

# Public Education

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09  
\$7,708,315,285

## Budget Changes

### A. Technical Adjustments

**1 Average Daily Membership (ADM)** \$12,010,321 R

Revises projected increase in ADM for 2008-09 to reflect 2,382 fewer students than originally projected. Dollar amount of adjustment includes adjustments in all position, dollar, and categorical allotments.

Total funded ADM for FY 2008-09 is 1,476,566, an increase of 14,826 over FY 2007-08.

Normally, when there are fewer students than originally projected, there is a decrease in funds. This year, however, there was an increase in the number of children in poverty in North Carolina LEAs, leading to an increase in the At-Risk categorical allotment of \$14,141,566. The net change in all other allotments was a decrease of \$2,131,245.

Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by \$616,491.

**2 Budgeted Average Salary** (\$40,615,839) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2007. Adjustment does not reduce any salary paid to certified personnel.

**3 Transportation Fuel**

Diesel fuel was funded at \$1.83 per gallon in the 2008-09 certified budget. As of May 2008, diesel fuel cost \$3.71 per gallon. If prices stay at \$3.71 per gallon through the 2008-09 fiscal year, an additional \$47.1 million would be required.

The Department of Public Instruction shall use funds available from the State Public School Fund to cover fuel costs above the budgeted amount. The General Assembly further directs that anticipated funds available from the State Public School Fund shall be applied to fuel costs prior to being applied to any other expenses.

**4 Class-Size Reduction**

The General Assembly directs the Director of the Budget to transfer sufficient funding from the Education Lottery Reserve Fund to maintain K-3 student/teacher ratios at 18:1.

**5 Over-realized Civil Penalties**

(\$29,000,000) R

This item adjusts for the continued over-collection of civil penalty receipts. Collected civil penalty revenues are required to be deposited in the State Public School Fund (SPSF) for allotment to local education agencies on a per ADM basis. Civil penalties receipts are budgeted in the amount of \$77,500,000 in the SPSF for 2008-09. These receipts are expected to be over-realized by \$29 million based on current projections.

**B. State Public School Fund****6 Average Daily Membership (ADM) Reserve**

(\$3,000,000) R

Reduces reserve to reflect actual 2007-08 use. \$2 million would remain available to deal with unforeseen ADM growth.

**7 Replacement School Buses**

(\$3,650,000) NR

Reduces the number of buses replaced in 2008-09 by approximately 125. The remaining \$68.0 million budgeted in 2008-09 for this purpose will support the replacement of approximately 700 school buses.

**8 Children With Disabilities Head-Count Adjustment**

(\$400,000) R

Revises budgeted funding for children with special needs to reflect actual April 1, 2008 headcount. Continuation budget was based on projected headcount. Adjustment does not reduce funding per student.

**9 Children With Disabilities**

\$6,200,000 R

Increases funds allotted to LEAs to support special education and related services for students with identified disabilities. Increases funding factor by \$35.69 per student in funded headcount (173,711), bringing the factor to \$3,386.50 per student.

**10 State-Funded Tests**

(\$3,343,412) R

Eliminates funds to support writing tests for grades 4,7, and 10, as recommended by the Blue Ribbon Commission on Testing. DPI shall provide rubrics to LEAs for local writing assessments.

**11 Group Homes and Community Residential Centers**

(\$2,000,000) R

Decreases the unexpended balance for these two expenditure categories. The anticipated 2007-08 unexpended balance for these activities is \$3 million.

**12 Math and Science Supplemental Salary Pilot**

(\$250,000) R

Reduces recurring appropriation of \$515,115 to reflect unspent balances for this pilot program. In 2006-07, \$415,000 was unspent.

**13 Learn and Earn Online**

(\$3,600,000) R

Reduces 2008-09 recurring funding from \$10.1 million to \$6.5 million and eliminates the \$5 million non-recurring reserve. Projected program expenditures in 2007-08 are estimated to be approximately \$3 million, less than half of the amount provided for 2008-09.

(\$5,000,000) NR

<p><b>14 At-Risk Funding</b> Eliminates the allocation from this allotment to the State Board of Education for discretionary projects.</p>	<p>(\$500,000)</p>	<p>R</p>
<p><b>15 ABC Bonuses</b> Funds ABC bonuses for schools that met or exceeded expected growth in the 2007-08 school year.</p>	<p>\$90,000,000</p>	<p>NR</p>
<p><b>16 Learn and Earn High Schools</b> Provides funding for 14 additional Learn and Earn high schools that will be operational in 2008-09, bringing the total number of Learn and Earn high schools to 56. Nonrecurring appropriation provides \$10,000 per site to support start-up costs associated with the first year of implementation.</p>	<p>\$2,340,958 \$140,000</p>	<p>R NR</p>
<p><b>17 North Carolina 1:1 Learning Project</b> Provides additional funds to the North Carolina 1:1 Learning Project, a pilot program in 8 high schools that provides laptop computers for all teachers and students in the pilot schools. State funds are used to support program evaluation, improve network connectivity at each of the pilot sites, assist with professional development for teachers and principals, provide technical support staff, and purchase additional software, hardware, or other equipment necessary to support the program. The North Carolina 1:1 Learning Project received a nonrecurring appropriation of \$3 million in 2007-08.</p>	<p>\$1,000,000</p>	<p>NR</p>
<p><b>18 School Connectivity</b> Provides additional funding to support the implementation of a plan for State-funded and supported IT infrastructure in the LEAs. The School Connectivity initiative is part of the effort to increase schools' abilities to use up-to-date instructional technology. This appropriation increases total funding for School Connectivity from \$12 million to \$16 million.</p>	<p>\$4,000,000</p>	<p>R</p>
<p><b>19 Mentoring</b> Provides additional funds to establish a flexible mentoring program to serve all first and second-year teachers as well as first-year instructional support personnel. LEAs will have the flexibility to use mentoring funds, under a plan approved by the State Board of Education, to implement those strategies it believes will best serve the target population.</p> <p>This change to the mentoring program was recommended by the Joint Legislative Study Committee on Public School Funding Formulas.</p>	<p>\$6,700,000</p>	<p>R</p>
<p><b>20 Disadvantaged Student Supplemental Funding</b> Expands DSSF allotment for all LEAs to increase each LEA's capacity to meet the needs of all of its students. These funds are in addition to the \$70,172,729 in the base budget.</p>	<p>\$5,000,000</p>	<p>R</p>

<p><b>21 Academically or Intellectually Gifted</b> Increases funds allotted to LEAs to support programming for students identified as academically or intellectually gifted. Increases funding factor by \$54.09 per ADM (for 4% of ADM), bringing factor to \$1,137.10 per student.</p>	<p>\$3,200,000</p>	<p>R</p>
<p><b>22 Dropout Prevention Grants</b> Provides a second year of funding for a grant program that distributes funding on a competitive basis to support innovative LEA programs that address dropout prevention. The FY 2007-08 budget provided a nonrecurring appropriation of \$7 million for this purpose.</p>	<p>\$10,000,000</p>	<p>NR</p>
<p><b>23 Low Wealth Counties Supplemental Funding</b> Provides a second year of "one-time" funding to LEAs that experienced decreases in Low Wealth Counties Supplemental Funding in FY 2007-08. This money will restore 40% of each LEA's decrease in Low Wealth Counties Supplemental Funding experienced in FY 2007-08.</p>	<p>\$2,904,043</p>	<p>NR</p>
<b>C. Department of Public Instruction</b>		
<p><b>24 Teacher Working Conditions Survey</b> Eliminates the appropriation for the Teacher Working Conditions Survey.</p>	<p>(\$215,000)</p>	<p>NR</p>
<p><b>25 Teacher Academy</b> Eliminates \$1,000,000 in funding to the North Carolina Teacher Academy for the training of literacy coaches. The North Carolina Teacher Academy will retain \$1,000,000 in previously allotted funds in order to train the 200 existing literacy coaches.</p>	<p>(\$1,000,000)</p>	<p>R</p>
<p><b>26 Positive Behavior Support</b> Provides funding to support an additional position for the Positive Behavior Support Initiative, an effort to improve the learning environment for all students by establishing and reinforcing clear behavioral expectations throughout the school building and school day.</p>	<p>\$90,000</p> <p>1.00</p>	<p>R</p>
<b>D. Pass-Through Funds</b>		
<p><b>27 Teacher Cadet Program</b> The General Assembly appropriated \$278,500 in nonrecurring funds for the Teacher Cadet Program in 2007-08. This appropriation for 2008-09 provides recurring support for the program. Teacher Cadet Program is part of the North Carolina Foundation for Public School Children, a private non-profit organization that encourages high achieving students to consider teaching as a career.</p>	<p>\$278,500</p>	<p>R</p>

<b>28 Teach for America</b>	\$750,000	R
<p>Provides funds to this private non-profit organization in addition to the \$200,000 in recurring funds already in the FY 2008-09 budget. Funds will offset the costs of recruiting, selecting, training, and supporting teachers in North Carolina. The General Assembly appropriated \$200,000 in nonrecurring funds for the Teach for America program in 2007-08.</p>		
<b>29 Communities in Schools</b>	\$500,000	R
<p>Communities in Schools is a private non-profit organization that connects at-risk youth and their families with resources to assist in school success and dropout prevention. This appropriation expands the current Communities in Schools budget of \$1,107,500. Expansion amount will support the creation of Performance Learning Centers and will be matched, in part, by a grant from the Bill &amp; Melinda Gates Foundation.</p>		
<b>30 PTA Parental Involvement Initiative</b>	\$300,000	NR
<p>Provides funds to the North Carolina Congress of Parents and Teachers, Incorporated, a non-profit organization, to implement the PTA Parental Involvement Initiative. The PTA Parental Involvement Initiative received a nonrecurring appropriation of \$262,500 in 2007-08.</p>		
<b>31 Literacy Connection Program</b>	\$200,000	R
<p>Provides funding to Project Enlightenment, an early childhood education and intervention program of the Wake County Public School System, to operate the Literacy Connection Program. The program will develop a statewide network of preschool early literacy leaders and provide them with training and support for coaching preschool teachers on literacy instruction strategies. In addition, the program will provide training and technical support to the More at Four program.</p>		
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<b>Budget Changes</b>	<b>(\$42,439,472)</b>	<b>R</b>
	<b>\$95,479,043</b>	<b>NR</b>
<b>Total Position Changes</b>		1.00
<b>Revised Total Budget</b>	<b>\$7,761,354,856</b>	
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UNC System

GENERAL FUND
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Total Budget Approved 2007 Session

FY 08-09
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\$2,656,447,099

**Budget Changes**

**A. Base Budget Adjustments**

- |  |                |    |
|--|----------------|----|
| <b>32 Building Reserve Adjustments</b>   | (\$3,673,321)  | R  |
| Adjusts the building reserves for new and renovated buildings due to changes in completion dates and recalculation of reserve costs.   |                |    |
|  | \$732,470      | NR |
|  |                |    |
| <b>33 Legislative Tuition Grant Adjustment</b>   | (\$1,700,000)  | R  |
| Adjusts the appropriation for the Legislative Tuition Grant due to lower than expected enrollment in FY 2007-08. The remaining appropriation allows for 3% growth in on-campus students and 1% growth in off-campus students in FY 2008-09.  |                |    |
|  |                |    |
| <b>34 State Contractual Scholarship Fund Adjustment</b>  | (\$1,100,000)  | R  |
| Adjusts the appropriation for the State Contractual Scholarship Fund due to lower than expected enrollment in FY 2007-08. The remaining appropriation allows for 1.5% growth in FTE for the campuses in FY 2008-09.  |                |    |
|  |                |    |
| <b>35 SREB Contract Programs Phase-Out</b>   | (\$93,000)     | R  |
| Begins phase-out of the Southern Regional Education Board (SREB) contract programs in Optometry, Dentistry, and Medicine with universities in other states. Students now enrolled through this program will be allowed to graduate, but future students will be directed to apply for financial assistance through the North Carolina Student Loan Program for Health, Science and Math that requires a commitment to work in North Carolina to repay the scholarship loan. This is the first year savings from the phase-out. |                |    |
|  |                |    |
| <b>36 EARN Scholars Revision</b>   | (\$50,000,000) | NR |
| Revises the Education Access Rewards North Carolina Scholars Fund (EARN) to allow private college students to participate. This change will cost \$6.2 million in FY 2008-09 and \$10.4 million in FY 2009-10. With this change, the total cost of EARN in FY 2008-09 is estimated to be \$65.7 million. The program is funded in FY 2008-09 with \$60 million General Fund and \$40 million Escheat Fund. The proposed change is to fund \$10 million from the General Fund and up to \$60 million from the Escheat Fund.     |                |    |

- 37 Coaching Scholarships Elimination** (\$72,000) R  
 Begins phase-out of the Physical Education / Coaching Scholarship Loan program. The students currently receiving the scholarship loan will continue to receive this two year award, but no new aid will be offered in FY 2009-10. In addition, a trust fund containing \$267,000 in unspent appropriations from prior years is reverted to the General Fund. The increased General Fund availability resulting from this reversion will be used to fund expansion budget items.
- 38 Principal Fellows Program Trust Fund Reversion**  
 Reverts \$2.74 million from the \$3.1 million Principal Fellows Program Trust Fund to the General Fund. This increase in General Fund availability will be used for expansion budget items.
- 39 Tuition Surcharge Over-realized Receipts** (\$400,000) R  
 Adjusts the budgeted amount for tuition surcharge receipts. A 25% tuition surcharge is levied on students who exceed 140 degree credit hours for a baccalaureate degree in a four-year program or who exceed 110% of the credit hours needed in a five-year program. Receipts have averaged \$1.47 million the past three fiscal years, but the authorized receipts are \$850,000.
- B. Expansion**
- 40 Campus Safety** \$6,400,000 R  
 Provides funding to the UNC Board of Governors to implement recommendations of the UNC Campus Safety Task Force. \$6,400,000 NR
- 41 Principal Fellows Program - Class 10 Payments** \$1,740,000 NR  
 Funds \$20,000 payments to the 87 participants of Class 10 of the Principal Fellows Program (PFP). Two months after accepting the PFP scholarship loan, the 2003 General Assembly reduced the second year stipend by \$20,000. To receive this payment, Class 10 members will be required to extend their service to the state as a public school principal or assistant principal beyond the current four year commitment.
- 42 ECU Brody School of Medicine Indigent Care** \$2,000,000 NR  
 Provides partial compensation to the Brody School of Medicine for its cost of providing significant levels of service to indigent patients.
- 43 AHEC** \$1,080,000 R  
 Provides funds to Area Health Education Centers (AHEC) to address health workforce shortages, primary care residency training, and patient safety in local health facilities.
- 44 Cochlear Implant Programs** \$500,000 NR  
 Appropriates \$400,000 to the Center for the Acquisition of Spoken Language through Listening Enrichment (CASTLE) and \$100,000 to East Carolina University Health Sciences Division and the Auditory Learning Center to 1) train teachers and therapists to work with deaf preschool-age children with cochlear implants and 2) provide oral classes to children with cochlear implants.

<b>45 Medical School Expansion</b>	Provides funding to develop implementation plans for the expansion of the medical schools at the University of North Carolina at Chapel Hill and East Carolina University.	\$2,000,000	R
<b>46 ECU Dental School Operations</b>	Funds the additional professional staff needed for planning and operation of the new dental school.	\$1,000,000	R
<b>47 TEACCH</b>	Provides funds to expand the TEACCH (Treatment and Education of Autistic and Related Communication-Handicapped Children) program.	\$150,000	NR
<b>48 Veterinary Medicine Clinical Teaching and Research Fund</b>	Provides continued funding to the NC State University College of Veterinary Medicine for the Veterinary Medicine Clinical Teaching and Research Fund. This fund allows advanced diagnostic and treatment options for animals where a) owner financing of such options are limited, b) significant instructional value exists, or c) the diagnostic and treatment options have the potential of adding significantly to core knowledge in the relevant clinical area.	\$200,000	NR
<b>49 FSU Fire Training Tower</b>	Provides funding to Fayetteville State University to help fund a fire training tower for its BS in Fire Science program.	\$100,000	NR
<b>50 Dairy Agriculture Extension Agents</b>	Funds two Area Specialized Dairy Agents in the NC Cooperative Extension Service.	\$200,000	R
		2.00	
<b>51 NCSU College of Engineering</b>	Provides additional operating funds for the bioengineering program in the NCSU College of Engineering.	\$1,000,000	R
<b>52 Special Focus Institutions</b>	Provides funding to UNC-Asheville (\$750,000), to the North Carolina School of the Arts (\$250,000), and to the North Carolina School of Science and Math (\$250,000) for nonrecurring needs. The missions and limited sizes of these institutions make it difficult for them to generate sufficient funds from the student credit hour enrollment funding model and other sources to provide the services students need.	\$1,250,000	NR
<b>53 Distinguished Professors Endowment Fund</b>	Provides partial state matching funds for Spangler Foundation grants to establish distinguished professorships on each of the 16 constituent university campuses.	\$1,000,000	NR

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<b>Budget Changes</b>	<b>\$4,641,679</b>	<b>R</b>
	<b>(\$35,927,530)</b>	<b>NR</b>
<b>Total Position Changes</b>		<b>2.00</b>
<b>Revised Total Budget</b>	<b>\$2,625,161,248</b>	

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# Community Colleges

**GENERAL FUND**

**Total Budget Approved 2007 Session**

**FY 08-09**  
**\$899,643,003**

**Budget Changes**

**A. Enrollment**

- 54 Fully Fund Enrollment Growth**

Provides funds to fully fund enrollment growth. According to the 2007-08 spring semester census, enrollment has increased by 6,455 full-time equivalent (FTE) students above the 2007-08 budgeted enrollment of 195,375. This increase is a 3.3% increase and brings 2008-09 budgeted enrollment to 201,830. Curriculum enrollment increased by 6,119 FTE (or 4.1%), continuing education enrollment by 288 (or 1.2%), and basic skills enrollment by 48 FTE (or 0.3%).

**\$23,779,955**

**R**
- 55 Enrollment Growth Reserve**

Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous year.

**\$2,000,000**

**NR**

**B. Reductions**

- 56 Minimum Faculty Salary Technical Correction**

Eliminates the remaining \$540 in the Minimum Faculty Salary line. This categorical appropriation was eliminated by the General Assembly in 2007. Due to a rounding error, however, the reduction failed to zero out the line.

**(\$540)**

**R**
- 57 Adjust College Information System (CIS) to Reflect Steady Operational State**

Reduces the overall budget of CIS to \$11.7 million, the amount needed for on-going maintenance and operations, including periodic system upgrades. In 1999 the General Assembly appropriated \$15 million to develop a comprehensive, system-wide management information system. As of February 2008, the College Information System (CIS) has been implemented at all 58 community colleges.

**(\$3,332,426)**

**R**
- 58 Unexpended CIS Fund Balance**

Reverts the anticipated year-end fund balance in budget code 26802 to the General Fund. Due to the full implementation of CIS in February 2008, a portion of the funds appropriated were not expended. Through a special provision, this reversion will increase availability by \$4,500,000 NR, which will be used for expansion budget items.

- 59 Reduce NCCCS BioNetwork** (\$600,000) R  
 Reduces the \$7.4 million appropriation for BioNetwork. BioNetwork provides specialized training, curricula, and equipment to community colleges statewide to develop the workforce for the biotechnology, pharmaceutical, and life science industries. The reduction will reduce BioNetwork's advertising budget and eliminate unused funds.
- 60 Adjust for Over-realized Tuition Receipts** (\$2,500,000) NR  
 Increases the budgeted amount of tuition and registration fees to more accurately reflect anticipated receipts. These additional receipts are expected to be available because 2008-09 actual enrollment is expected to exceed budgeted levels.
- 61 Focused Industrial Training (FIT)**  
 Reverts the balance of HB 275 funds that remains unspent for FIT. This balance has remained unchanged since FY 2004-05. By special provision, this reversion will increase availability for expansion budget items. FIT provides customized training for incumbent workers in existing manufacturing industries whose jobs are changing because of technological or process advances. This reduction does not affect FIT's recurring General Fund appropriation of \$3,964,471.
- 62 Customized Industry Training (CIT)** (\$285,891) R  
 Reduces the current Customized Industry Training (CIT) budget of \$2.75 million. This program helps existing businesses and industries improve their productivity and profitability by providing incumbent worker training. A project may be funded through CIT when it does not meet the eligibility guidelines for New and Expanding Industry Training (NEIT) or Focused Industrial Training (FIT).
- 63 Materials Composite Testing** (\$100,000) R  
 Eliminates the appropriation for Materials Composite Testing. Since the original recurring appropriation in FY 2004-05, this program has adjusted its focus to become primarily a metrology training resource.
- 64 State Board Reserve** (\$100,000) R  
 Reduces the current State Board Reserve budget of \$800,000.
- C. Categorical Programs**
- 65 Allied Health** \$3,000,000 R  
 Provides funds to support high-cost allied health programs. Funds may be used for allied health faculty, equipment, or supplies. Funds may also be used for National League of Nursing Accreditation fees. These funds are in addition to the \$5.6 million included in the base budget for this purpose. Funds shall be distributed on the basis of Allied Health FTE.

<p><b>66 Technical Education</b>                  Provides funds to re-establish and place renewed emphasis on technical education programs. Funds may be used for faculty, equipment, or supplies in the following curriculum areas: Construction, Engineering, Industrial, and Transport Systems Technologies. Funds shall be distributed among colleges based on the number of FTE students enrolled in these areas.</p>	<p>\$1,000,000</p>	<p>R</p>
<p><b>67 Equipment</b>                  Provides funds for the purchase of instructional equipment at all 58 colleges. These funds are in addition to the \$31.3 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment formula.</p>	<p>\$3,000,000</p>	<p>NR</p>
<p><b>68 Male Minority Mentoring</b>                  Provides funds to continue the 15 Male Minority Mentoring programs established in FY 2007-08. These programs provide such activities as academic and personal counseling, drug intervention, and personal growth and development. In addition, \$25,000 may be used to support the program's statewide conference, where colleges share experiences and best practices.</p>	<p>\$475,000</p>	<p>NR</p>
<p><b>69 NC Research Campus</b>                  Provides funds to Rowan-Cabarrus Community College for operating expenses related to community college programs at the NC Research Campus in Kannapolis. These programs will focus on biotechnology. Two programs will be provided collaboratively with Forsyth Tech and Gaston College.</p>	<p>\$1,000,000</p>	<p>R</p>
<p><b>70 Multi-Campus Center Funds</b>                  Provides additional funds to support multi-campus centers (MCCs), satellite campuses that provide student services and at least one degree program onsite. These funds will support two additional MCCs - the North and West Campuses of Wake Tech - bringing the total number of MCCs to 26. These funds are in addition to the \$13,455,197 currently in the base budget.</p>	<p>\$562,607</p>	<p>R</p>
<p><b>71 NC REAL</b>                  Provides funds for NC REAL (NC Rural Entrepreneurship through Active Learning). Funds shall be used for a training program in entrepreneurial skills.</p>	<p>\$250,000</p>	<p>NR</p>
<p><b>72 Fayetteville Tech 3-D Technology Project</b>                  Provides funds to establish the nation's first interactive 3-D center. The project will offer modeling and simulation training and development for military and civilian applications.</p>	<p>\$400,000</p>	<p>NR</p>

**D. Community College System Office**

**73 Facility Engineer**

Provides funds for a facility engineer position at the Community College System Office to help colleges with their advanced planning and capital construction projects. Nonrecurring funds are appropriated for equipment specific to the position.

\$91,993 R  
 \$9,000 NR  
 1.00

**Budget Changes**

**\$25,015,698 R**

**\$3,634,000 NR**

**Total Position Changes**

1.00

**Revised Total Budget**

**\$928,292,701**

