



North Carolina
Community College System

Budget & Legislative Update

*Presentation to Career Credit Leadership Institute
March 23, 2020*



Agenda

- Revenue/Receipt Update
- 2020-21 Short Session Budget Priorities
- Enrollment Update
- Legislative Update



2019-20 Revenue Update

- ❑ General Fund revenues through February are 63% of budget same % as February 2019.
- ❑ The Fiscal Research Division estimates that General Fund revenue is \$289.6 million above the revenue target.
- ❑ Income tax is up 2.7%, Corporate Income up 8% and Sales tax up 6.2% compared to February 2019.



2019-20 Receipts Update

- ❑ What factors impact receipt collection – actual enrollment v. budgeted, waivers, collections, refunds, etc.
- ❑ Through February 82% (\$260M) of the \$315M budgeted tuition and registration fee receipts were collected.
- ❑ Receipt collections are currently tracking closely to last year's levels.



2020-2021 Budget Requests

- Salary Increases for Community College Faculty & Staff
- Fully Fund Enrollment Growth
- Funds for a Modern & Secure IT System
 - Cybersecurity Funding
 - Additional IT System Funding
- Capital & Equipment Funding
- Financial Aid for Workforce Training






SALARY INCREASES: Historical Comparisons

Fiscal Year	Community Colleges	State Employees	Teachers	UNC System
13-14	\$0	\$0	\$0	\$0
14-15	\$1,000 Salary Increase	\$1,000 Salary Increase	7% average & \$1,000 Bonus for top of salary schedule	1.2%
15-16	\$750 Bonus & 0.9% Additional Salary Funds	\$750 Bonus	2.2% average & \$750 Bonus	\$1,000 State Human Resources Subject employees & UNC-BOG determined for exempt employees
16-17	1.5% Salary Increase & 1.5% Bonus	1.5% Salary Increase & 0.5% Bonus	4.7% average	\$750 Bonus
17-18	\$1,000 Salary Increase & 0.89% Additional Salary Funds	\$1,000 Salary Increase	3.3% average \$385 Bonus for 25+ years	1.5% Salary Increase & 0.5% Bonus
18-19	2% Salary Increase	2% Salary Increase	6.5% average	0.7% as determined by UNC-BOG
19-20	<i>Not Enacted</i> 2%	2.5%	<i>Not Enacted</i> 3.9% average over the biennium	<i>Not Enacted</i> 2%
20-21	<i>Not Enacted</i> 2%	2.5%	<i>Not Enacted</i> SB 354 – increases to 4.4% average over the biennium	<i>Not Enacted</i> 2%



SALARY INCREASES: Education Sector Rankings

Fiscal Years	NC Average Teacher Salary and National Rank		NC Public 2 Year Avg Salary of 9-Month Faculty and National Rank	NC Public 4 Year Avg Salary of 9-Month Faculty and National Rank		
2018-19 Teachers/ 2017-18 NCCCS & UNC	\$53,975	28 	\$51,478 44 	\$86,376 22 		
2013-14	\$44,990	49	\$48,668	41	\$77,902	24
<i>SOURCES</i>	<i>NEA Rankings and Estimates Report</i>		<i>U.S. Department of Education, Digest of Education Statistics, table 316.30</i>			



#1 Priority: Salary Increases for Community College Faculty & Staff

Request: \$62,000,000 Recurring

Attracting & retaining faculty & staff to prepare North Carolina's future workforce is challenging, especially in high-demand, high-skilled areas such as nursing and the trades. Request a 5% increase for community college employees giving parity with State employees.

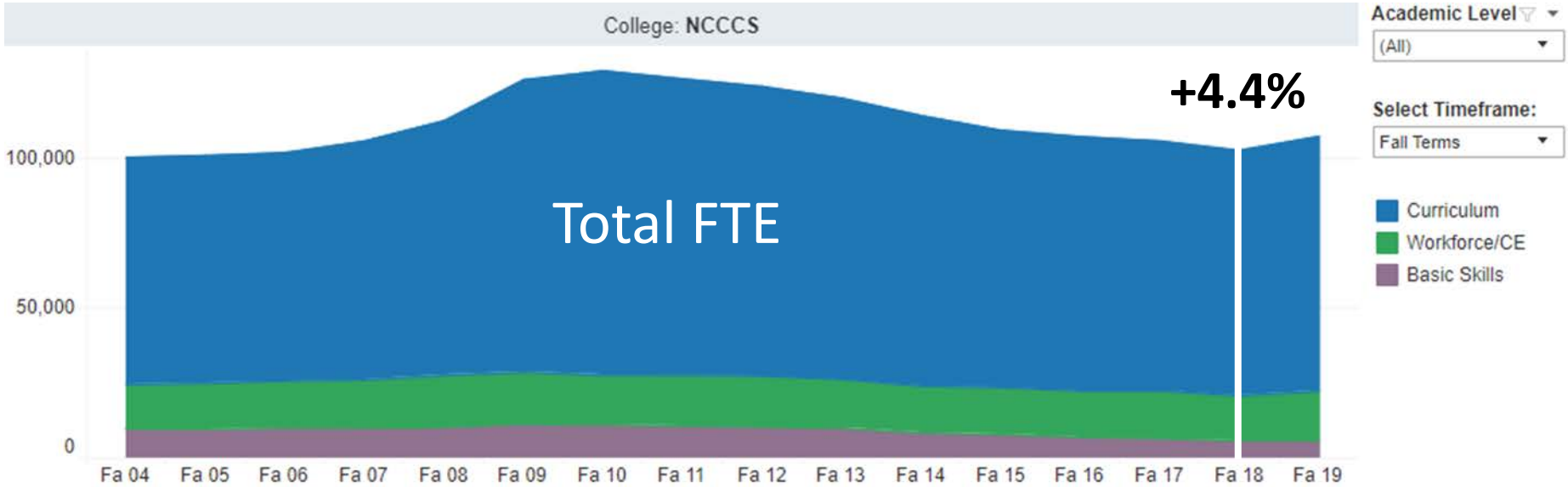
Assuming no other states give increases, a 5% increase would move NC to 38th.

- General Assembly has already identified approximately \$48,000,000 (4%) in HB 966 & SB 354
- Request is therefore only an additional \$14,000,000



Enrollment Growth Trends

Fall 2018 to Fall 2019 Overall FTE Increase

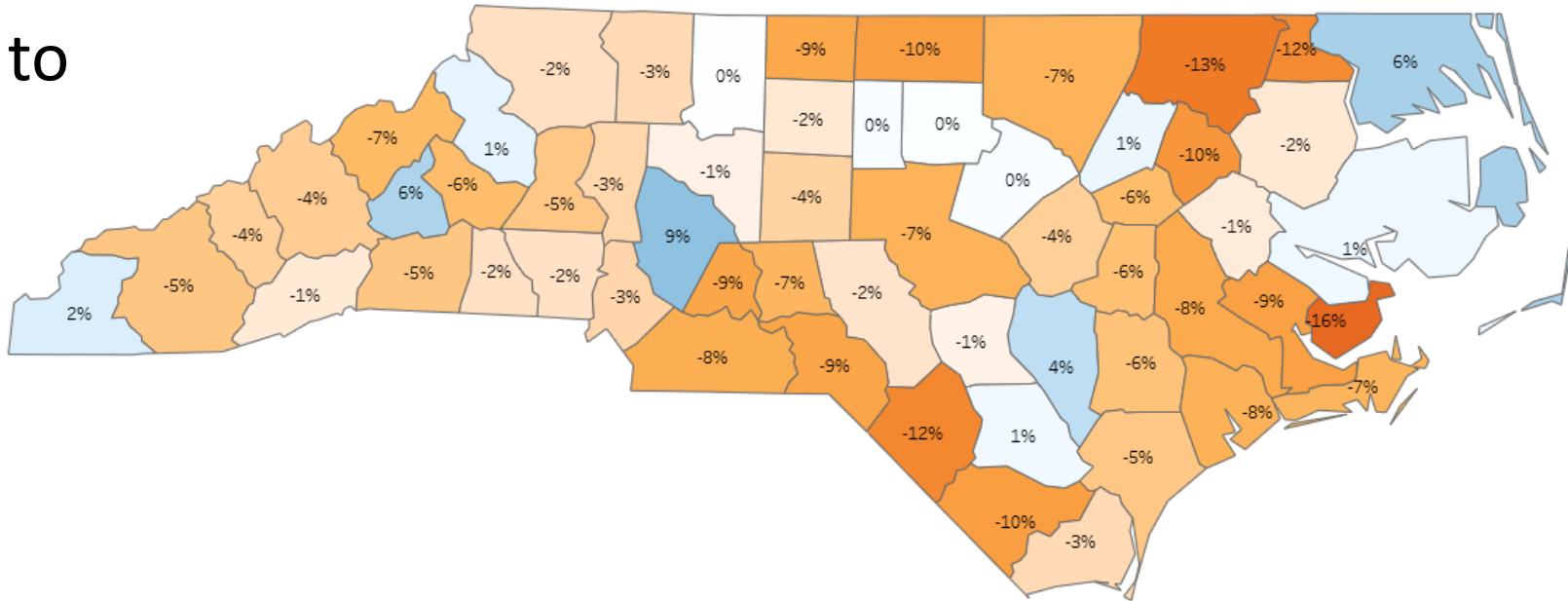


Source of Data: Bill Schneider, Associate Vice President of Research and Performance Management

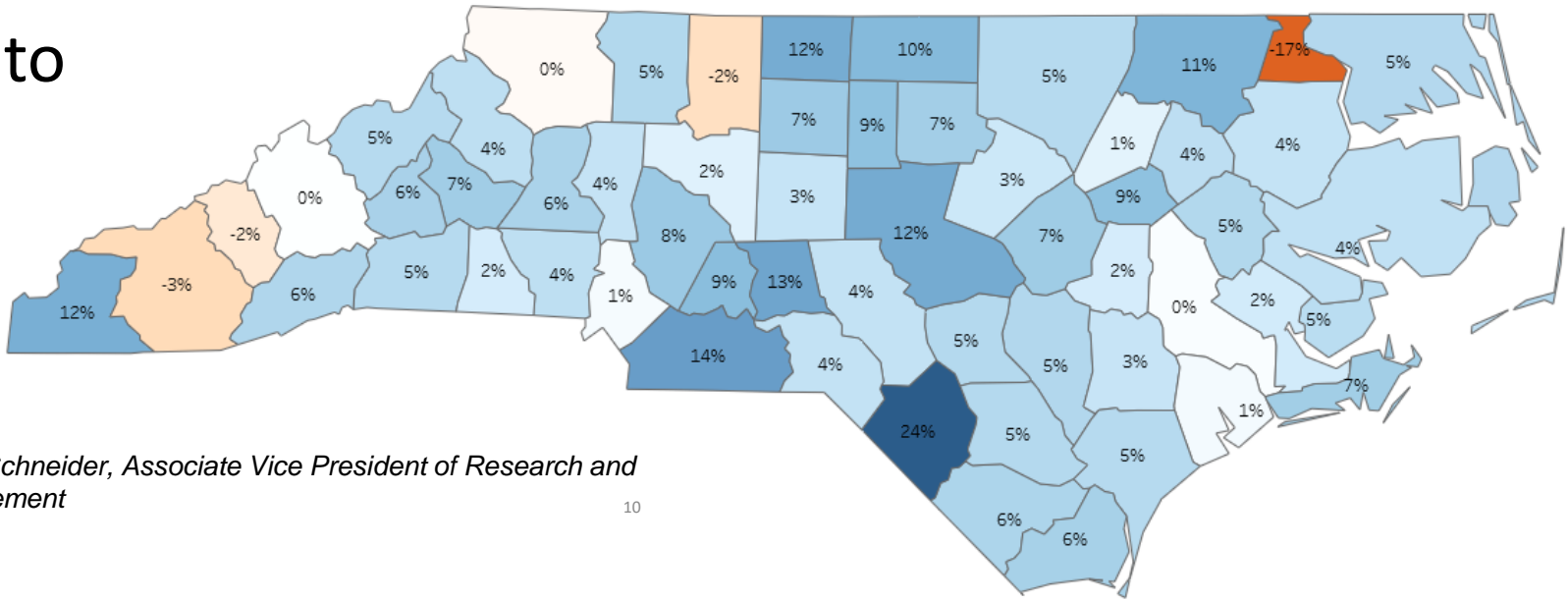


Fall FTE Enrollment Change

Fall 2017 to
Fall 2018



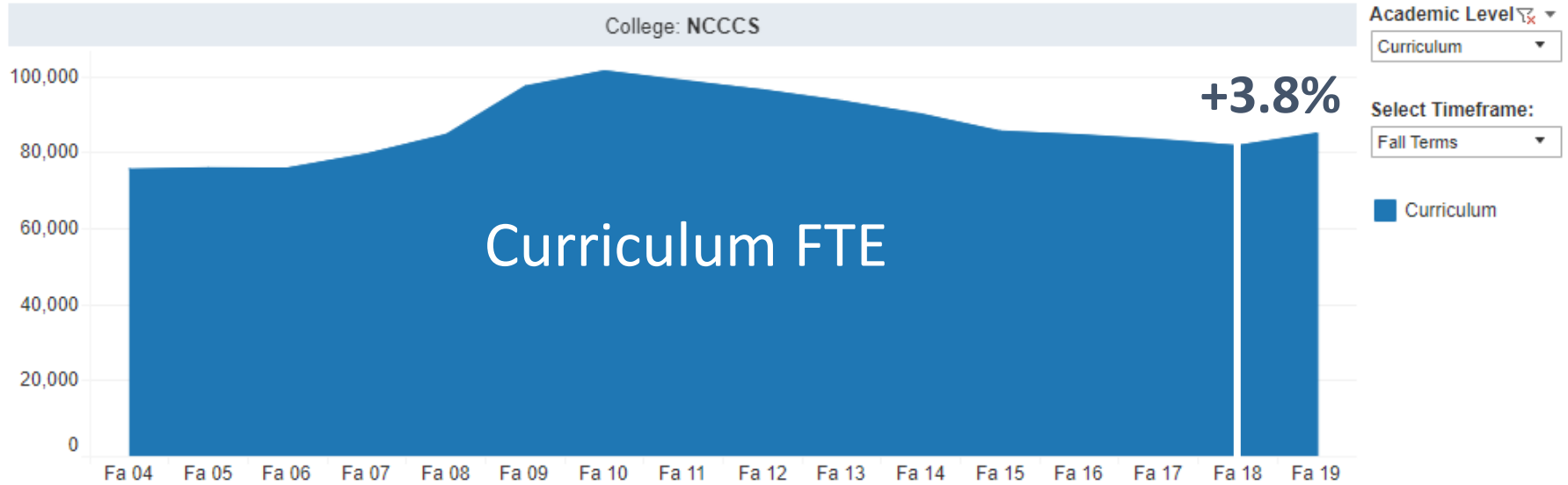
Fall 2018 to
Fall 2019



Source of Data: Bill Schneider, Associate Vice President of Research and Performance Management



Curriculum Enrollment Growth Trends Fall 2018 to Fall 2019 FTE Increase

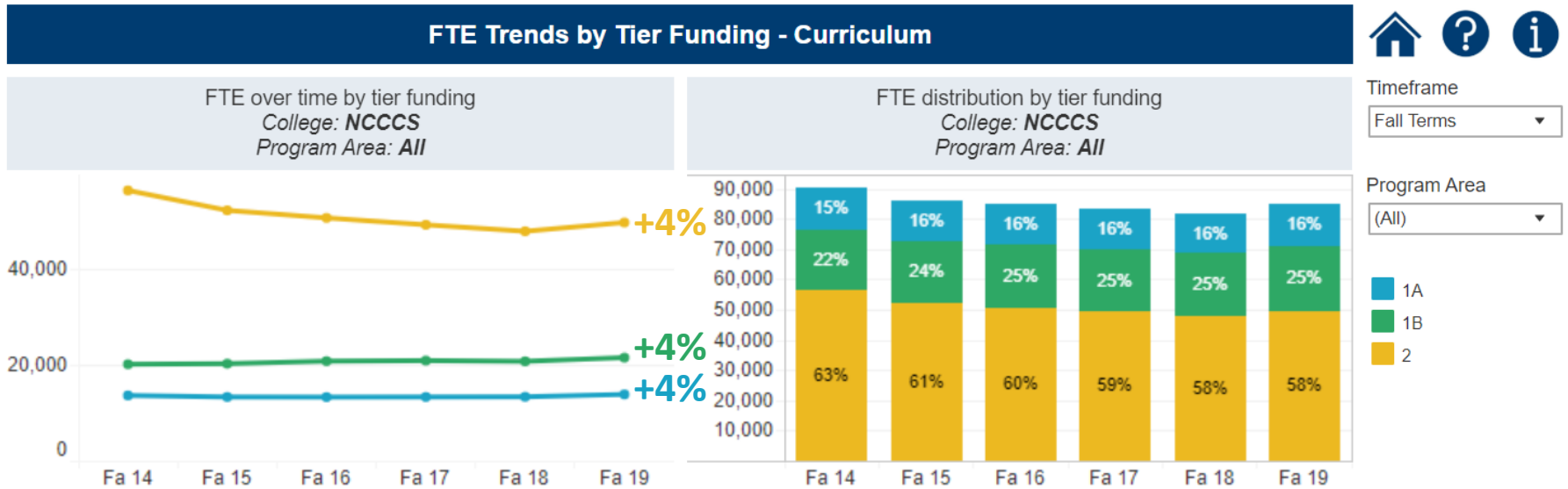


Source of Data: Bill Schneider, Associate Vice President of Research and Performance Management



Curriculum Enrollment Growth Trends

Fall 2018 to Fall 2019 FTE Increase by Tier



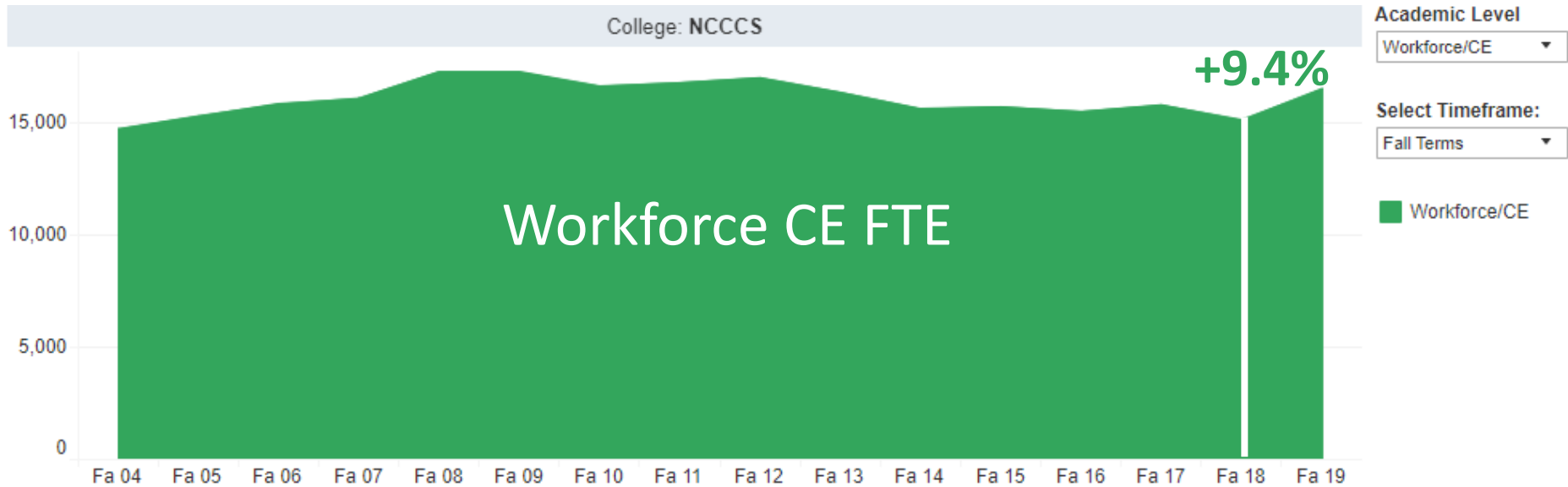
Tier 1A – Health Care & technical education aligned to priority occupations that have documented skills gaps & pay higher wages.
Tier 1B – Other high cost areas of health care, technical education, lab-based science, and college-level math.
Tier 2 – All other curriculum courses.

Source of Data: Bill Schneider, Associate Vice President of Research and Performance Management



Enrollment Growth Trends

Fall 2018 to Fall 2019 Con Ed FTE Increase



Source of Data: Bill Schneider, Associate Vice President of Research and Performance Management



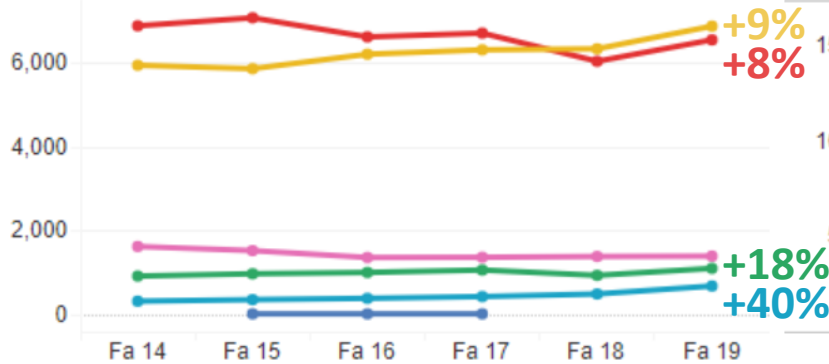
Con-Ed Enrollment Growth Trends

Fall 2018 to Fall 2019 FTE Increase by Tier

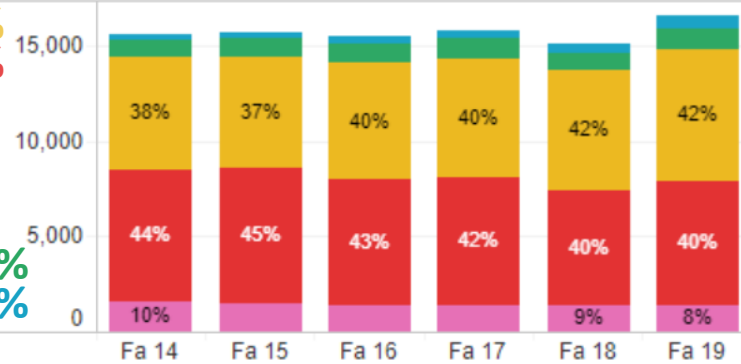
FTE Trends by Tier Funding - Workforce/Continuing Education



FTE over time by tier funding
College: NCCCS
Program Area: All



FTE distribution by tier funding
College: NCCCS
Program Area: All



Timeframe
Fall Terms

Program Area
(All)

- 1A
- 1B
- 2
- 3
- No Tier
- Unknown

Tier 1A – Courses aligned to priority occupations that have documented skills gaps & pay higher wages. Courses must be scheduled for 96 hrs. or more, and mapped to a 3rd party credential, certification, or industry-designed curriculum.

Tier 1B – Prepare students for jobs in priority occupations & lead to industry credentials. Courses must be scheduled for 96 hrs. or more, and mapped to a 3rd party credential, certification, or industry-designed curriculum.

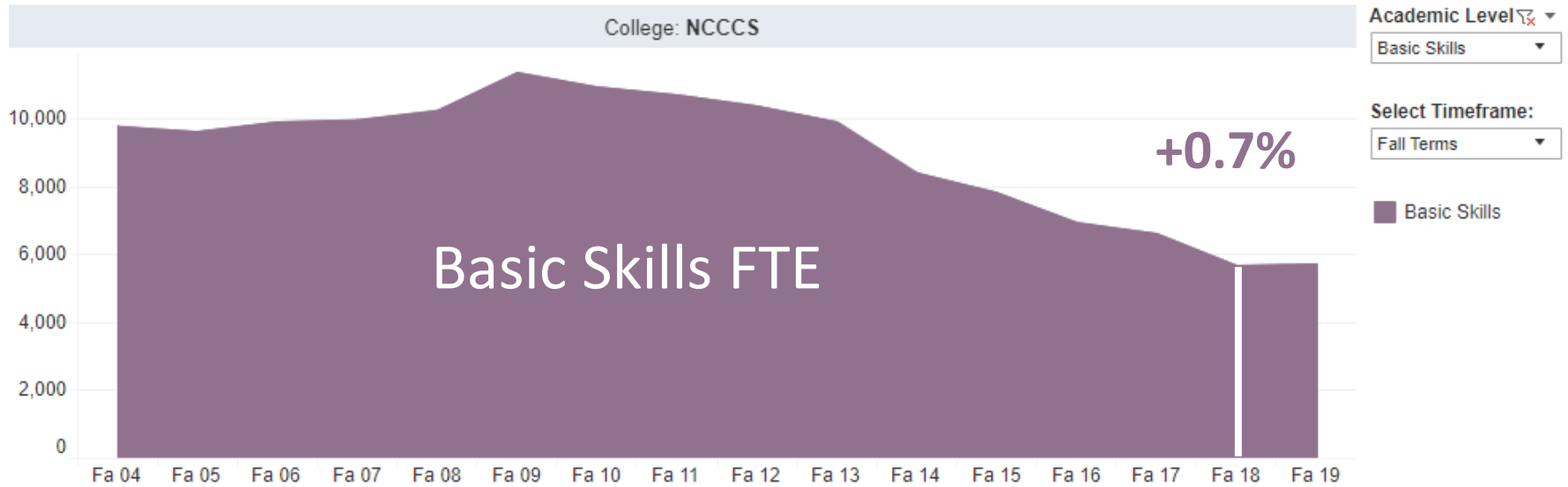
Tier 2 – Courses leading to a State or industry-recognized credential. Courses must be scheduled for 96 hrs. or more, and mapped to a 3rd party credential, certification, or industry-designed curriculum.

Tier 3 – Other continuing education courses.



Enrollment Growth Trends

Fall 2018 to Fall 2019 Basic Skills FTE Increase

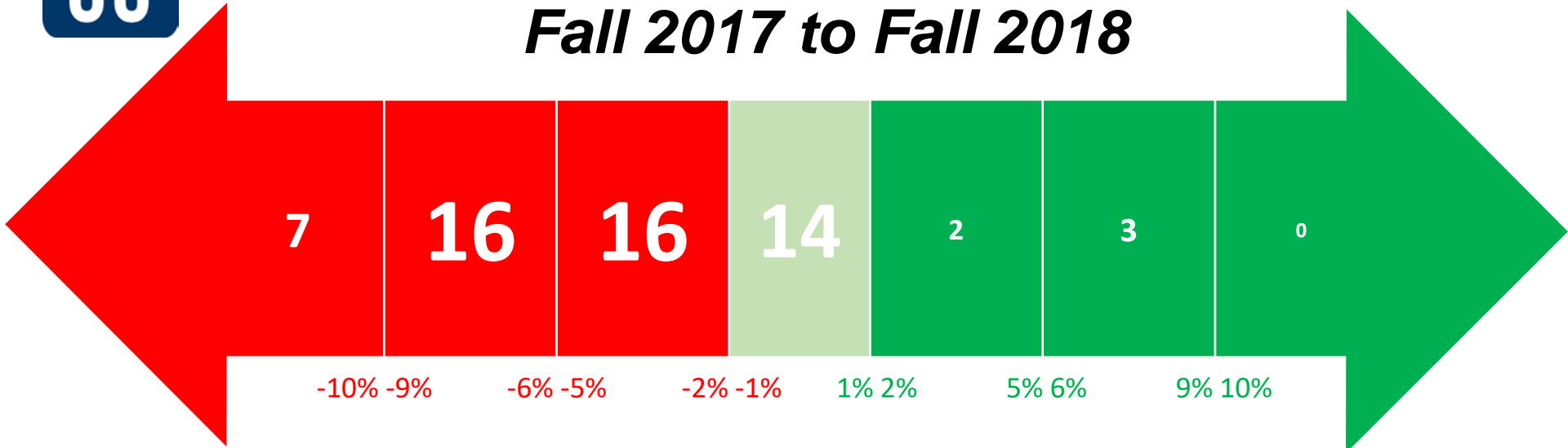


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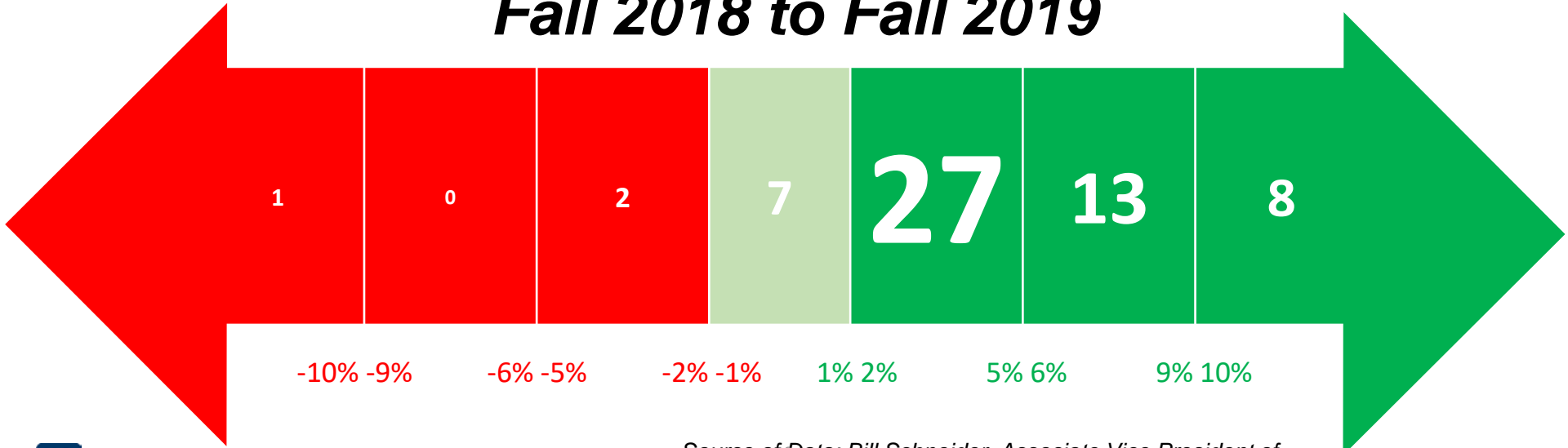


Increase/Decrease Comparisons

Fall 2017 to Fall 2018



Fall 2018 to Fall 2019





Enrollment Growth Trends

How Are Colleges Managing Growth?

	FTE	Sections	Avg Class Size	College Subjects
Curriculum	↑ 3.8%	↓ 2.2%	16.1 → 16.7 (↑ 4.2%)	↓ 1.6%
Workforce CE	↑ 9.4%	↑ 2.9%	14.1 → 14.5 (↑ 3.0%)	↑ 4.2%





Reasons for Growth

- ❑ ***Local innovation & leadership*** through both college presidents & trustees
- ❑ Support from the Governor & General Assembly to ***fully fund short-term workforce training*** parity
- ❑ Renewed ***emphasis on workforce training***
- ❑ Statewide ***“Your Hire Education”*** marketing campaign



FULLY FUND ENROLLMENT GROWTH: Cost Using Estimated *Budget* FTE

- ***Budget*** FTE is how colleges are funded
- Budget FTE is the higher of
 - Prior year; or,
 - Average of prior 2-years
- Currently, only have Summer & Fall 2019 FTE data & must ***estimate*** Spring 2020
 - March: Updated Spring 2020 enrollment estimate



FULLY FUND ENROLLMENT GROWTH: % Change for Estimated *Budget* FTE

	2020-2021 Current BFTE Estimate	2019-2020 BFTE
Overall	3.7% (8,600 BFTE)	-1.2% (-2,940 BFTE)
Curriculum	3.3%	-0.7%
Workforce Con Ed	8.4%	1.0%
Basic Skills	-3.2%	-11.2%



Enrollment Growth

- **Based upon Final Summer & Fall, Estimated Spring:**

	Estimated Change	# Colleges Increasing	# Colleges Decreasing
Curriculum	5,957 BTFE	45	13
Continuing Ed.	3,130 BFTE	44 (+1 flat)	13
Basic Skills	-486 BFTE	38	20

- **First iteration of budget projection worksheet – late March - status quo scenario.**



#2 Priority: Fully Fund Enrollment Growth

Request: \$40,200,000* Recurring

Request full funding for enrollment growth

- Enrollment growth budget request is based on most recent budget FTE estimates
- Budget request may change later in the Spring

**** Estimate***

- Growth for 1st time in almost a decade
- General Assembly has traditionally funded enrollment growth for community colleges
- Preliminary conversations with legislators & Governor's Office already underway



Modern & Secure College IT System: Cybersecurity Funding

There is always the one...



*Slide Courtesy of: Stephen Reeves, CISSP, CGCIO
NC Community College System Chief Information Security Officer*



#3 Priority: Modern & Secure College IT System

Request: **\$5,200,000 Recurring**
 \$2,250,000 Non-Recurring

Cybersecurity

8 System Office regionally-based IT security officers to assist colleges	\$1,200,000 R
3 rd party security assessments for colleges	\$2,000,000 NR
Online cybersecurity training for community college employees	\$250,000 NR

Operation & Maintenance Funding for Modern IT System

Funds to continue to develop & operate & maintain IT projects funded during 2019 session	\$4,000,000 R
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Cybersecurity: The threat is real!

- According to *Campus Safety*, as of October 2019, **500+ schools had been affected by ransomware.**
- According to EdTech, hackers have evolved and increased attacks on higher education institutions.
- Last year, Richmond Community College was hit with a significant ransomware attack.

O&M Funds for Modern IT System

- Need recurring funds for long-term operation of short-term workforce online registration.
- Need recurring funds for operation & maintenance to bid out next phase of modernized IT system. (In 2019, General Assembly appropriated funding for development of next phase.)



Additional Requests

Capital & Equipment.

- HB 966, Budget Bill, included community colleges in State Capital & Infrastructure Fund
- Over \$90,000,000 in 2019-21
- Over \$400,000,000 in total over 10 years.
- As of January 14, 2020, Governor's veto of HB 966 has not been overridden by Senate

Financial Aid Scholarships for Workforce Training.

- Need-based financial aid for workforce training
- \$5,000,000 from NC Education Lottery or other non-General Fund sources



The Legislative Process

1. How are CC System budget priorities developed?
2. Advocacy: Who does what with whom?
3. How does the legislative budget process (really) work?
4. What on earth happened last session???
5. Where do we go in 2020?

Developing Consensus Legislative Agenda

NCACCP

**Legislative & Finance
Committees**

Develops Budget & Non-
Budget Priorities



NCACCP

North Carolina Association of Community College Presidents

Adopts Legislative Priorities &
Sends to



Endorses Legislative
Priorities

Adopts Final Legislative
Priorities



Advocacy: Who does what & with whom?

**SBCC,
Presidents &
Trustees**

- Local legislative delegation
- Additional emphasis on presidents & trustees who have Education Committee chairs & members

**System
President**

- Speaker & President Pro Tem
- Legislative leadership
- Governor

System Office

- House & Senate Education Appropriations Chairs
- House & Senate Full Chairs
- H & S Education Committee members

Goal is to ensure that all 170 legislators are aware of System Priorities

Long & Short Legislative Sessions

Long Session

- **General Assembly constitutionally required to meet**
- **Odd-numbered years**
- **Governor proposes 2-year budget**
- **2-year budget (usually) enacted**
- **Any type of bill can be introduced**
- **Non-budget & non-revenue bills must “crossover” from one chamber to the other by a specified date**

Short Session

- **No constitutional requirement to meet in even-numbered years**
- **General Assembly sets date to convene**
- **Budget adjustment bill**
- **Introduction of new bills limited, e.g., revenue, appropriations, study committee recommendations**

Spending Determination

NORTH CAROLINA SENATE



NORTH CAROLINA HOUSE OF REPRESENTATIVES



House & Senate leadership set spending amount for State Budget & set target spending amounts for all subcommittees

H & S Education Appropriations Subcommittees have target amount for all education sectors

- Maximum amt. subcommittees can spend
- To spend more, must make cuts

All Salaries decided by Legislative Leadership & Chairs of Appropriations Committees



THE UNIVERSITY OF NORTH CAROLINA SYSTEM



Funding for Individual Colleges: Where does *that* \$ come from?!



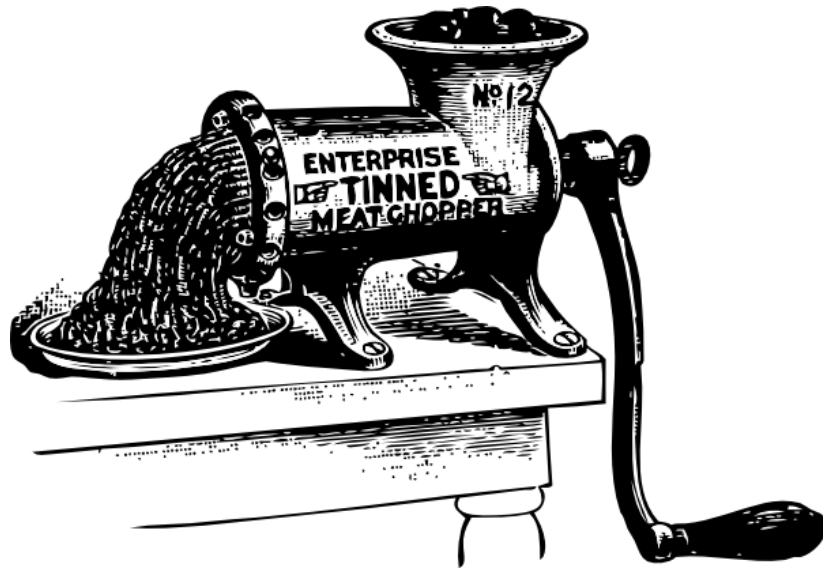
- (6) North Carolina Military Business Center (Fund Code 1624) – Nine hundred thousand dollars (\$900,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for the North Carolina Military Business Center at Fayetteville Technical Community College.
- (7) South Piedmont Community College Training Center (Fund Code 1624) – One million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2020-2021 fiscal year as a directed grant for an Aseptic Training Center at South Piedmont Community College.
- (8) Piedmont Community College (Fund Code 1624) – One million one hundred seventy thousand dollars (\$1,170,000) in nonrecurring funds for the 2019-2020 fiscal year to provide a matching grant in accordance with Section 3.6 of this act for an Educational and Agricultural Development Center at Piedmont Community College.
- (9) Veterinary Equipment (Fund Code 1624) – Six hundred thirty-one thousand nine hundred sixty-nine dollars (\$631,969) in nonrecurring funds for the 2019-2020 fiscal year as a directed grant to Gaston College to equip the Veterinary Medical Technology building.
- (10) Anspach Advanced Manufacturing School (Fund Code 1624) – Five hundred fifteen thousand dollars (\$515,000) in nonrecurring funds for the 2019-2020 fiscal year for the Anspach Advanced Manufacturing School at the Yancey County campus of Mayland Community College for the purchase of equipment and nonrecurring operational expenses.
- (11) Randolph Community College (Fund Code 1624) – Two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2019-2020 fiscal year as a directed grant for the purchase of equipment for Randolph Community College.
- (12) Wayne Community College (Fund Code 1624) – One hundred thousand dollars (\$100,000) in nonrecurring funds for the 2019-2020 fiscal year as a directed grant for repairs, renovations, and capital needs at Wayne Community College.
- (13) Cape Fear Botanical Gardens (Fund Code 1624) – One hundred thousand dollars (\$100,000) in nonrecurring funds for the 2019-2020 fiscal year as a directed grant to Fayetteville Technical Community College to support the Cape Fear Botanical Gardens.
- (14) Truck Driver Training Program (Fund Code 1624) – Seventy-five thousand dollars (\$75,000) in nonrecurring funds for the 2019-2020 fiscal year as a directed grant to Johnston Community College for a truck driver training program.
- (15) McDowell Technical Community College (Fund Code 1624) – Seventy-five thousand dollars (\$75,000) in nonrecurring funds for the 2019-2020 fiscal year

Typically,

- Non-recurring (1X) money
- Allocated outside Education budget targets

System Office will oppose if takes away from System priorities

So, if that's the process,
what happened in 2019?!



**Laws are like
sausages. It's better
not to see them being
made.**

~ Otto von Bismarck

2 Primary Reasons 2019 Was Different

1. NO sense of urgency

2. Veto override more difficult

But there has to be an enacted State budget, right???

- Yes.....and no
- State does have to have a budget, but...

Prior Years

- Budget expired on June 30th
- If no State budget by July 1st, General Assembly passed “continuing resolutions” to keep State government operating for a specified period while negotiated budget.
- RESULT: Pressure to reach a budget compromise so would not have to keep passing continuing resolutions

2019: No Sense of Urgency

- Law enacted several years ago that allows State spending to continue in same amounts as prior year.
- RESULT:
 - State government can continue to operate
 - Less pressure to reach a compromise between the House & Senate or with the Governor

House Veto Override: 72 Members

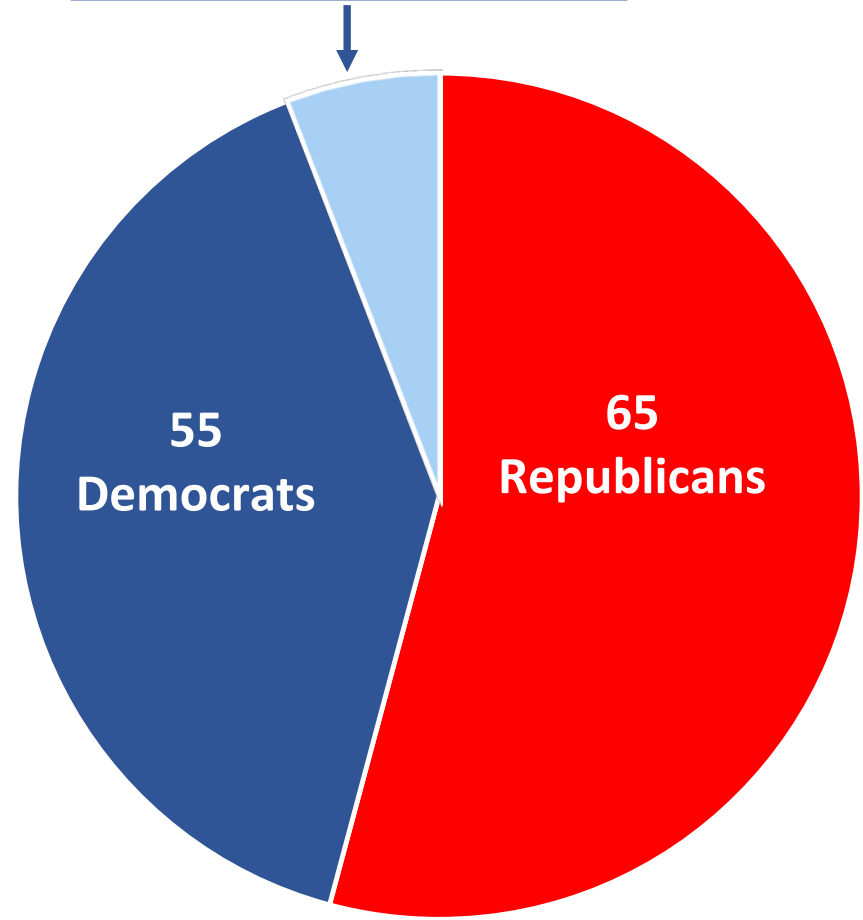
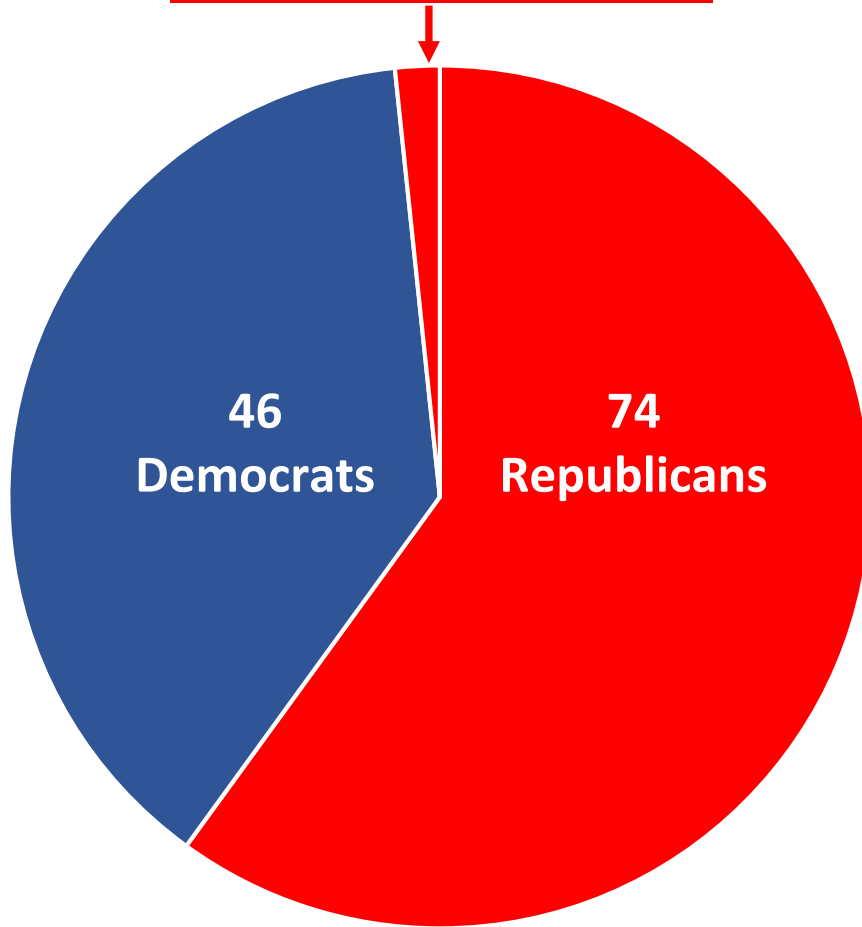
2017-18 House

vs

2019-20 House

2 Extra Republican Votes

Need 7 Democrat Votes



Senate Veto Override: 30 Members

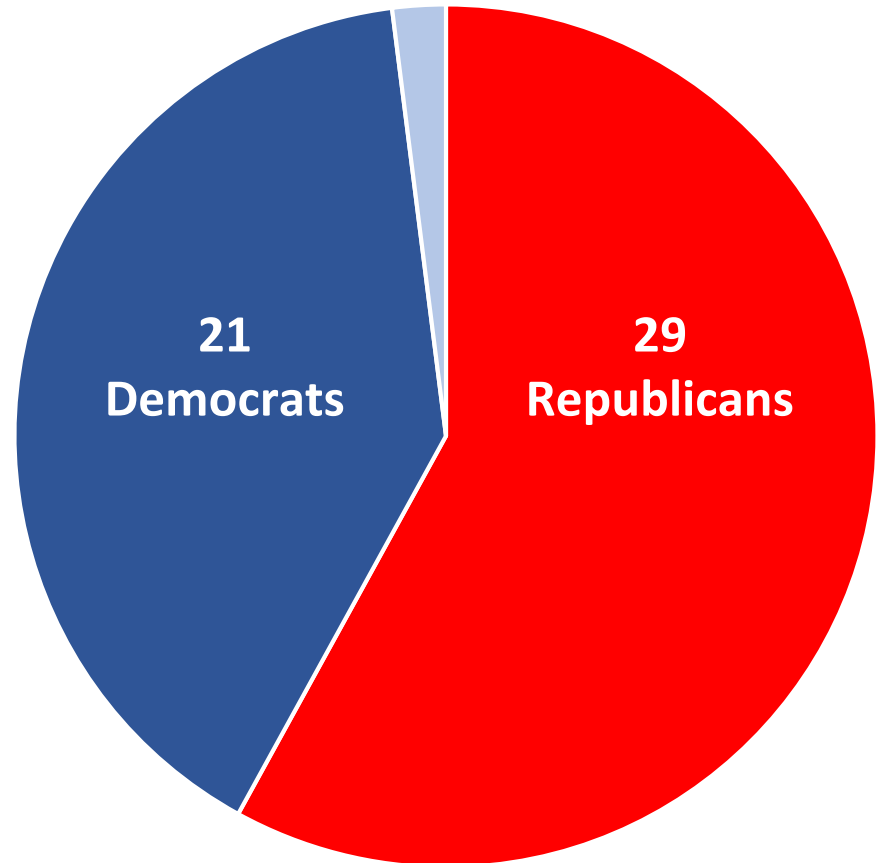
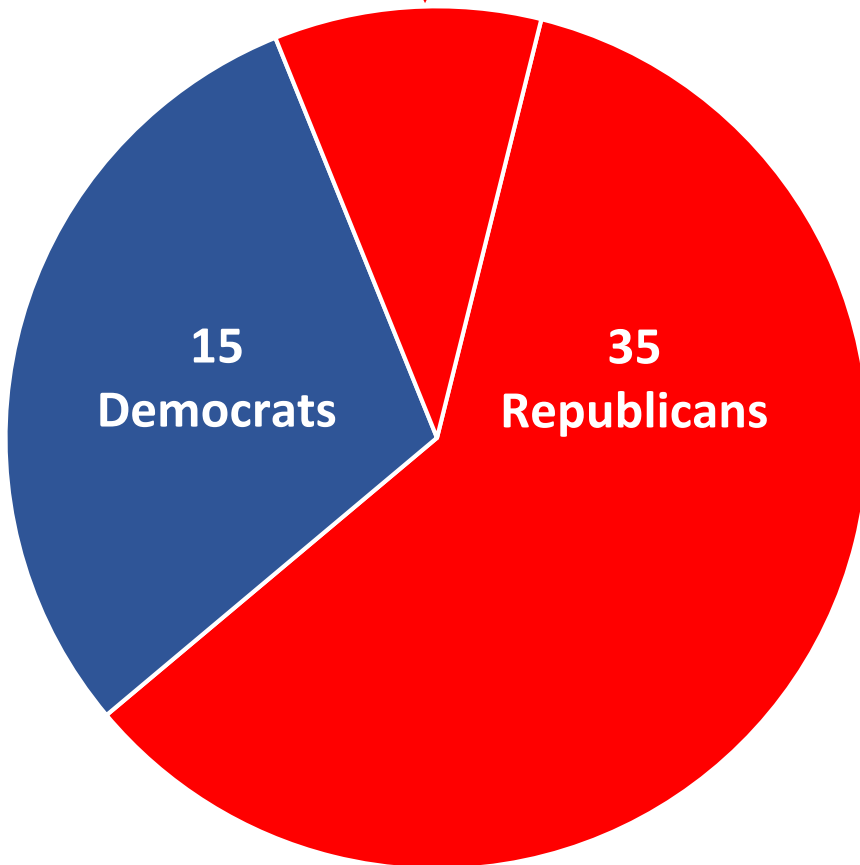
2017-18 Senate

vs

2019-20 Senate

5 Extra Republican Votes

Need 1 Democrat Vote



What happened with community college salaries?

Community College Salaries Caught Up in All Education Salary Increases

HB 966 – Budget Bill

- 2019-20: 1%
- 2020-21: Additional 1%



No Senate override vote taken
Bill sent to Senate Rules
Could come back up

SB 354 – Strengthening Educators Pay Act

Salary increases for teachers, CC employees & UNC System

Part I: Same as HB 966

Part II: ***If*** Senate overrode HB 966

- 2019-20: Additional 1%
- 2020-21: Additional 1%



Governor vetoed SB 354
Senate override vote **failed**
SB 354 dead

The Plan: Proceed as Usual

- Advocate for budget priorities
- Look for opportunities for another mini budget bill
- General Assembly already identified funds in 2019 for 4% salary increase for CC employees & education enrollment growth reserve



WHAT
NEXT ?

April						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Final Thoughts



- ? Will HB 966 finally be overridden
- ? Will there be a “short session” budget
- ? Could there be another mini budget
- ? **COVID-19 impacts???**

