



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

**Education Budget:  
Practice, Process, and Policies**

Stephen Bailey  
Fiscal Research Division  
February 25th, 2025

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**Outline**

- **Committee Logistics**
- **Committee Staff**
  - Fiscal Research Division
  - Bill Drafting Division
- Budget Process
- Budget Terms
- Education Overview

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023  
SESSION LAW 2023-224  
HOUSE BILL 259

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS.

The General Assembly of North Carolina enacts:

**PART I. TITLE AND INTRODUCTION**

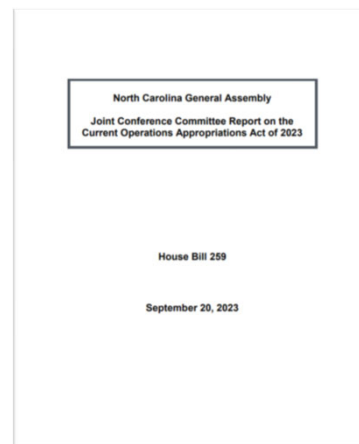
**TITLE OF ACT**  
SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2023."

**INTRODUCTION**  
SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget as accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall occur in the appropriate fund at the end of each fiscal year, except as otherwise provided by law.

**PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**

**GENERAL FUND APPROPRIATIONS**  
SECTION 2.1(a) Appropriations from the General Fund for the budget of the State departments, institutions, and entities, and for other purposes as enumerated, are made for each year of the 2023-2025 fiscal biennium, according to the following schedule:

Current Operations - General Fund	FY 2023-2024	FY 2024-2025
<b>EDUCATION</b>		
North Carolina Community College System		
Appropriations	1,877,825,960	1,862,511,576
Loans Receipts	482,483,253	584,485,799
Net Appropriations	1,395,342,707	1,278,025,777
Department of Public Instruction		
Appropriations	11,402,226,543	11,499,774,749
Loans Receipts	11,927,768,415	11,730,689,252
Net Appropriations	11,264,458,128	11,969,085,497
<b>THE UNIVERSITY OF NORTH CAROLINA</b>		
East Carolina Unit - Academic Affairs		
Appropriations	411,798,764	412,947,424



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## Committee Logistics and Guidance

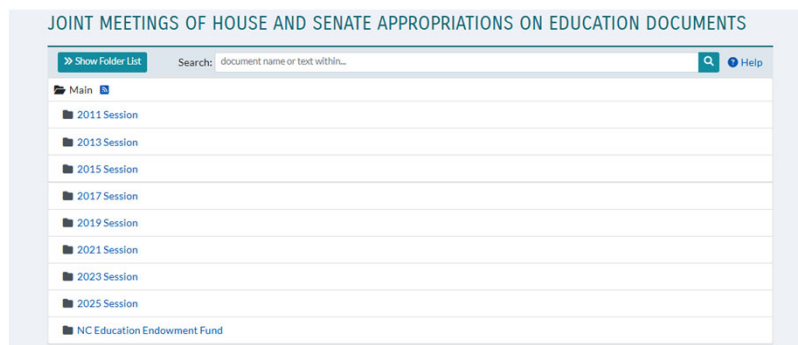
- Joint Meeting of House Education Appropriations & Senate Education/Higher Education Appropriations Committees
- Room 423 LOB at 8:30 AM
- Tuesday, Wednesday, & Thursday over next couple weeks
- Provide committee a base of knowledge to make budget decisions
- Education Appropriations Committees responsible for developing the budgets for Public Schools (SBE/DPI), Community College System (NCCCS), and The University of North Carolina System (UNC) - including State-funded financial aid programs

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## Committee Website

- Access joint meeting documents at:

[North Carolina General Assembly – Joint Meetings of House and Senate Appropriations on Education](#)



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# Committee Staff

- **Fiscal Research**

- Stephen Bailey – Universities/Fin. Aid
- Amanda Fratrik – Public Schools
- Mya Lowry – Community Colleges
- Megan McNailen – Public Schools

- **Bill Drafting**

- Cory Holliday
- Matt Pagett
- Kelsey Woods

**Suite 619 LOB  
919-733-4910**

<http://www.ncleg.gov/FiscalResearch/>



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# Fiscal Research Division

- Nonpartisan, professional staff serving all 170 members
  - 32 analysts divided into 9 teams
- Primary responsibilities during Session:
  - Staff Appropriations committees
  - Respond to member requests
  - Write fiscal notes, fiscal memos, and incarceration notes
- During Interim:
  - Staff Oversight and Interim Committees
  - Conduct research
  - Respond to member requests

FRD Teams
Joint Budget Development
Agriculture, Natural, and Economic Resources (AgNER)
Education
Finance
General Government
Health and Human Services (HHS)
Justice and Public Safety (JPS)
Statewide
Transportation

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# Resources in Today's Meeting Packet

## AGENCY DEPARTMENT HEADS, LIAISONS, AND BUDGET OFFICERS

AGENCY DEPARTMENT HEADS, LIAISONS, AND BUDGET OFFICERS	
<b>DEPARTMENT OF PUBLIC INSTRUCTION</b> Marianne "Mac" Gandy Superintendent of Public Instruction mac.gandy@dpi.nc.gov Office: (919) 225-2221	<b>UNIVERSITY OF NORTH CAROLINA</b> Paula Grier President paula.grier@unc.edu Office: (919) 754-6000
<b>State Personnel Office</b> Maura Pridemore Deputy Superintendent maura.pridemore@spso.nc.gov Office: (919) 225-2100	<b>Department of Public Safety</b> Susan Vize President for Government Relations and Chief Financial Officer susan.vize@dpso.nc.gov Office: (919) 754-4000
<b>Health Care</b> Susan Director of Legislative Affairs susan@hhsd.nc.gov Call: (919) 755-7414	<b>North Carolina Community College System</b> Molly A. Cox President molly.cox@cccncs.edu Office: (919) 807-7000
<b>Education Services</b> Legislative Liaison legislative@edservices.nc.gov Call: (919) 808-7434	<b>State Research Division</b> February 21, 2023
<b>Adult Education</b> Chief Financial Officer adulthood@edservices.nc.gov Office: (919) 225-2122	
<b>Eva Davis, Chairman</b> Board of Education eva.davis@boe.nc.gov Office: (919) 225-2122	
<b>State Research Division</b> February 21, 2023	

## FREQUENTLY USED EDUCATION ACRONYMS AND ABBREVIATIONS

LIST OF FREQUENTLY USED EDUCATION ACRONYMS AND ABBREVIATIONS	
ADM	Average Daily Membership (a measure of student headcount)
AIQ	Academically or Intellectually Gifted
AP	Advanced Placement
Appropriations / Ed Appro	Appropriations committee / Education Appropriations Committee
ARPA	American Rescue Plan Act
ASL	Application Specific Inventory
ATR	Advanced Teaching Roles
BOSG	University of North Carolina Board of Governors
CARES Act	Coronavirus Aid, Relief & Economic Security Act
CC	Community College
CCB	Cooperative and Integrative High School
CE	Continuing Education
CELE	Civil Penalty and Forfeiture Fund
CEE	Continuing Education
CEESA	Continuing Education Support & Relief Supplemental Appropriations
CLE	Child and Technical Education
CND	Children with Disabilities (often called exceptional children)
DEP	Department of Public Instruction
DSRF	Disadvantaged Student Supplemental Funding
ED	Education
EE	Education Extension
EEC	East Carolina University
EEU	Education Extension
EEPS	Excellent Public Schools Act
ERP	Emergency Response Planning
ESA	Education Savings Account
ESB	Elementary and Secondary Education Act
ESNA	Every Student Succeeds Act
ESSE	Emergency and Secondary School Emergency Relief Fund
ESSE/ESSEF	Education Value-Added Assessment System
EXANS	Fiscal Research Division
FED	Federal
FTE	Full-Time Equivalent (often referring to students or employees)
FY	Fiscal Year
GA	General Assembly
GAER / GEER	Higher Education Emergency Relief Fund
GAER / HEERF	Higher Education Emergency Relief Funds
IB	Individualized Educational Plan
IEP	Individualized Educational Plan
IPEDS	Integrated Post-secondary Education Data System
ISD	Integrity School District
LEA	Local Education Agency (local school district)
LEP	Limited English Proficiency
LMS	Learning Management System

## GLOSSARY OF FREQUENTLY USED FISCAL TERMS

GLOSSARY OF FREQUENTLY USED FISCAL TERMS	
<b>ALLOCATION ON ALLOTMENT:</b> The method of distribution for State and Federal funds to local education agencies to meet statutory obligations. Each has a specific distribution formula and specific items requiring identifiable use of funds.	
<b>APPROPRIATION:</b> 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 or set of expenditures.	
<b>AUTHORIZED BUDGET:</b> The funds appropriated by the General Assembly to fulfill legislative intent as authorized by the State Budget Act and approved by the Office of State Budget and Management.	
<b>AVERAGE DAILY MEMBERSHIP (ADM):</b> Metrics used to measure public school student headcount. This metric is used to determine the purpose of determining state funding allocations provided to local school districts.	
<b>BASE BUDGET:</b> The budget amount for operating funds required to carry on already established programs at the level of support approved by the previous General Assembly. It is the starting point for the General Operations Appropriation Act.	
<b>BENEFIT:</b> The two fiscal years beginning on July 1 of each odd-numbered year and ending on June 30 of the next odd-numbered year.	
<b>BIENNIUM:</b> Special provisions (budgetary language) that are typically repeated year after year in the budget bill.	
<b>CARRY FORWARD:</b> Funds that are appropriated but not spent, which, by authorized budget revision, are brought forward for expenditure in the following fiscal year.	
<b>CERTIFIED BUDGET:</b> The budget as enacted by the General Assembly including adjustments under all appropriations to State agencies that otherwise covers appropriations by the General Assembly, all distributions of monies appropriated to a specific agency by the General Assembly, and all operational or budget changes directed by the General Assembly to be in the interest of the budget to carry out.	
<b>DEPARTMENTAL RECEIPTS:</b> From licenses, interest funds, grants, fines, penalties, tuition, and other income, collections or credits approved by State agencies which represent their governmental functions that are not included in the previous revenue system. Departmental receipts may include monies transferred into a fiscal year from a prior fiscal year.	
<b>ENCLAVEMENT:</b> A financial obligation created by a purchase order, contract, sales agreement, contract or proposed contract for services provided by the State, or otherwise legally binding agreement.	
<b>EXPENDITURE:</b> The spending of funds by a State entity or agency.	
<b>FULL-TIME EQUIVALENT (FTE) Employee Months:</b> A unit used to quantify staffing. One FTE is in a full year, typically 80 hours per work position.	

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# Outline

- Committee Logistics
- Committee Staff
  - Fiscal Research Division
  - Bill Drafting Division
- Budget Process
- Budget Terms
- The General Government Budget

GENERAL ASSEMBLY OF NORTH CAROLINA			
SESSION 2023			
SESSION LAW 2023-04			
HOUSE BILL 209			
AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS.			
The General Assembly of North Carolina enacts:			
PART I. TITLE AND INTRODUCTION			
TITLE OF ACT			
SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2023."			
INTRODUCTION			
SECTION 1.2. The appropriations made in this act are for the maximum amounts necessary to provide the services and accomplish the purposes described in the budget as authorized by the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall occur in the appropriate fund at the end of each fiscal year, except as otherwise provided by law.			
PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND			
GENERAL FUND APPROPRIATIONS			
SECTION 1.3. The appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for each year of the 2023-2025 fiscal biennium, according to the following schedule:			
Current Operations - General Fund	FY 2023-2024	FY 2024-2025	
<b>EDUCATION</b>			
North Carolina Community College System	1,877,825,960	1,862,511,576	
Department of Public Instruction	402,483,251	393,485,799	
Local Education Agency (local school district)	1,674,306,847	1,646,419,781	
Department of Public Instruction	11,402,220,343	11,409,714,749	
Local Education Agency (local school district)	1,827,768,413	1,770,698,252	
State Appropriations	11,564,099,526	11,945,834,128	
<b>THE UNIVERSITY OF NORTH CAROLINA</b>			
East Carolina Univ. - Academic Affairs	411,768,764	412,987,424	

North Carolina General Assembly

Joint Conference Committee Report on the  
Current Operations Appropriations Act of 2023

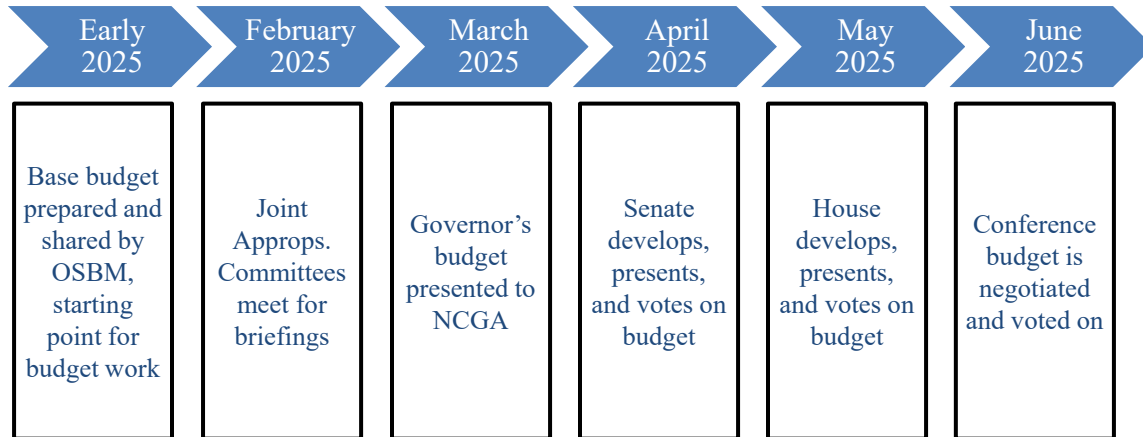
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House Bill 259

September 20, 2023

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# Budget Process (Long Session)



# Budget Process: Budget Bill

## Special Provisions

- Direct the expenditure of funds
- Require and amend reports
- Create programs

### COMPLETION ASSISTANCE PROGRAMS

**SECTION 8.3(a)** For purposes of this section, the term "eligible constituent institutions" refers to the following constituent institutions of The University of North Carolina:

- (1) Elizabeth City State University.
- (2) Fayetteville State University.
- (3) North Carolina Agricultural and Technical State University.
- (4) North Carolina Central University.
- (5) The University of North Carolina at Asheville.
- (6) The University of North Carolina at Greensboro.
- (7) The University of North Carolina at Pembroke.
- (8) Winston-Salem State University.

**SECTION 8.3(b)** For the 2023-2025 fiscal biennium, the Board of Governors of The University of North Carolina shall establish a Completion Assistance Program (Program) at each eligible constituent institution. At a minimum, each Program shall meet the following criteria:

- (1) A student enrolled in a Program established by this section may receive up to one thousand dollars (\$1,000) per academic year under that Program to pay for the costs of continuing attendance and earning necessary credit hours at the eligible constituent institution.
- (2) A student shall be eligible to receive funds under a Program if the student meets at least the following requirements:
  - a. Needs financial assistance to remain enrolled at the eligible constituent institution and earn credits necessary to graduate on time.
  - b. Is a resident for tuition purposes, as provided in G.S. 116-143.1.
  - c. Meets satisfactory academic progress, as determined by the Board.
  - d. Has completed or is on track to complete at least 60 academic credit hours by the end of the semester in which the funds are provided.
  - e. Has completed the Free Application for Federal Student Aid (FAFSA) for the academic year in which the funds are provided.
  - f. Has an unpaid balance with the eligible constituent institution. This may include an unpaid balance for tuition, fees, room, board, or other expenses of attendance.

**SECTION 8.3(c)** The Board of Governors of The University of North Carolina shall report on each Completion Assistance Program established pursuant to this section to the Joint Legislative Education Oversight Committee no later than March 15, 2025. The report shall include, at a minimum, an analysis of the impact of each Program on the following:

- (1) On-time graduation rates.
- (2) Student debt at graduation.

## Example

Section 8.3, Completion Assistance Programs in S.L. 2023-134, which established a financial aid program and detailed reporting requirements.



# Budget Process: Committee Report

## Committee Reports

- Modify Base Budget expenditures in long session years
- Make adjustments in the 2nd year budget in short session

### 139 Completion Assistance Program

Budgets receipts transferred from the Escheat Fund to the UNC BOG to allocate to Elizabeth City State University (ECSU), Fayetteville State University (FSU), North Carolina Agricultural and Technical State University (NC A&T), NCCU, The University of North Carolina at Asheville (UNCA), The University of North Carolina at Greensboro (UNCG), The University of North Carolina at Pembroke (UNCP), and Winston-Salem State University (WSSU) to provide aid to students who are on track to graduate but at risk of dropping out because of financial shortfalls. (S.L. 2023-134, Sec. 8.3)

(A related item appears in the General Government section in the State Treasurer - Escheats, Budget Code 63412.)

Requirements	\$	2,000,000NR	\$	2,000,000NR
Less: Receipts	\$	2,000,000NR	\$	2,000,000NR
Net Appropriation	\$	-	\$	-
FTE		-		-

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GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

SESSION LAW 2023-134  
HOUSE BILL 259

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS.

The General Assembly of North Carolina enacts:

**PART I. TITLE AND INTRODUCTION**

**TITLE OF ACT**  
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<b>EDUCATION</b>		
North Carolina Community College System		
Requirements	1,877,825,960	1,862,511,576
Less: Receipts	482,483,203	584,485,799
Net Appropriations	1,395,342,757	1,278,025,777
Department of Public Instruction		
Requirements	11,402,226,543	11,499,774,749
Less: Receipts	1,827,768,413	1,770,688,252
Net Appropriations	9,574,458,130	9,729,086,497
<b>THE UNIVERSITY OF NORTH CAROLINA</b>		
East Carolina Univ. - Academic Affairs		
Requirements	411,798,764	412,987,424

North Carolina General Assembly

Joint Conference Committee Report on the  
Current Operations Appropriations Act of 2023

House Bill 259

September 20, 2023

## Budget Terms: Appropriation

An enactment by the General Assembly authorizing the withdrawal of money from the State treasury  
*State Budget Act – Chapter 143C-1-1(d)(1)*

“No money shall be drawn from the State treasury but in consequence of appropriations made by law.”  
*NC Constitution, Art. V, Section 7*



## Budget Terms: General Fund

- The primary operating fund for most governmental entities
- Accounts for all financial resources, except those that must be accounted for in another fund type
- Money reverts at end of fiscal year unless specified otherwise



## Budget Terms: Requirements, Receipts, Appropriation

### Total Requirements

The total cost associated with a proposed expenditure of funds regardless of the source of funds

### Departmental Receipts

Fees, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies that are applied to the cost of a program

### Net General Fund Appropriation

An appropriation of the General Fund's general-purpose revenue



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## Budget Terms: Recurring/Nonrecurring



### Recurring (R)

Term used to denote revenues or expenditures that will continue beyond the fiscal year

*Ex. tuition change, new positions, salary increases, ongoing program costs*



### Nonrecurring (NR)

Term used to denote one-time revenues or one-time expenditures

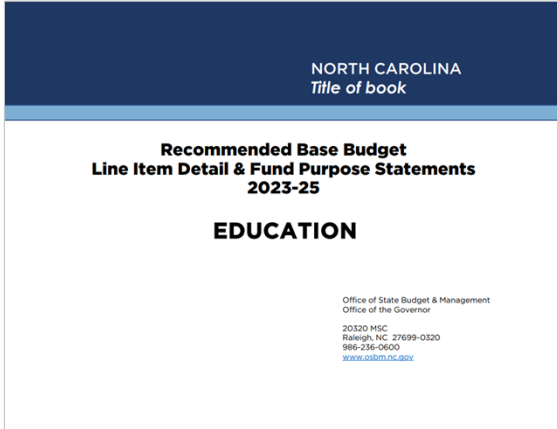
*Ex. Grants, bonuses, capital, equipment, pilot program*



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# Budget Terms: Base Budget



- Previous year's authorized budget
- Backs out nonrecurring items
- May also include adjustments for:
  - Annualization of programs
  - Federal payroll tax changes
  - Contracted lease rate increases
  - Receipt projections
  - Reconciliation of intra- and intergovernmental transactions

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GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

SESSION LAW 2023-224  
HOUSE BILL 259

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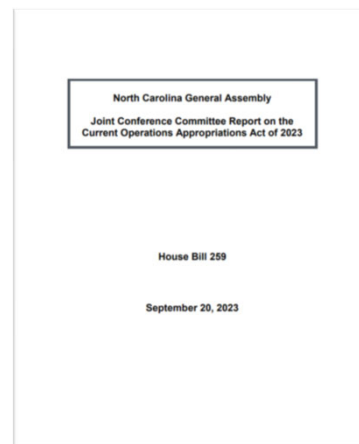
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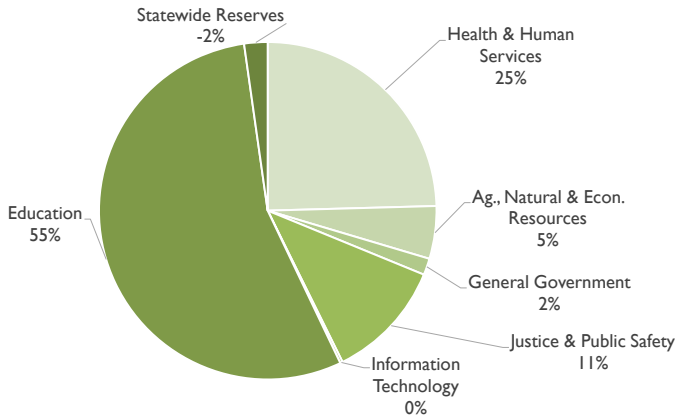
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<b>THE UNIVERSITY OF NORTH CAROLINA</b>		
East Carolina Unit - Academic Affairs	411,798,764	412,987,424
Requirements		



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# General Fund Net Appropriation, FY 2024-25

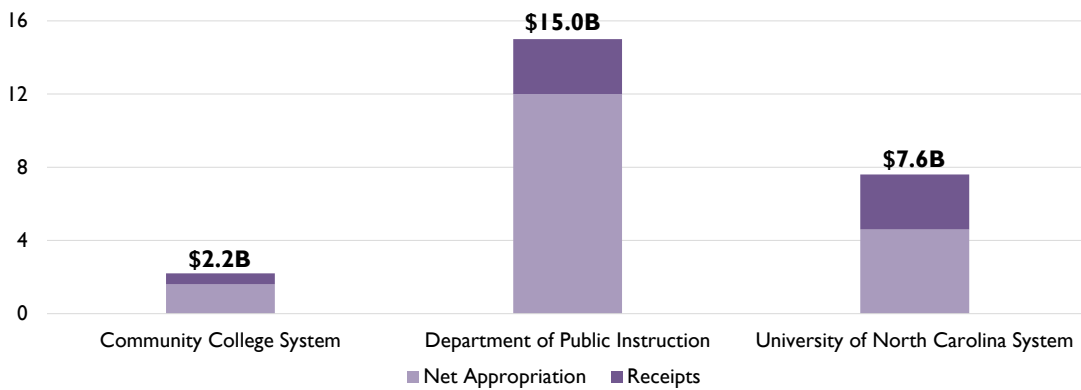


Area Committee & Reserves	Revised Budget FY 2024-25
Education	\$18,206,307,933
Health & Human Services	\$8,154,267,172
Ag., Natural & Econ. Resources	\$1,675,280,823
Justice & Public Safety	\$3,820,376,589
General Government	\$528,238,889
Information Technology	\$78,971,190
Statewide Reserves	\$(747,813,495)
<b>Net General Fund Appropriations</b>	<b>\$31,715,629,101</b>

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# Education General Fund Budget

## FY 2024-25 Authorized Budget: \$24.8B Total Requirements



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## Education Budget 101

- **Enrollment-driven:** most traditional funding changes for public schools, community colleges, and UNC institutions are connected to student enrollment.
- **Unique funding formulas:** public schools are primarily funded through a resource allocation model, while UNC institutions and community colleges are funded by a course-weighted approach.
- **Spending flexibility:** funds provided to support education vary in terms of how flexibly they can be spent, but generally State funds appropriated to public schools are less flexible than funds appropriated to community colleges and UNC institutions.



## Education Budget 101, cont.

- **Capital:** historically, local governments are primarily responsible for capital construction and operating costs for their local schools and colleges, while the State plays a larger role in funding state-owned UNC institution buildings.
- **Supplemental funding:** public schools, community colleges, and UNC institutions have the authority to draw on various types of federal, local, and private funds to support their operating costs.
- **Primarily funds positions:** a large portion of State funding for education supports salary and benefits for employees (93% of State public school funds were expended on personnel costs in FY 2023-24).



## Questions?

Stephen Bailey (Universities) - [stephen.bailey@ncleg.gov](mailto:stephen.bailey@ncleg.gov)

Amanda Fratrick (Public Schools) - [amanda.fratrick@ncleg.gov](mailto:amanda.fratrick@ncleg.gov)

Mya Lowry (Community Colleges) – [mya.lowry@ncleg.gov](mailto:mya.lowry@ncleg.gov)

Megan McNailen (Public Schools) – [megan.mcnailen@ncleg.gov](mailto:megan.mcnailen@ncleg.gov)

Room 619 LOB

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