



# HOUSE BILL 1069: Comm. College Funding & Tuition Surcharge.

2023-2024 General Assembly

<b>Committee:</b>	House Education - Community Colleges. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	May 23, 2024
<b>Introduced by:</b>	Reps. Winslow, Zenger, Brody, Tyson	<b>Prepared by:</b>	Samantha Yarborough
<b>Analysis of:</b>	First Edition		Committee Counsel

**OVERVIEW:** *House Bill 1069 would direct the State Board of Community Colleges to revise the funding model for community colleges, establish an enrollment increase reserve fund, and allow community colleges to establish a local tuition and fee surcharge.*

## CURRENT LAW:

G.S. 115D-5.1 establishes the Customized Training Program to offer programs and training services to assist businesses.

G.S. 115D-31(e) grants the State Board of Community Colleges (SBCC) the authority to transfer any receipts for community college tuition and fees that exceed the amount certified in General Fund Codes at the end of the fiscal year to the Enrollment Growth Reserve. The SBCC can allocate funds from this reserve to any college experiencing an enrollment increase of more than 5%.

Section 8.3(b) of S.L. 2011-145 requires the SBCC to consolidate the Health Services Allotment, Technical Education Allotment, and Special High Cost Allotment for Heavy Equipment with formula funds to support curriculum instruction.

Section 10.4(a) of S.L. 2013-360 requires that community colleges receive funding based on the number of full-time equivalent (FTE) students enrolled in curriculum, continuing education, and Basic Skills courses through a tiered funding model.

## BILL ANALYSIS:

**Section 1** would direct the SBCC to revise its funding formula using, at a minimum, the following criteria:

- Each community college must continue to receive a base allocation of funds.
- Funds are provided based on the number of FTE students enrolled in curriculum, workforce continuing education, and Basic Skills courses and courses and programs conducted under the Customized Training Program and the Small Business Center Network.
- The amount of funds received for a course is determined by its workforce sector. The SBCC must considering the salary data and labor market demand when determining the weight of each workforce sector.

Funds would be allocated under the new funding formula beginning with the 2024-2025 fiscal year. The SBCC would be required to review and revise its workforce sector designations by July 15, 2027, and every three years thereafter.

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No later than April 1, 2026, the Community Colleges System Office would report to the Joint Legislative Education Oversight Committee (JLEOC) on the revisions to the funding formula, including the structure of the revised formula, the process for implementing the revised formula, and any recommended changes to the revised formula.

Section 1 would appropriate \$93,019,556 in recurring funds from the General Fund to the SBCC to implement the revised funding formula.

**Section 2** would authorize the SBCC to allocate any receipts for community college tuition and fees that exceed the amount certified in General Fund Codes at the end of the fiscal year to community colleges for operating costs according to a formula adopted by the SBCC.

The SBCC would be required to administer an Enrollment Increase Reserve (Reserve) to provide funds to community colleges to account for enrollment increases beyond budgeted enrollment levels. The Reserve will contain funds appropriated by the General Assembly in the annual budget. The SBCC would be required to include in its annual enrollment request the appropriation needed for the Reserve to fund enrollment increases in the following fiscal year. The SBCC would adopt a formula to allocate money from the Reserve to a community college with an eligible increase in FTE enrollment. An eligible increase would be either of the following:

- An increase in FTE enrollment of more than 5% of the budgeted enrollment level in the curriculum, workforce continuing education, or Basic Skills course category.
- An increase in total FTE enrollment of more than 325 students.

Section 2 would appropriate \$6,000,000 in nonrecurring funds from the General Fund to the Reserve for the 2024-2025 fiscal year.

**Section 3** would allow a community college to implement a surcharge for tuition on curriculum courses and registration fees for workforce continuing education courses of up to 10%. All students enrolled in a course with a surcharge would be subject to the surcharge, except for students whose tuition and registration are waived by law or regulation. Funds collected from the surcharge would be used to support instruction in curriculum, workforce continuing education, or Basic Skills courses. The funds could not be used for noninstructional purposes.

No later than February 15, 2025, and annually thereafter, the SBCC would report to the JLEOC on all expenditures made with funds collected from the surcharge, including an analysis of expenditures disaggregated by curriculum, workforce continuing education, and Basic Skills courses.

**EFFECTIVE DATE:** House Bill 1069 would become effective July 1, 2024.