aid, and protections against fraud and abuse.

The Chair entertained questions and discussion from the members.

Mrs. Poole then distributed the presentation entitled UNC Metrics Part 2 to the Members. The Chair suggested that the presentation be done at the next meeting.

The meeting adjourned at 9:30AM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Apodaca", written over a horizontal line.

Sen. Tom Apodaca, Chair
Presiding

A handwritten signature in black ink, appearing to read "Mark Shiver", written over a horizontal line.

Mark Shiver, Committee Clerk

UNC System: Financial Aid



Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
March 13, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Agenda

1. Student Financial Aid Basics
2. Need-Based Financial Aid
3. Scholarship Loans
4. Fraud and Abuse Protections

Financial Aid Agencies

NC State Education Assistance Authority (SEAA)

- Established in 1965
- State agency that promotes access to higher education by:
 - Administering financial aid and savings programs
 - Informing students and families about paying for college
 - Teaching educators about financial aid administration

College Foundation, Inc. (CFI)

- Established in 1955
- Nonprofit corporation serving that administers the following on behalf of SEAA:
 - Federal loans
 - NC's college grant programs
 - "529" college savings program.

College Foundation of North Carolina (CFNC)

- Launched in 2001
- Virtual entity of the SEAA, CFI, and Education Systems
- Helps students "plan, apply, and pay for college"

Financial Aid Agencies



Student Financial Aid Basics

Who	<ul style="list-style-type: none">• NC resident students
What	<ul style="list-style-type: none">• Tuition subsidy (in-state tuition), grants, loans, scholarship loans, tuition waivers
Where	<ul style="list-style-type: none">• UNC System, Community College System, Private colleges and universities
When	<ul style="list-style-type: none">• Undergraduate and graduate
Why	<ul style="list-style-type: none">• Need, merit, career choice, residency
How	<ul style="list-style-type: none">• General Fund, Escheat Fund, Lottery proceeds, institutional funds, Federal funds

Tuition Subsidies

- Every North Carolina resident attending a UNC System school or a NC Community College receives a subsidy, by paying in-state tuition.
- Net State expenditures for FY 2011-12:
 - NCCCS: \$4,151 per FTE
 - UNC: \$13,496 per resident student FTE enrolled in Fall 2011

Total Spending

- Total state expenditures on financial aid programs in FY 2011-12 were \$647.5 million.
 - \$360.6 million in net State General Fund appropriations
 - \$87.5 million from the Escheat Fund
 - \$199.4 million from other State sources
- In FY 2010-11, total federal financial aid funding in NC was \$2.5 billion.

Need-Based Student Financial Aid

- The Federal government is the largest provider, and federal rules dominate the system.
- State aid programs work within the Federal rules to leverage federal dollars.
- Need-based aid is designed to provide access to and choice of college.

Need-Based Student Financial Aid

- Federal grants are targeted to the neediest students.
- State and institutional funds assist low and middle income families.
- Generally, the higher a student's income, the less in need-based grants they receive.
- Subsidized federal loans are also available to undergraduate students and families, based on need.

Need-based Student Financial Aid

What is "Need"?

- Determining a student's need depends on two factors, cost of attendance and expected family contribution.



Need-based Student Financial Aid

Cost of Attendance

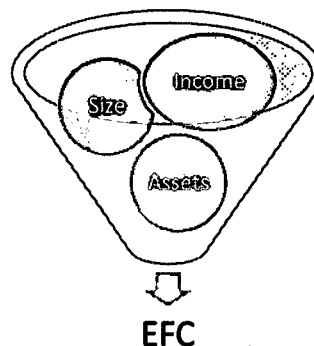
- Tuition
- Required fees
- Room
- Meals
- Books and supplies
- Transportation
- Miscellaneous personal expenses

- Costs vary widely from college to college, and are determined by each college using federal guidelines.
- Costs also vary by student's living situation:
 - On campus
 - Off campus
 - With parents

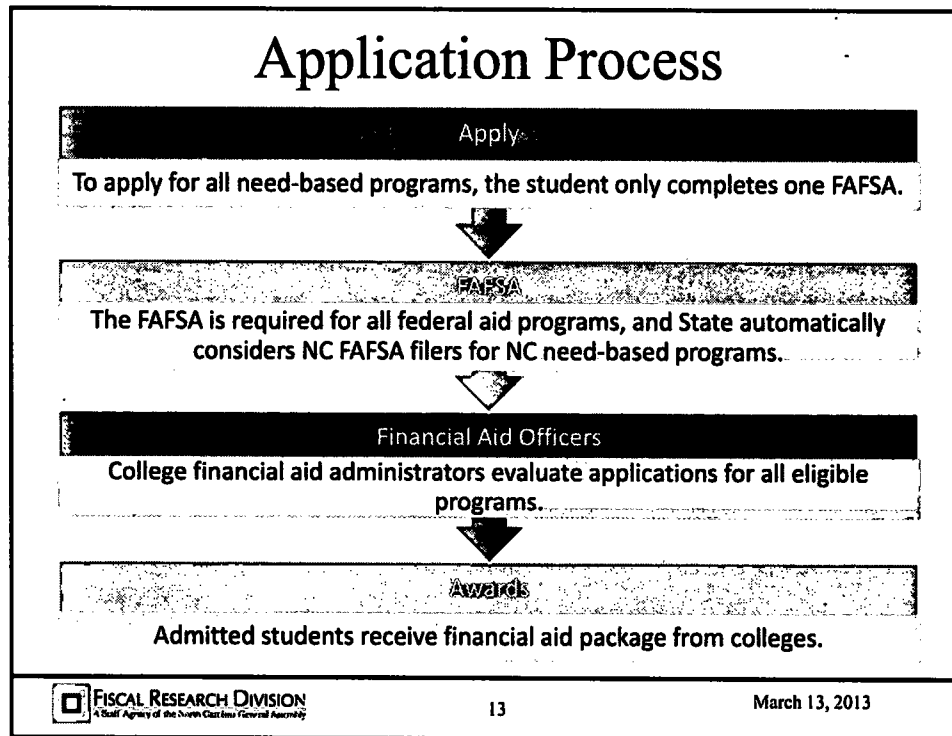
Need-based Student Financial Aid

Expected Family Contribution (EFC)

- Represents the minimum share of expenses the family is expected to bear.
- Based on information submitted on the Free Application for Federal Student Aid (FAFSA).
- The UNC Need-Based Financial Aid Program uses a different method of calculating how much a family is expected to contribute, also based on FAFSA data.



Application Process



Application Process

- Timing of NC budget process and financial aid calendar presents some challenges.
- State appropriations are typically not finalized until June.
- Financial aid award notifications are typically sent to students in March and April.
- Creates uncertainty, particularly when programs are funded with nonrecurring funds.

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Major Federal Need-Based Programs



\$953 million in FY 2010-11

- The foundation of student aid.
- For undergraduate citizens or permanent residents of the US.
- Awards vary based on need, enrollment status, length of enrollment, and cost of attendance.
- The maximum annual award for 2013-14 is \$5,645.



\$1.3 billion in FY 2010-11

- Subsidized and unsubsidized direct loans.
- Schools act as agents for the Dept. of Ed. By making educational loans to students and parents for college expenses.
- Maximum loan amounts vary.



\$32 million in FY 2010-11

- Provides jobs to students who qualify for financial assistance.
- Eligible students may work up to the maximum number of hours per week set by the institution.
- Jobs usually range from 8 to 15 hours per week and pay at least minimum wage.
- Employment may be on or off campus.

Major State Need-Based Programs

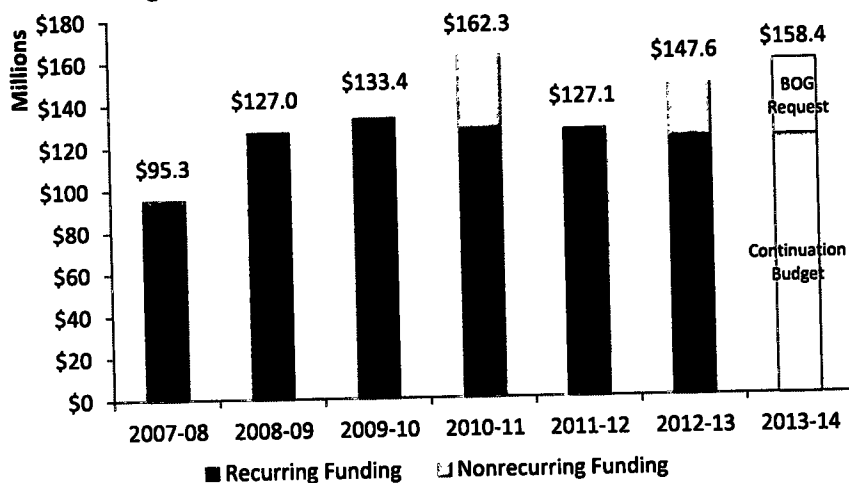
Program	Source of Funds	Where Available
UNC Need-based Grant	Escheat, Lottery, and General Funds	UNC
Community College Grant	Escheat Fund and General Funds	Community Colleges
Education Lottery Scholarship	Education Lottery Proceeds	UNC Community Colleges
NC Need-Based Scholarship	General Funds	Independent Colleges

UNC Need-Based Financial Aid Program

- UNC System's main State-funded program.
- Eligibility:
 - NC Resident
 - Be enrolled in at least 6 credit hours in UNC System school
 - Demonstrate need, using income data from the FAFSA
- Value:
 - FY 2012-13: Ranges from \$500 to \$4,200

UNC Need-Based Financial Aid Program

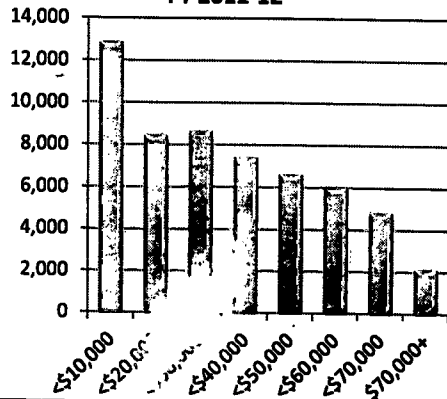
Program Funding: FY 2007-08 to FY 2013-14 Proposed



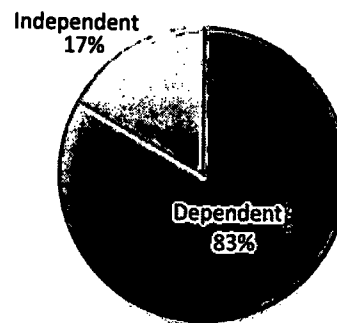
UNC Need-Based Financial Aid Program

FY 2011-12 Average Award: \$2,206.52
FY 2011-12 Recipients: 56,937

**Recipients by Income Level,
FY 2011-12**



**Recipients by Dependency Status
FY 2011-12**



Education Lottery Scholarship

UNC and NCCCS students (as of FY 2012-13)

Eligibility:

Academic:

rolled at least six credit hours per semester in a curriculum program

meet criteria Grant with one exception

students in

an EFC of \$10,000 or less with

- Value:**

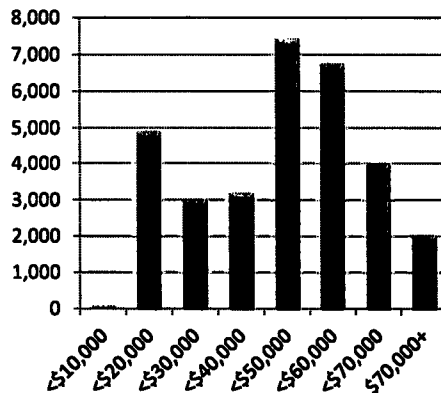
– FY 2012-13: Ranges from \$100 to \$3,400

Education Lottery Scholarship

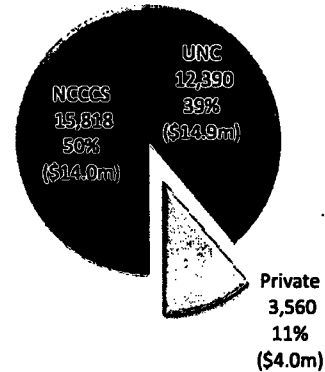
FY 2011-12 Average Award: \$1,045.44

FY 2011-12 Recipients: 31,424

Recipients by Income Level,
FY 2011-12



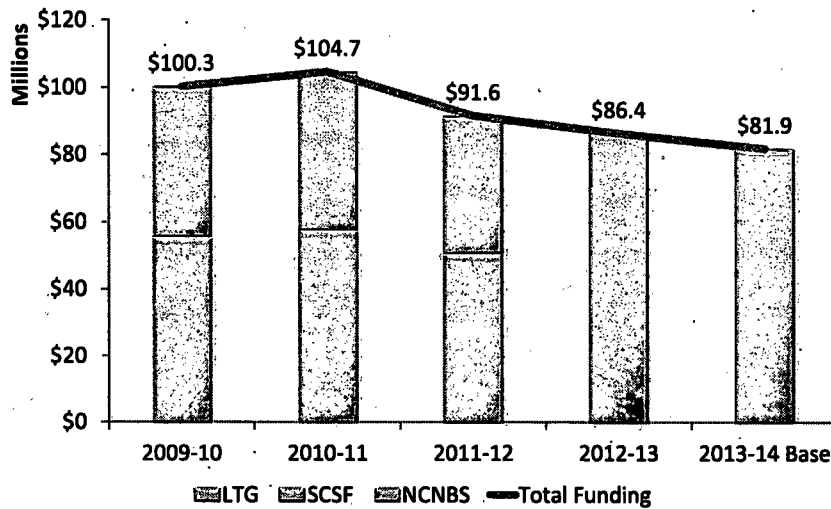
Recipients by Type of School,
FY 2011-12



NC Need-Based Scholarship (NC NBS)

- Started in FY 2012-13, replacing Legislative Tuition Grant (LTG) and State Contractual Scholarship Fund (SCSF).
- Need-based program for students attending private institutions of higher education.
- Must be enrolled at least 9 credit hours per semester.

Scholarships for Private College Students



Source: FY 2009-10 to FY 2011-12, June 30 Actual Expenditures; FY 2012-13 Appropriated Funds; FY 2013-14 Continuation Budget

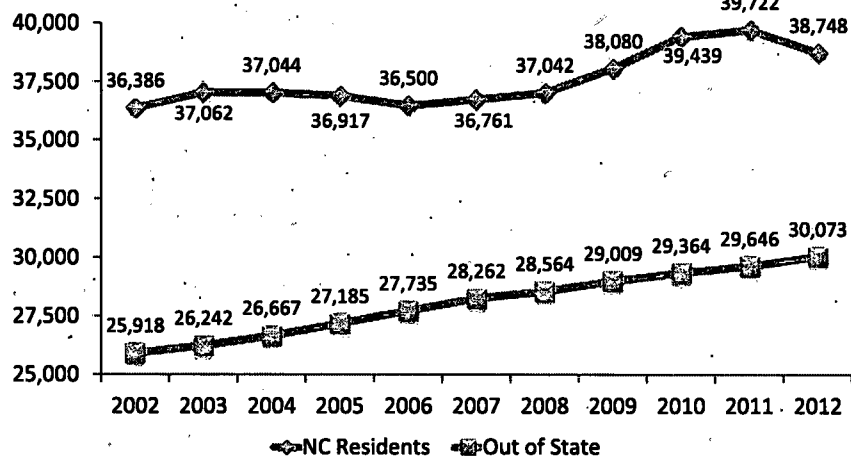
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Private College Student Enrollment

NC Independent Colleges and Universities, Fall Enrollment



Source: NCICU

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NC Community College Grant

- Combination of three programs:
 - Federal Pell Grant
 - NC Community College Grant
 - Education Lottery Scholarship
- Provides students with an Expected Family Contribution (EFC) up to \$5,000 with at least a combined \$4,350 (or “floor”).
 - \$650 for students with EFC between \$5,000 and \$6,000.
 - Floor prorated for $\frac{3}{4}$ - and $\frac{1}{2}$ -time students.

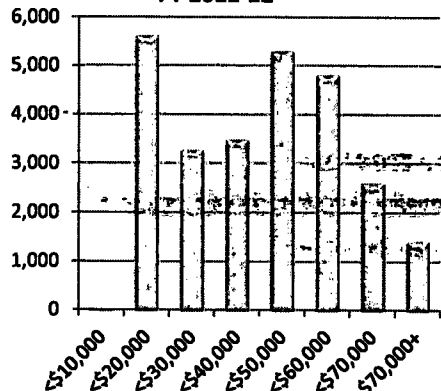
Sample Student: EFC of \$2,500	
Federal Pell Grant	\$3,100
NC Community College Grant	\$950
Education Lottery Scholarship	\$300
Total Award	\$4,350

NC Community College Grant

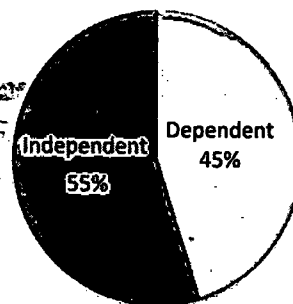
FY 2011-12 Average Award: \$573.37

FY 2011-12 Recipients: 26,487

**Recipients by Income Level,
FY 2011-12**



**Recipients by Dependency Status
FY 2011-12**



2011-13 Biennium Major Changes

UNC Need-Based Financial Aid Program

- Major shifts in funding sources and amounts.

Grants for Private College Students

- Abolished LTG and SCSF
- Established NC Need-Based Scholarship

Education Lottery Scholarship

- Removed private college students from participation.

Major Institutional Need-Based Programs

- Campus-based programs include:
 - Campus-based financial aid programs funded by campus-initiated tuition increases
 - Endowed scholarships
 - Scholarships funded by outside donors or campus budgets

Scholarship-Loans

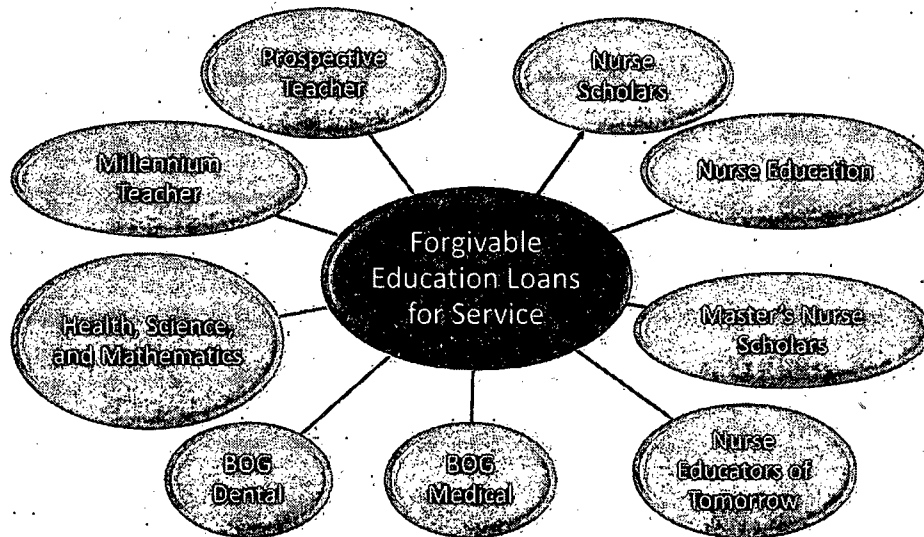
- As a condition of receiving funds, students agree to a service obligation.
- Students must sign agreements to repay the loan either through service in NC in designated career field or in cash.
- Forgivable Education Loans for Services (FELS) is the major NC scholarship-loan program.

Forgivable Education Loans for Service

Approved FELS education programs include:

Allied Health (examples)	Nursing	Medical	Education
<ul style="list-style-type: none"> • Chiropractic • Dental Hygiene • Occupational Therapy • Optometry • Pharmacy • Physical Therapy • Physician Assistant • Radiology • Social Work 	<ul style="list-style-type: none"> • Nurse Educator • Nurse Practitioner • Nursing 	<ul style="list-style-type: none"> • Dentistry • Medical Doctor • Osteopathy • Podiatry • Psychology 	<ul style="list-style-type: none"> • Biology • Chemistry • Comprehensive Science • ESL • Math • Middle Grades • Physics • Special Education

2011-13 Changes to Scholarship-Loans



Tuition Waivers

UNC System

\$60.2 million in FY 2011-12

- Mostly includes waivers providing resident tuition to nonresident students
- 74% for non-resident graduate student tuition remissions
- Other major waivers include non-resident scholars and Armed Service personnel.

CC System

\$76.0 million in FY 2011-12

- Only includes complete waiving of tuition.
- Almost half for public-safety personnel in training courses.
- Other major waivers include high school students and Human Resources Development courses.

Other Assistance

- Education assistance can come in other forms, including vouchers for child care, vouchers for education, and subsidized employment.
- Examples include:
 - Community College Child Care Grants
 - Workforce Investment Act funds

Fraud and Abuse Protections

- There are a number of safeguards currently in place to protect against abuses:
 - Students do not receive financial aid if they have not attended class.
 - Students who earn all “Fs” receive a special evaluation.
 - Students must remain enrolled to “earn” their aid.
 - Students must make satisfactory academic progress.

Fraud and Abuse Protections

- In the 2010 budget, the General Assembly requested an examination of any significant abuses of the financial aid system.
- Joint Select Committee on State-Funded Student Financial Aid determined no action was necessary to address this issue.

Fraud and Abuse Protections

- SEAA beginning new process this year to document and address potential fraud and abuse.
- Schools will be required to notify SEAA when a student withdraws (officially or unofficially).
- Schools will be required to return pro-rata portions of aid received, depending on a student's withdrawal point during the semester.
- Will provide:
 - Data on the number of withdrawals
 - A way for the State to recoup funding
 - Means to stop aid from going to students repeatedly withdrawing

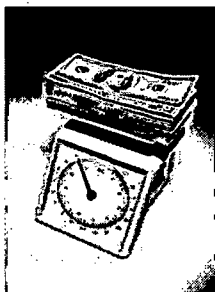
Summary

Largest financial aid programs are federal.

State spent \$648 million on aid in FY 2011-12.

There were many changes to the financial aid programs in 2011-13 Biennium.

UNC System: Metrics Part 2



Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
March 19, 2013



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Presentation Agenda

1. Degrees and Enrollment
2. Student Retention
3. Campus-Specific Information



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Degrees and Enrollment

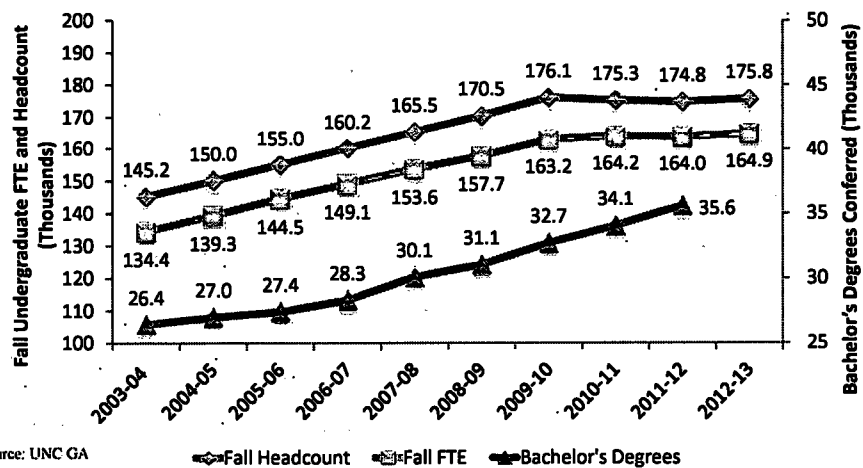


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March 19, 2013

Degrees and Enrollment

**UNC System: Undergraduate Students (FTE and Headcount)
Compared to Bachelor's Degrees Produced**



Source: UNC GA

◆ Fall Headcount □ Fall FTE ▲ Bachelor's Degrees



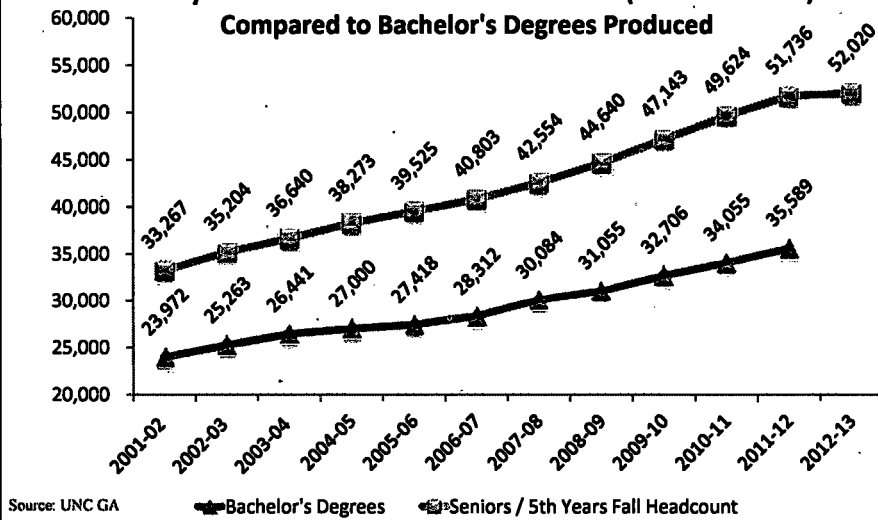
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Degrees and Enrollment

UNC System: Seniors and 5th Year Students (Fall Headcount)
Compared to Bachelor's Degrees Produced



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Student Retention

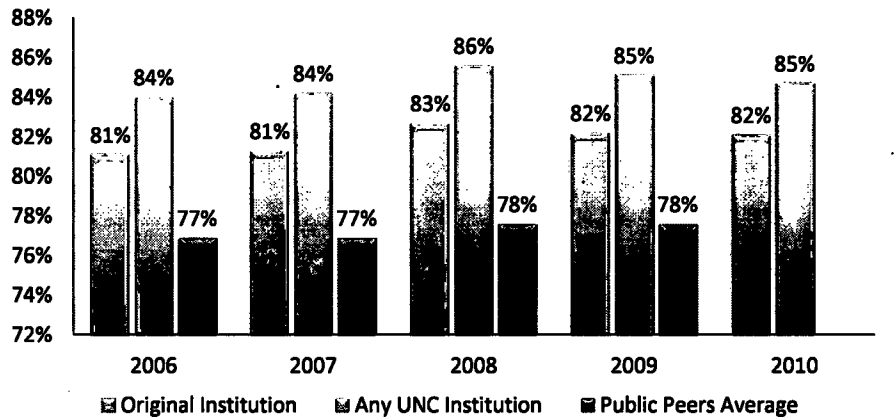


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March 19, 2013

Student Retention

UNC System Freshman-to-Sophomore Retention Rates 2006-2010



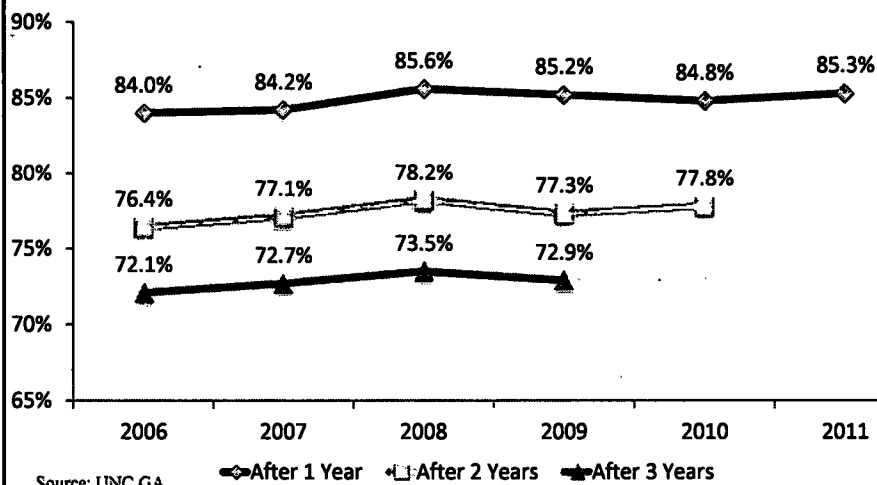
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Student Retention

Retention of First-Time, Full-Time Freshman at Any UNC Institution



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Campus-Specific Data

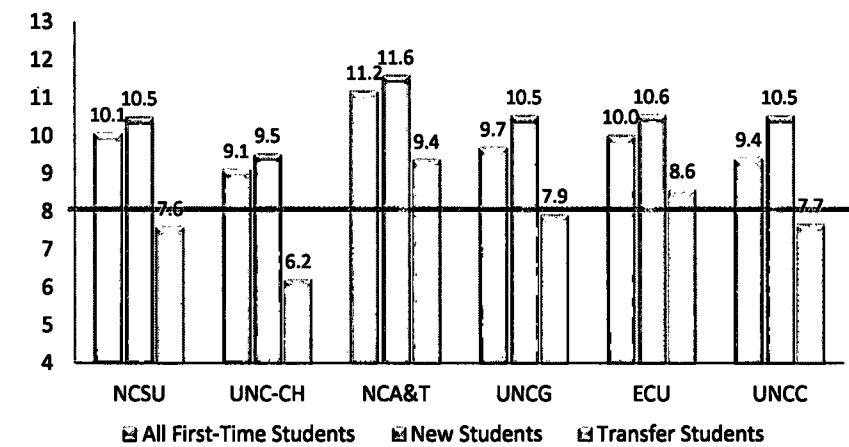


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March 9, 2013

Average Time to Graduation

Research Universities
Average Number of Semesters to Graduate 2011-12



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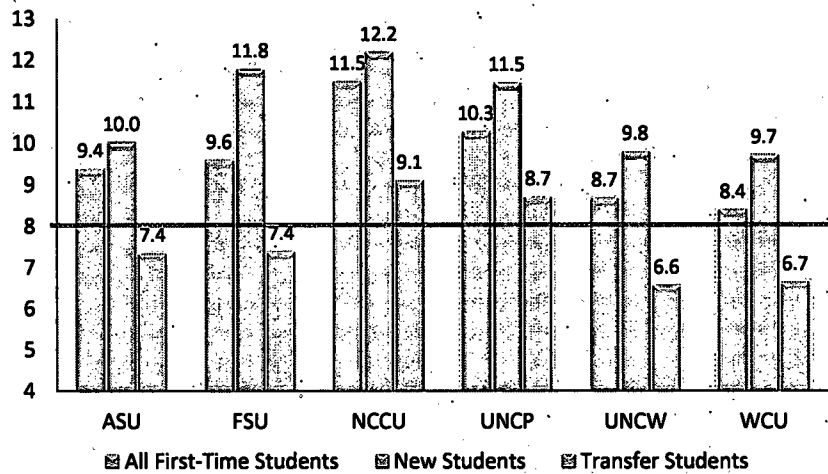
10

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Average Time to Graduation

Masters Universities

Average Number of Semesters to Graduate 2011-12



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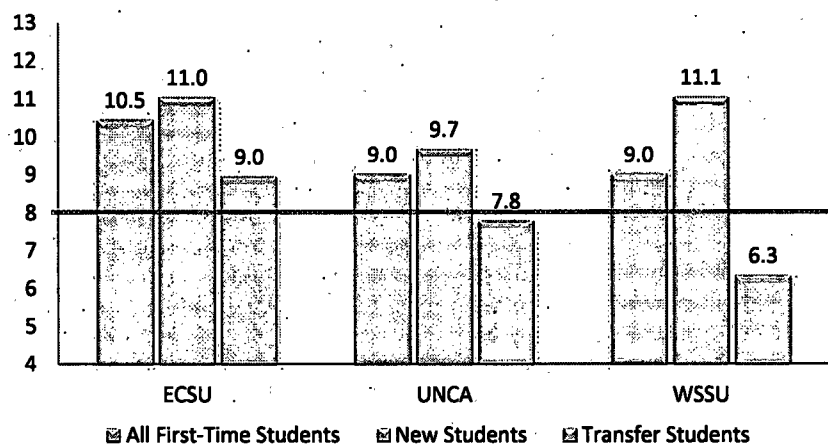
11

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Average Time to Graduation

Baccalaureate Universities

Average Number of Semesters to Graduate 2011-12



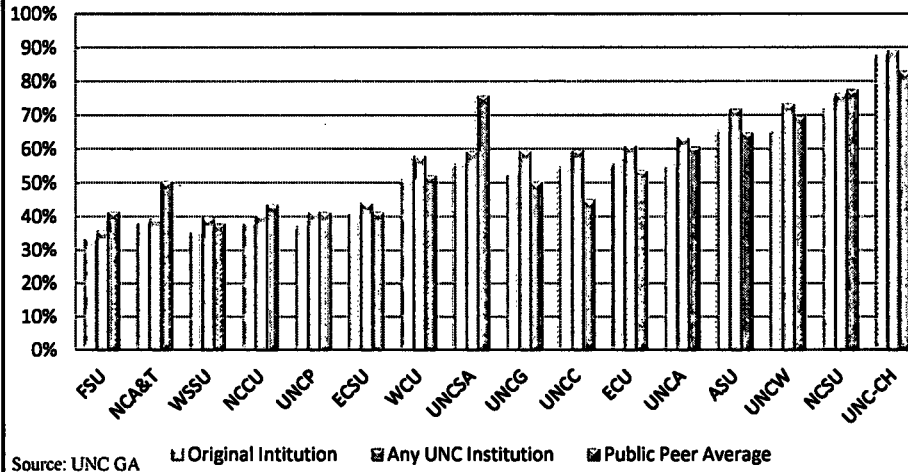
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March 19, 2013

Graduation Rates

Six Year Graduation Rates with Peer Group
2004 Cohort



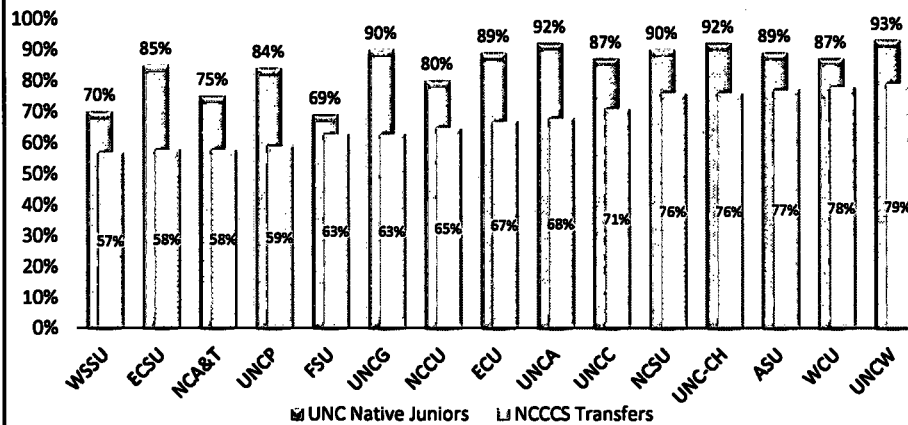
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Graduation Rates

Four Year Graduation Rate of
NCCCS Associate Degree Recipients Who Transfer to UNC Institutions
2005 – 2007 Cohort



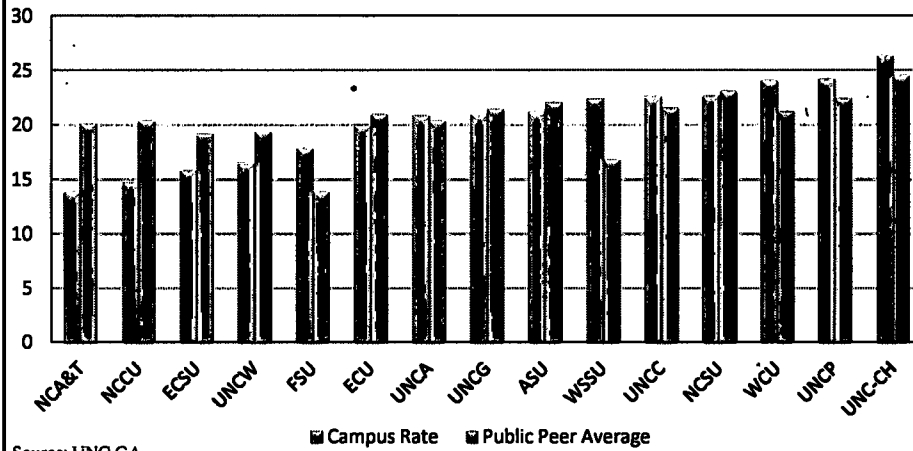
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March 19, 2013

Degree Efficiency

**Bachelor's Degrees per 100 FTE Undergrads with Peers
2010-2011**



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March 19, 2013

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS EDUCATION 3-19-13
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<u>Jim Ayers</u>	<u>Ed Consultant</u>
<u>Professor</u>	<u>OSBM</u>
<u>Elizabeth Groenewegen</u>	<u>OSBM</u>
<u>Will Graham</u>	<u>MWL</u>
<u>Steve Harve</u>	<u>NCSNA</u>
<u>Mike</u>	<u>NCCIU</u>
<u>Tim Mulcaire</u>	<u>VEICL</u>
<u>Rachel Bach</u>	<u>NCDPI</u>
<u>Bruce Han</u>	<u>Hart Institute</u>
<u>Chris Hill</u>	<u>NC Justice Center</u>
<u>Lindsay Wagner</u>	<u>NC Justice Center</u>

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS EDUCATION 3-19-13

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID RICE	MFS
Adam Pridemore	NCAAS
Oliver Rose	Morehead-Cain
Chuck LOVELACE	MOREHEAD-CAIN
KEVIN HOWELL	NCSU
Mary Shuping	NC CCS
Duke Cheston	Pope Center
Drew Moritz	UNC GA
Susan McClacken	App State -
Beth Doster	UNC Charlotte
Dianne Lynch	Western Carolina Univ.

VISITOR REGISTRATION SHEET

Joint ED Appropriations

3-19-13

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steve Motcalf	the Policy Group
Stana Tanna	NCRG
Martez Hill	State Bd of Educ
Paul Fogelman	et maw Inc
Katherine Joyce	NCA SA
Kelly Nicholson	UNC Healthcare
Charlie Perine	UNC GA
JONATHAN TRUIT	UNC GA

VISITOR REGISTRATION SHEET

Joint Appropriations Education
Name of Committee

3-19-13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Rob Schofield

NC Policy Watch

Joint Appropriations Subcommittee on Education

Agenda

**Tuesday, March 26, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Dan Soucek, Presiding**

I. Welcome
Sen. Soucek

II. Review of the Governor's Recommended Budget for 2013-2015
NC Office of State Budget and Management
Elizabeth Grovenstein, Overview of Education Budget and Base Budget Changes
Pam Leaman, Public Education Budget
Adam Brueggemann, UNC System Budget
Bryan Conrad, NC Community College System Budget

III. Adjourn

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)
Sen. Soucek (Co-Chair)
Sen. Tillman (Co-Chair)
Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,
Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)
Rep. Horn (Chair)
Rep. McGrady (Chair)
Rep. Bryan (Vice Chair)
Rep. Whitmire (Vice Chair)
Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,
Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,
Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

Senate Committee on Appropriations on Education/Higher Education
Tuesday, March 26, 2013 at 8:30 AM
Room 421 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on March 26, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Debra Conrad, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Marvin Lucas, Rep. Chris Malone, Rep. Mickey Michaux, and Rep. Paul Stam. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Sen. Jerry Tillman, Co-Chair, presided. (Sen. Soucek was delayed due to weather).

Sen. Tillman, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages. The Chair also recognized State Budget Director, Art Pope and his staff in attendance.

The topic for this meeting was, "Review of the Governor's Recommended Budget for 2013-2015"

The Chair recognized Elizabeth Grovenstein, Assistant State Budget Officer for Education from the office of State Budget and Management, for her presentation "Overview of Education Budget and Base Budget Changes."

Mrs. Grovenstein began with a review of the "2013-14 and 2014 General Fund Appropriation Education Budget Summary." (See attached handout) She outlined the Governor's recommended budget totals for Public Schools, Community Colleges, and the University System. She also reviewed the proposed budget adjustments for each.

The Chair asked Members to hold their questions until after the complete presentation was made.

Mrs. Grovenstein then introduced Pam Leaman, Budget Analyst with the NC Office of State Budget and Management, to present the public school portion of the Governor's Recommended Budget. Mrs. Leaman utilized the handout "Governor's Recommended Adjustment to Base Budget." (See attached handout). She went through each item with little or no comment on each.

Mrs. Leaman then introduced Adam Brueggemann, Budget Analyst with the NC Office of State Budget and Management, to present the UNC System portion of the Governor's

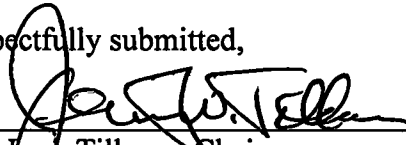
Recommended Budget. Mr. Brueggemann also utilized the handout "Governor's Recommended Adjustment to Base Budget." (See attached handout). He went through each item with little or no comment on each.

Mr. Brueggemann then introduced Bryan Conrad, Budget Analyst with the NC Office of State Budget and Management, to present the Community College portion of the Governor's Recommended Budget. Mr. Conrad also utilized the handout "Governor's Recommended Adjustment to Base Budget." (See attached handout). He went through each item with little or no comment on each.

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:45AM.

Respectfully submitted,



Sen. Jerry Tillman, Chair
Presiding



Mark Shiver, Committee Clerk

2013-14 and 2014-15 General Fund Appropriation Education Budget Summary

	2011-12	2012-13	Base Budget	2013-14			Expansion	2013-14	% Change
	Actual	Authorized	Adjustments	Recommended	Reductions	Expansion	Salary Incr.	Total	Over
				Base Budget				Appropriation	2012-13
<u>Education</u>									
Public Schools	7,579,686,402	7,844,603,612	140,321,145	7,984,924,757	(159,269,940)	74,114,109	72,179,422	7,971,948,348	1.6%
Community Colleges	1,002,081,615	1,040,421,605	(2,991,130)	1,037,430,475	(41,624,606)	38,789,333	11,858,197	1,046,453,399	0.6%
University System	2,532,936,311	2,663,562,435	45,989,372	2,709,551,807	(144,738,904)	19,600,000	26,736,082	2,611,148,985	-2.0%
Total Education	11,114,704,328	11,548,587,652	183,319,387	11,731,907,039	(345,633,450)	132,503,442	110,773,702	11,629,550,733	0.7%

	2011-12	2012-13	Base Budget	2014-15			Expansion	2014-15	% Change
	Actual	Authorized	Adjustments	Recommended	Reductions	Expansion	Salary Incr.	Total	Over
				Base Budget				Appropriation	2012-13
<u>Education</u>									
Public Schools	7,579,686,402	7,844,603,612	266,494,218	8,111,097,830	(137,642,805)	146,319,128	72,179,422	8,191,953,575	4.4%
Community Colleges	1,002,081,615	1,040,421,605	(2,991,130)	1,037,430,475	(39,624,606)	45,789,333	11,858,197	1,055,453,399	1.4%
University System	2,532,936,311	2,663,562,435	74,312,035	2,737,874,470	(162,038,904)	43,600,000	26,736,082	2,646,171,648	-0.7%
Total Education	11,114,704,328	11,548,587,652	337,815,123	11,886,402,775	(339,306,315)	235,708,461	110,773,702	11,893,578,623	3.0%

NOTE: Tuition & fee increases of \$7,791,983 in NCCCS and \$63,768,627 in 2013-14 and \$62,875,000 in 2014-15 in the UNC System are deducted from reductions as they do not reduce spending. Expansion includes allocation of statewide salary reserve.

2013-14 and 2014-15 General Fund Appropriation Base Budget Summary

Public Education	2013-14 Adjustment	2014-15 Adjustment
1 Enrollment-Average Daily Membership (ADM)	109,716,404	215,653,605
2 Enrollment-Average Salary Adjustment	(73,271,331)	(74,174,078)
3 Enrollment-Mandatory State Aid	83,876,072	105,014,691
4 Nonrecurring Items-School Buses	20,000,000	20,000,000
Total	140,321,145	266,494,218
NCCCS		
1 Enrollment	(4,698,641)	(4,698,641)
2 Enrollment-Mandatory State Aid	6,017,298	6,017,298
3 Nonrecurring Items-NC Back to Work	(5,000,000)	(5,000,000)
4 IT Maintenance Cost Increases	690,213	690,213
Total	(2,991,130)	(2,991,130)
UNC System		
1 Enrollment	29,124,491	55,838,115
2 Annualization-2012-13 Building Reserves	(364,710)	(364,710)
3 Nonrecurring Items- UNC-TV Equipment	(750,000)	(750,000)
4 Nonrecurring Items-NR Building Reserve	(48,944)	(48,944)
5 Nonrecurring Items- UNC Need-Based Grant	6,974,141	6,974,141
6 Nonrecurring Items-NC Need Based Scholarship	(4,500,000)	(4,500,000)
7 Building Reserves	15,554,394	17,163,433
Total	45,989,372	74,312,035

Governor's Recommended Adjustments to Base Budget

Public Education (13510)

2

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
<hr/>			
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
		<hr/>	<hr/>
Appropriation		\$7,820,000	\$35,820,000
Positions		3.000	3.000
Nonrecurring			
Requirements		\$9,076,544	-
Receipts		9,076,544	-
		<hr/>	<hr/>
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
	<hr/>	<hr/>
Appropriation	(\$57,905,157)	\$8,676,323
Positions	(43.250)	(43.250)
Nonrecurring		
Requirements	\$7,776,544	-
Receipts	35,027,218	-
	<hr/>	<hr/>
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>
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)	-
<hr/>			
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		<u>2013-14</u>	<u>2014-15</u>
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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	-	-
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Appropriation	(\$145,718,904)	(\$150,713,904)
Positions	-	-
Nonrecurring		
Requirements	(\$36,000,000)	(\$24,500,000)
Receipts	7,188,627	6,100,000
	<hr/>	<hr/>
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>
<hr/>		
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)
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	-	-
	<hr/>	<hr/>
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
	<hr/>	<hr/>
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	-	-

VISITOR REGISTRATION SHEET

Approps on Education

Name of Committee

3/26/2013

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

DAVID RICE

MFS

Will Doreel

NECK

Susan McCracken

Appalachian State

VISITOR REGISTRATION SHEET

JT. Subcommittee on ED. APPR.
(Committee Name)

3-26-13

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE
CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Duke Cheston	Pope Center
Kewin Howell	NCSU
Drew Roberts	UNC GA
Jonathan Keppler	UNC GA
Townes Maxwell	PSG
JONATHAN PRUITT	UNC GA
CHARLES PERUSSE	UNC GA
Mary Shuping	NCCCS
Jennifer Hamegood	NCCCS
Mark Laming	UNCW
Katherine Joke	NCASA
Leanne Wimmer	NC SBA
Adam Pridenoe	NCMSA
Paul Johnson	Infra Inc.
Chad Hilly	CFTF
Brandy Andrews	NCCCS
Beth Doster	UNC Charlotte

VISITOR REGISTRATION SHEET

JTC Subcommittee on ED, Appr.

(Committee Name)

3/26/13

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
<i>Jim Aron</i>	Ed Appr Ed Consultant
Bryan Conrad	OSBM
Adam Brue Gigenwin	OSBM
<i>Sam Leaman</i>	OSBM
<i>Elysha Conner</i>	OSBM
Christopher Jones	OSBM
Rachel Bealier	NCDPI
<i>Joni Alley</i>	BEGINNINGS
Caroline Cobb	THE POLICY GROUP
Mort & EZ Hill	SBE
<i>Meredith Hendrix</i>	NCCIU
Oksana Cody	—
Ashley Perkins	Perkins Law
<i>Shirley Cannon</i>	NKSNH
<i>JPeters</i>	CSS
<i>Joy Peters</i>	CSS

Joint Appropriations Subcommittee on Education

Agenda

**Thursday, March 28, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Dan Soucek, Presiding**

I. Welcome
Senator Soucek

**II. North Carolina Independent Colleges and Universities
Budget Discussion**

Dr. Hope Williams, President

**III. University of North Carolina System
Budget and Strategic Directions Report Discussion**

Tom Ross, President

IV. Adjourn

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)
Sen. Soucek (Co-Chair)
Sen. Tillman (Co-Chair)
Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,
Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)
Rep. Horn (Chair)
Rep. McGrady (Chair)
Rep. Bryan (Vice Chair)
Rep. Whitmire (Vice Chair)
Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,
Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,
Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

Senate Committee on Appropriations on Education/Higher Education
Thursday, March 28, 2013 at 8:30 AM
Room 421 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on March 28, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Co-Chair, Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Earline Parmon, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Ken Goodman, Rep. Marvin Lucas, Rep. Mickey Michaux, Rep. Paul Stam, and Rep. Bob Steinburg. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Sen. Tom Apodaca, Co-Chair, presided. (Sen. Soucek was delayed).

Sen. Apodaca, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Dr. Hope Williams, President NC Independent Colleges and Universities, for her presentation "NC Independent Colleges and Universities Budget Discussion" (See Attached Handout)

Dr. Williams highlighted loss of enrollment due to recent drops in scholarship funding. She made the point that restoring funding to financial aid to community colleges is a "win-win" for the schools and the state.

The Chair entertained questions and discussion from the members.

The Chair then recognized Tom Ross, President of the University of North Carolina System for his presentation, "Budget and Strategic Directions Report Discussion." (See Attached Handout entitled "Overview of UNC Five-Year Strategic Plan and FY 2013-15 Budget Request")

President Ross pointed out that the cost for degrees is going down while the number of degrees is going up. He also related the increase in externally funded research, and the decline of appropriations per student in recent years. Dr. Ross stressed that the University System has been working to increase efficiency in recent years.

Dr. Ross then reviewed the University System's Five-Year Plan. The goals of the plan are:

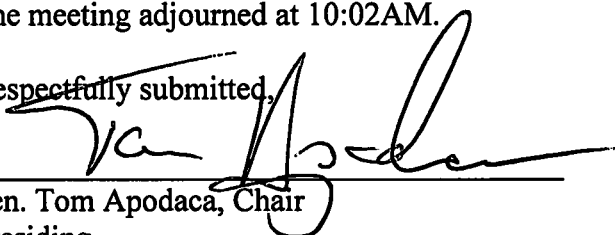
1. Setting degree attainment goals responsive to state needs
2. Strengthening academic quality
3. Serving the people of North Carolina
4. Maximizing efficiencies
5. Ensuring an accessible and financially stable university

Dr. Ross reviewed the University System's response to the Governor's proposed budget, and outlined the System's recommendations and areas of concern.

The Chair entertained questions and discussion from the members.

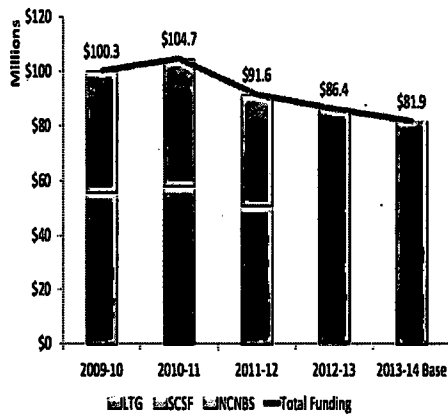
The meeting adjourned at 10:02AM.

Respectfully submitted,


Sen. Tom Apodaca, Chair
Presiding


Mark Shiver, Committee Clerk

Scholarships for Private College Students



Sources: FY 2009-10 to FY 2011-12, June 29 Actual Expenditures; FY 2012-13, Approved Last Period; FY 2013-14, estimate by RDO

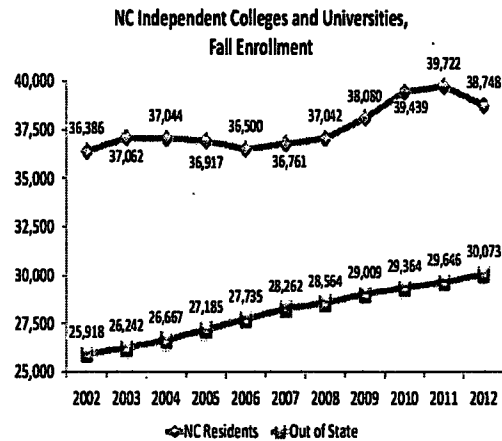
FISCAL RESEARCH DIVISION

23

March 13, 2013

March 28, 2013

Private College Student Enrollment



Sources: NCICU

FISCAL RESEARCH DIVISION

34

March 13, 2013

3

$$2010-2011 \quad \$104.70 + \$4.2 \text{ (lottery)} = \$109.20$$

$$2011-2012 \quad \$91.60 + \$4.0 \text{ (lottery)} = \$95.60$$

$$2012-2013 \quad \$81.90 + \$0 \text{ (lottery)} + \$4.5 \text{ (NR)} = \$86.40$$

$$2013-2014 \quad \$81.90 + \$0 \text{ (lottery)} + \$0 = \$81.90$$

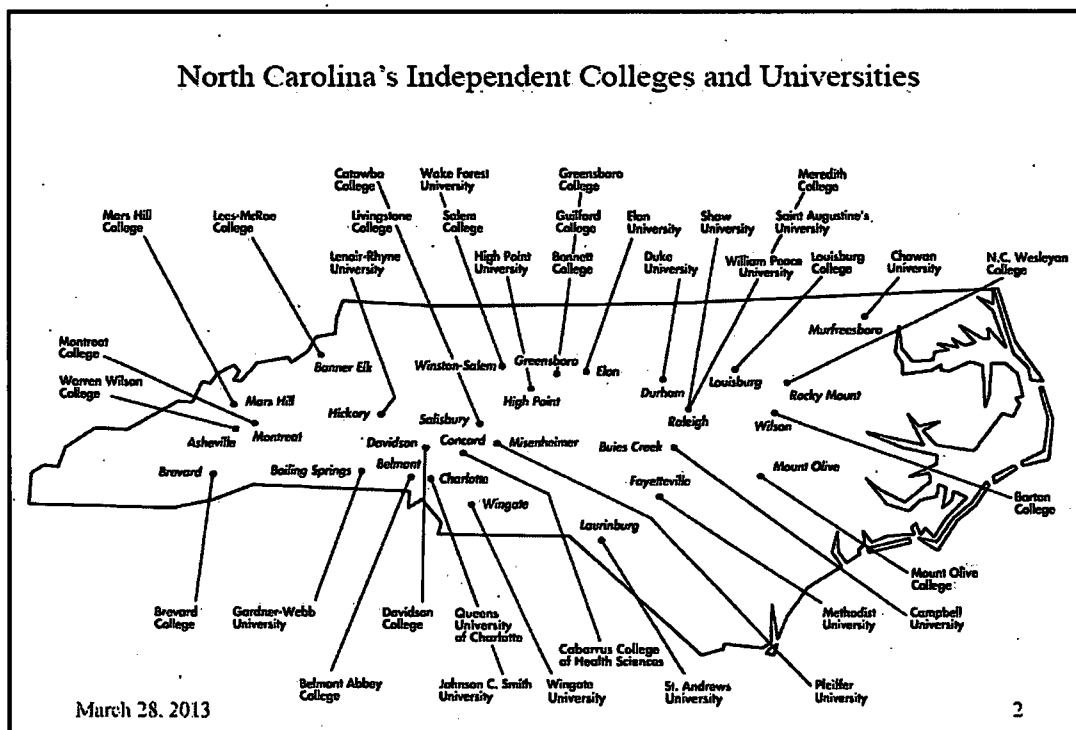
(dollars in millions)

March 28, 2013

4

**NORTH CAROLINA
INDEPENDENT
COLLEGES & UNIVERSITIES**

Tim McDowell
VP for Government Relations



University of North Carolina

Overview of UNC Five-Year Strategic Plan and FY 2013-15 Budget Request

Joint Education Appropriations Subcommittee

March 28, 2013


Tom Ross

President

The University of North Carolina

2

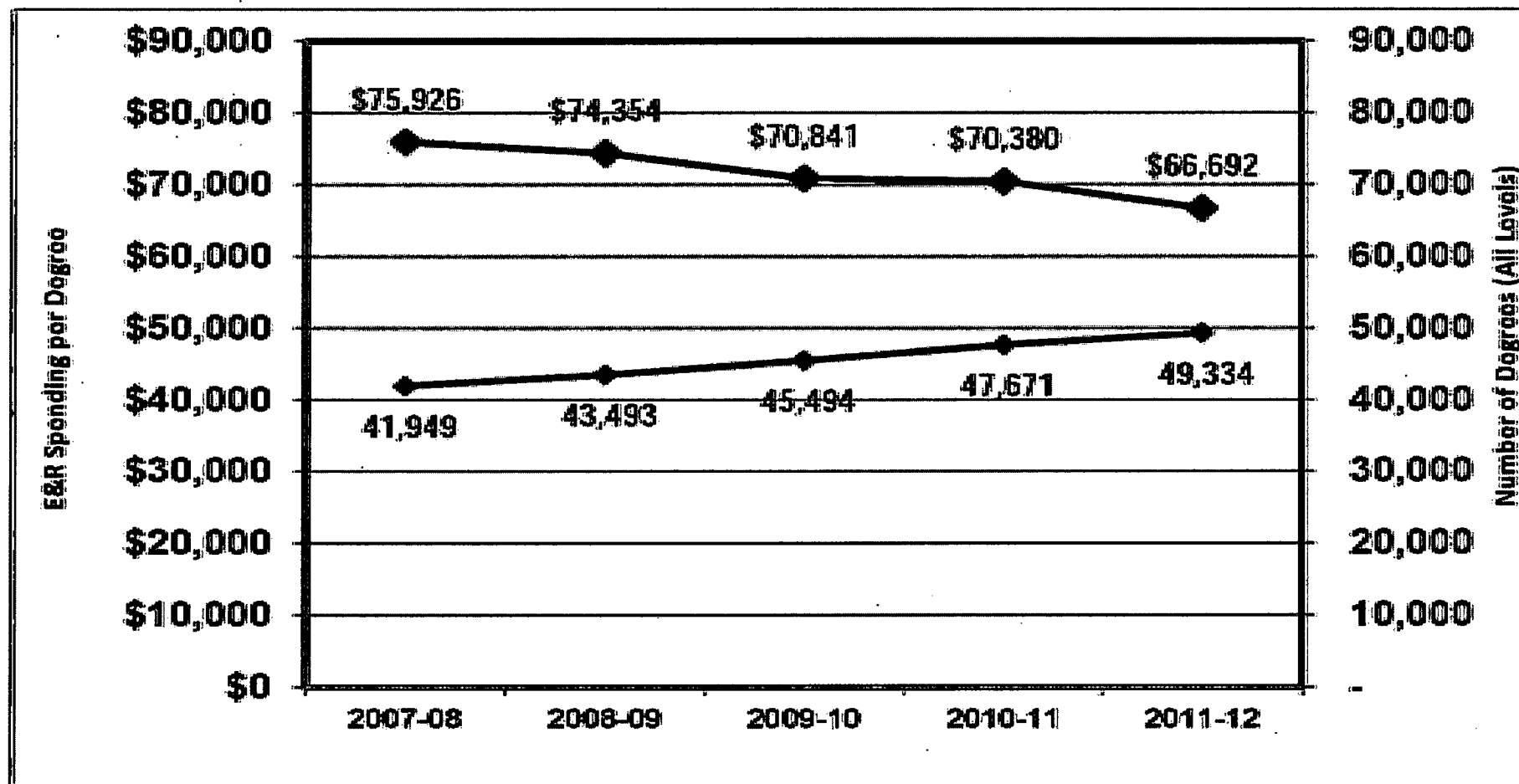
OUTLINE

- 
- Key Indicators
 - UNC Five-Year Strategic Plan
 - BOG Budget Request for FY 2013-15
 - Summary of Governor's Proposed Budget for UNC
 - Response to Governor's Budget

KEY INDICATORS

	2007-08	2011-12	% CHANGE
Inflation-Consumer Price Index	218.815	229.478	4.9%
Education and Related Spending per Degree (All Levels)	\$75,688	\$66,450	-12.1%
Degrees Produced (All Levels)	42,081	49,447	17.5%
Externally-Funded Research (in millions)	\$1,112	\$1,281	15.2%
Ratio of Appropriations/Tuition	73%/27%	66%/34%	-7%/7%
Appropriations per Student	\$12,897	\$11,292	-12.4%

FIVE-YEAR HISTORY: E&R SPENDING PER DEGREE (ALL LEVELS) AND TOTAL NUMBER OF UNC DEGREES PRODUCED



UNC EFFICIENCY INITIATIVES

President's Advisory Committee on Efficiency and Effectiveness (PACE) – 2006

- Examined administrative costs of University
- Implemented best practices and cost savings measured
- \$36M in annual cost savings; \$170M in cost avoidance

Ernst & Young, Operational Assessment – 2008

- Identified high-risk operations and areas for improvement
- Recommendations being implemented through UNC FIT

BAIN & Company Study (UNC-Chapel Hill) – 2009

- \$50 million in permanent administrative savings
- Recommendations shared with all UNC Campuses

McKinsey & Company Analysis – 2012

- Gathered data and examined academic operations
- Provided fact base for development of UNC Strategic Plan

STRATEGIC PLAN OVERVIEW

■ The UNC Strategic Directions for 2013-2018 focus on five high-priority goals:

1. Setting degree attainment goals responsive to state needs
2. Strengthening academic quality
3. Serving the people of North Carolina
4. Maximizing efficiencies
5. Ensuring an accessible and financially stable university

DEGREE ATTAINMENT

■ **Goal 1: 32% of North Carolinians with bachelor's degree or higher**

Strategies:

- Ensure college readiness for high school grads
- Improve graduation and retention rates
- Transfer, part-way-home, veteran and military students
- Performance funding incentives

STRENGTHENING ACADEMIC QUALITY

■ Goal 2: Guarantee a rigorous education for all students

Strategies:

- Core competencies, general education
- Student learning assessments
- E-learning, MOOCs
- Reduce hours to degree completion

SERVING THE PEOPLE OF NORTH CAROLINA

■ Goal 3: Serve the people

Strategies:

- Targeted investments in advanced manufacturing, data science, energy, marine science, pharmacoengineering, and defense and security
- Applied scholarship
- Address changing health care workforce needs

MAXIMIZING EFFICIENCIES

■ Goal 4: Efficient use of resources

Strategies:

- Expand shared services centers
- Program consolidation/streamlining
- Carry-forward reform
- Better data collection and analysis

ENSURING FINANCIAL STABILITY AND ACCESSIBILITY

■ Goal 5: Keep UNC affordable, financially sound

Strategies:

- Limit tuition increases
- Protect financial aid
- Continue CFNC services
- Ramp up private fundraising
- Repair and Renovation Fund



THE BOTTOM LINE

	2013-14	2014-15	2015-16	2016-17	2017-18
	Strategic Investments (in millions)				
Targeted research, health care, teacher training	27.8	69.4	103.5	129.0	143.9
Talent development	27.5	44.5	60.5	76.5	93.0
Academic innovation	12.7	18.9	21.3	22.3	23.3
Seed funding for data analytics, fundraising	5.5	8.2	8.4	7.0	7.0
	Direct Savings (millions)				
Efficiency Measures	(25.8)	(45.8)	(57.2)	(64.0)	(66.9)
	Overall Investment (in millions)				
Proposed Investment	47.7	95.2	136.5	170.8	200.3
Annual Growth	1.8%	1.8%	1.6%	1.3%	1.1%

THE BOTTOM LINE

■ Return on Investment by 2025

- 93,000 new degrees, making NC a top-ten most educated state
- \$350 million in avoided enrollment growth costs
- \$1.46 billion in economic activity
- \$934 million in new grants and contracts
- 125 new companies with more than \$500 million in revenues
- Nearly 23,000 new jobs

BOG RECOMMENDED FY 2013-15 BUDGET (\$ in millions)

	2013-14	2014-15
I. a. Strategic Plan Investments	73.5	141.0
b. Strategic Plan Savings Recommendations	(25.8)	(45.8)
c. Strategic Plan Net Investments	47.7	95.2

II. Need-Based Financial Aid (from Lottery receipts)

Restore \$25 million in nonrecurring funds from FY 2012-13. Also recommend additional \$10.7 million in FY 2013-14 and \$18.7 million in FY 2014-15, based on 3-year average change in undergraduate tuition, fees, and enrollment.

BOG RECOMMENDED FY 2013-15 BUDGET (\$ in millions)

	2013-14	2014-15
III. Optional Retirement Plan (ORP)	5.0	10.0
Contribution Rate Increase		
Increases contribution rate from 6.84% to 8.0% over two years		
IV. Security	0.5	0.8
V. Campuses Specializing in Arts and Sciences	1.5	1.5
Provides \$1M for UNC School of the Arts and \$0.5M for UNC Asheville.		
VI. Total Net Recommendations	54.7	107.5

* Aligns with 2% cap suggested by OSBM

* 50% less than past three expansion budget requests

SUMMARY OF GOVERNOR'S RECOMMENDED FY 2013-15 BUDGET FOR UNC (\$ in millions)

	2013-14	2014-15
FY 2012-13 Authorized Budget	\$2,577	\$2,577
Continuation Adjustments	\$50.4	\$78.8
<u>Recommended Reductions:</u>		
Non-Tuition Related Items		
Strategic Plan Recommendations	(\$25.8)	(\$38.0)
Utilities	(\$8.1)	(\$8.1)
Management Flexibility (recurring)	(\$66.9)	(\$79.8)
Management Flexibility (nonrecurring)	(\$43.8)	(\$36.0)
Other	(\$1.2)	(\$0.2)
Subtotal	(\$145.8)	(\$162.0)

SUMMARY OF GOVERNOR'S RECOMMENDED FY 2013-15 BUDGET FOR UNC (\$ in millions)

Additional Tuition Increases to Offset State Appropriations

Non-Resident Student Tuition (12.3% at six campuses, 6% all others)	(\$54.1)	(\$54.1)
Repeal Resident Tuition for nonresident Students on full academic scholarships	(\$8.6)	(\$8.8)
Subtotal	(\$62.7)	(\$62.9)
Total Recommended Reductions	(\$208.5)	(\$224.9)

Expansion Recommendations

Strategic Plan	\$19.6	\$43.6
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SUMMARY OF GOVERNOR'S RECOMMENDED FY 2013-15 BUDGET FOR UNC (\$ in millions)

Summary of Budget Recommendations:	2013-14	2014-15
Net Appropriations Change from FY 2012-13	(\$138.5)	(\$102.5)
Net Appropriations % Change from FY 2012-13	-5.4%	-4.0%
Net Spending Change from FY 2012-13 (controlling for tuition increases)	(\$75.8)	(\$39.6)
Net % Spending Change from FY 2012-13 (controlling for tuition increases)	-2.9%	-1.5%

RESPONSE TO GOVERNOR'S RECOMMENDED FY 2013-15 BUDGET FOR UNC

Positives:

- Includes funding for enrollment changes and building reserves
- Continues flexibility for implementing cuts
- Partially funds elements of UNC Strategic Plan

RESPONSE TO GOVERNOR'S RECOMMENDED FY 2013-15 BUDGET

Areas of Concern:

Magnitude of Management Flexibility reduction

- Hampers emphasis on performance and accountability
- Estimate 300-500 positions will be eliminated
- Further impact on class sizes and student support services
- Limits ability to replace and maintain key infrastructure

RESPONSE TO GOVERNOR'S RECOMMENDED FY 2013-15 BUDGET FOR UNC

Areas of Concern:

Size of Non-Resident Tuition Increase

- Long-term impact on campus enrollments
- Ability to collect projected receipts

Allocation of Repair and Renovations Fund

- Deviates from traditional 50%/50% split with State government
- Underfunds critical infrastructure repair needs

RESPONSE TO GOVERNOR'S RECOMMENDED FY 2013-15 BUDGET FOR UNC

Areas of Concern:

Need-based Financial Aid

- Does not restore any of nonrecurring \$25 million
- 8,400 eligible students would lose or not receive aid
- Students who do receive aid would receive less

VISITOR REGISTRATION SHEET

Joint Appropriation Committee on Education
(Committee Name)

3-28-13

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE
CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
John Ayn	Ed Consultant
Adam Brueggemann	OSBM
Paula Leaman	OSBM
Elizabeth Drownstein	OSBM
Christopher Jones	OSBM
Bryan Conrad	OSBM
John McMill	Refers
Margaret Hill	ISCEIU
Lin McDaniel	UCLL
Martez Hill	SBE

VISITOR REGISTRATION SHEET

Joint Appropriation Committee on Education
(Committee Name)

3/28/13

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Heley Leclerc	UNCIE
Charles Perone	UNC GA
Tom Ross	UNC GA
Jonathan Pruitt	UNC GA
Tom Worthington	UNC GA
Drew Moretz	UNC GA
Jonathan Kappler	UNC GA
Mike Tarrant	UNC G
Mary Shuping	NCCS
S. St.	NCSU
Will Grantham	MJC
Duke Cheston	Pope Center
Ken Hume	NCSU
Marge Foreman	NCAE
John Morris	Policy Group
Emelyn Hester	CISNC, PEONE
A. Hall	DELOITTE

Joint Appropriations Subcommittee on Education

Agenda

**Thursday, April 11, 2013, 8:30 A.M.
Room 421, Legislative Office Building
Senator Tom Apodaca, Presiding**

I. Welcome
Senator Apodaca

II. Review of Public School Funding Formulas

Kristopher Nordstrom

III. Committee Discussion

IV. Adjourn

Senate Appropriations on Education/Higher Education

Sen. Apodaca (Co-Chair)
Sen. Soucek (Co-Chair)
Sen. Tillman (Co-Chair)
Sen. Barefoot, Sen. Curtis, Sen. Graham, Sen. Hartsell,
Sen. Jenkins, Sen. Parmon, Sen. Rucho, Sen. Wade

House Appropriations Subcommittee on Education

Rep. Blackwell (Chair)
Rep. Horn (Chair)
Rep. McGrady (Chair)
Rep. Bryan (Vice Chair)
Rep. Whitmire (Vice Chair)
Rep. L. Bell, Rep. B. Brown, Rep. Conrad, Rep. Elmore,
Rep. Gill, Rep. Glazier, Rep. Goodman, Rep. Lucas,
Rep. Malone, Rep. Michaux, Rep. Stam, Rep. Steinburg

Senate Committee on Appropriations on Education/Higher Education
Thursday, April 11, 2013 at 8:30 AM
Room 421 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Education/Higher Education met at 8:30 AM on April 11, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. David Curtis, Sen. Fletcher Hartsell, Sen. Bob Rucho, and Sen. Trudy Wade. The following Representatives were present: Rep. Hugh Blackwell, Co-Chair, Rep. Craig Horn, Co-Chair, Rep. Chuck McGrady, Co-Chair, Rep. Rob Bryan, Vice-Chair, Rep. Chris Whitmire, Vice-Chair, Rep. Larry Bell, Rep. Brian Brown, Rep. Jeffrey Elmore, Rep. Rosa Gill, Rep. Rick Glazier, Rep. Marvin Lucas, Rep. Chris Malone, and Rep. Mickey Michaux. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Sen. Dan Soucek, Co-Chair, presided.


Sen. Soucek, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages.

The Chair recognized Kristopher Nordstrom of the Education Fiscal Research Division, for his presentation, "Review of Public School Funding Formulas" (See Attached Handout - Summary of Findings: Joint Legislative Study Committee on Public School Funding Formulas). Mr. Nordstrom reviewed the origin of the report, its scope and methodology, its findings, and potential modifications.

The Chair entertained questions and discussion from the members.

The meeting adjourned at 9:45AM.

Respectfully submitted,



Sen. Dan Soucek, Chair
Presiding



Mark Shiver, Committee Clerk

Summary of Findings: Joint Legislative Study Committee on Public School Funding Formulas

Joint Appropriations Subcommittee on Education

April 11, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Committee Question Topics-Public Schools

- **How the Report Came to Be**
- **Scope & Methodology of the Study**
- **Findings**
- **Potential Modifications**



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

How the Report Came to Be

How the Report Came to Be

- Established in 2007 Technical Corrections bill
 - Extended via Studies Act of 2008
- “an extensive study of all public school funding formulas”
 - 12 specific formulas
 - ADM projections

How the Report Came to Be

- 6 meetings in 07-08 interim
 - Staff presentation of formula details
 - Views of NC superintendents & finance officers
 - 3 national experts
- Committee unable to define overriding problem or problems with funding system
- Decision made to hire consultant for further study

Scope & Methodology of the Study

Scope of Study

- Focused on how funds are distributed between school districts
 - Equity and/or efficiency of how funds are distributed
 - **Not focused on amount of aid distributed**
- All recommendations fiscally neutral

Study Methodology

- Interviewed experts and stakeholders
- Reviewed literature
- Analyzed overall LEA revenues from 2003-04 to 2008-09
- Analyzed distribution of individual allotments between 2003-04 to 2008-09

Findings

General Findings

- NC's allotment system
 - Has factors that addresses nearly every student or district need
 - Distributes aid in a highly equitable manner
- Flexibility – important strength consistent with standards-based reforms
- Local spending creates some inequality in overall resource levels

General Findings

- There are a lot of allotments
- Teacher salary schedule not consistent with research on returns to investment for experience and education

Specific Allotment Findings

- Specific allotments:
 - Teacher allotment: equitable, favors districts with teachers with high experience or education
 - Instructional Support, TAs, CTE, Non-instructional Support, SBA, At-Risk: equitable
 - Low Wealth, Central Office: complex, but working well
 - LEP, DSSF: correlated with district need, working quite well

Specific Allotment Findings

- Specific allotments:
 - Small County: correlates well with size, but not with wealth
 - Transportation: structure is appropriate
 - Lottery: 65%/35% system helping needier, less wealthy districts receive more funds for capital
 - Children with Disabilities: might not align with variation in LEA needs

Potential Modifications

Potential Modifications

- APA offered broad suggestions rather than detailed implementation roadmap
- Potential modifications listed in order of ease of implementation (per APA)
- Modifications toward end of list may subsume options at beginning of list
- Note: overall allotment system found to be working well

1. Combine Allotments Distributed on Dollars per ADM Basis

- Combine all allotments that are distributed on the basis of K-12 ADM
 - Textbooks, Supplies & Materials, Non-instructional Support, Technology
 - Allow allotments to be used at LEA's discretion

1. Combine Allotments Distributed on Dollars per ADM Basis

Pros

- Reduces number of allotments
- Increases LEA flexibility versus pre-2009 guidelines

Cons

- Improves simplicity?
- Reduces GA's ability to target LEA spending

2. Modify CWD Allotment to Address Severity

- Set three different payment rates according to severity of disability
 - Mild: \$2,000 per student
 - Moderate: \$5,000 per student
 - Severe: \$10,000 per student

2. Modify CWD Allotment to Address Severity

Pros

- Better align resources with LEA needs

Cons

- No consensus definitions for mild, moderate, and severe
- Safeguard against migration towards moderate & severe

3. Modify Low Wealth

- Modify Low Wealth by either
 - Creating two formulas based on
 - District wealth
 - Tax effort
 - Single formula using “power equalizing procedure”

3. Modify Low Wealth

Pros

- Unclear

Cons

- No appetite for more formulas
- Existing formula already achieves what APA says new formulas would achieve

4. Combine At-Risk and DSSF

- Combine and distribute based on either
 - Number of low-performing students
 - A proxy for low-performing students, such as Title I or free/reduced lunch

4. Combine At-Risk and DSSF

Pros

- Eliminates an allotment, simplifying system

Cons

- Already working well
- Distribution based on actual number of low-performing already rejected
- Leandro concerns

5. Modify the Small County Allotment

- Focus allotment only on size, rather than size and adjusted property tax base
- Provide allotment to city and county districts
- Sliding scale of aid

5. Modify the Small County Allotment

Pros

- Focusing on size only simplifies allotment
- Sliding scale consistent with LEA cost curve

Cons

- City LEA eligibility is incentive against consolidation

6. Change Lottery Capital Distribution

- Lottery capital funding should meet two objectives:
 - Wealth-equalize for facility needs
 - Provide incentive for districts to support needed facilities
- New formula taking into account each LEA's wealth level and tax effort

6. Change Lottery Capital Distribution

Pros

- Would provide more resources to less-wealthy counties
- Incentivize increased tax effort

Cons

- More complicated
- Less-wealthy not same as high-need for capital purposes
- GA might disagree with objectives identified by APA

7. Weight the Teacher Allotment

- Weight the allotment based on each district's student needs:
 - Children with disabilities
 - Limited English Proficiency
 - Gifted
 - Enrollment in career-tech

7. Weight the Teacher Allotment

Pros

- Would provide more resources to high-need LEAs
- Could eliminate several categorical allotments

Cons

- Makes formula more complicated
- Might limit spending flexibility on existing categorical allotments

8. Modify Teacher Salary Schedule

- Add two factors to account for uncontrollable cost pressures
 - Geographic cost differences
 - Attractiveness of districts to teachers
- Salaries in each district would be adjusted by interaction of two variables

8. Modify Teacher Salary Schedule

Pros

- Theoretically, will provide more salary money to LEAs with difficulty attracting teachers

Cons

- No reliable county-specific data available to turn theory into practice
- Bad data could misallocate funds
- Salary fluctuations

9. Change Teacher Allotment from Position to Dollar Allotment

- Currently
 - LEAs get guaranteed number of positions, based on ADM
 - State pays salary no matter where teacher falls on salary schedule
- APA proposal
 - Each LEA gets the dollar equivalent of a certain number of teachers

9. Change Teacher Allotment from Position to Dollar Allotment

Pros

- LEAs with younger, less-educated teachers would get more money

Cons

- LEAs with older, more-educated teachers would get less money
- Incentive to hire less experienced teachers

10. Modify Teacher Salary Schedule

- Paying for years of experience and education does not conform to research
- Replace education with professional development goals
- Replace experience with leadership or mentoring roles
- Add performance/differentiated pay

10. Modify Teacher Salary Schedule

Pros

- Could better align teacher pay with effective teachers
- Theoretically, attract higher-quality teaching candidates

Cons

- Requires careful implementation with stakeholder input
- To date, limited evidence of student achievement gains at best

11. Create a “Foundation” Formula

- Sets a base cost per student, then makes adjustments based on student and district characteristics
- Most states use a foundation formula system

11. Create a “Foundation” Formula

Pros

- Makes NC’s school finance system more like other states

Cons

- Not materially different from existing system
- Too complex to enact for 2013 Budget
- Can limit ability to direct expenditures

Takeaways

Takeaways

- APA study largely validated NC's existing school finance system
- No known advantages to other methods or observed impact on student achievement
- Many recommendations simply made because "most other states do it that way"

Questions

VISITOR REGISTRATION SHEET

Senate Transportation Education
(Committee Name)

April 10, 2013

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE
CLERK

[illegible]

VISITOR REGISTRATION SHEET

Senate Transportation Education
(Committee Name)

April 10, 2013
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Leanne Winnie	NCSBR
Ashley Parker	Pertinson Law

Senate Appropriations Committee on Education/Higher Education

Agenda

Monday, May 20, 2013, 4:00 P.M.

**Room 421, Legislative Office Building
Senator Jerry Tillman, Presiding**

- I. Welcome**
Senator Tillman

- II. Review of PCS for Senate Bill 402, Appropriations Act of 2013**
Fiscal Research Division Staff

- III. Public Comment**

- IV. Adjourn**

Senate Committee on Appropriations on Education/Higher Education
Monday, May 20, 2013 at 8:30 AM
Room 421 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations on Education/Higher Education met at 4:00 PM on May 20, 2013 in Room 421 of the Legislative Office Building. The following Senators were present: Sen. Tom Apodaca, Co-Chair, Sen. Dan Soucek, Co-Chair, Sen. Jerry Tillman, Co-Chair, Sen. Chad Barefoot, Sen. David Curtis, Sen. Malcolm Graham, Sen. Fletcher Hartsell, Jr. Sen. Earline Parmon, and Sen. Trudy Wade. Members of the Education Fiscal Research Division (FRD) team were also present, as well as Sara Riggins of the Senate President Pro Tempore's office.

Senator Jerry W. Tillman, Co-Chair, presided.

Sen. Tillman, the Chair called the meeting to order and recognized the Sergeant at Arms and Pages. The Chair indicated that the topic of the meeting would be a "Review of PCS for Senate Bill 402, Appropriations Act of 2013." (PCS)

The Chair recognized Andrea Poole of the Education Fiscal Research Division (FRD) to explain the Senate Appropriations/Base Budget Committee Rules for Considering Amendments (See attached handout)

The Chair recognized Brian Matteson of the Fiscal Research Division for a breakdown of the Money Report as related to public schools in the PCS. The Chair entertained questions and discussion from the members.

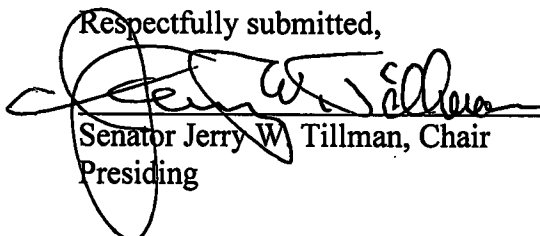
The Chair recognized Kristopher Nordstrom of the Fiscal Research Division to review the Special Provisions as related to public schools in the PCS. The Chair entertained questions and discussion from the members.

The Chair recognized Andre Poole of the Fiscal Research Division to review the Money Report and Special Provisions as related to Community Colleges and the University System in the PCS. The Chair entertained questions and discussion from the members.

The Chair entertained questions and discussion from the visitors. Linda Suggs, NC Center for the Advancement of Teaching asked the Members not to eliminate NCCAT.

The meeting adjourned at 4:30PM.

Respectfully submitted,



Senator Jerry W. Tillman, Chair
Presiding



Mark Shiver, Committee Clerk

Senate Appropriations/Base Budget Committee
Rules for Considering Amendments

If amendments are offered, then the following rules must be met in order to make the amendment eligible for consideration:

1. Money can only be transferred among items within the same subcommittee section.
 2. Amendments where money is being transferred among items within a subcommittee must clearly identify the items/programs that are being increased and decreased.
 3. Nonrecurring reductions cannot be made to fund recurring additions.
 4. Amendments that spend reversions are not allowed.
 5. Amendments that increase or create new management flexibility reserves are not allowed.
 6. Amendments that increase spending in the subcommittee budgets are not allowed.
 7. Amendments are not allowed where funding for an item comes from statewide reserves.
 8. Since this is a meeting of Full Appropriations, amendments that address finance portions of the bill will not be heard.
 9. Amendments must be in writing, the original signed, with 75 copies available for distribution.
 10. To be considered, a proposed amendment must have been logged in by the committee clerk in room 643 by 10:00 a.m. on Tuesday, May 21, 2013.
-