

2011-12 Budget Information Points

On September 2, 2010, the System Office received a communication from the Office of State Budget and Management (OSBM) requesting that we, along with all state agencies, outline potential targeted reductions in preparation for the 2011-12 budget and return those options to OSBM by Friday, October 29. During that nine-week period, our staff, the State Board of Community Colleges, the North Carolina Association of Community College Presidents (NCACCP) Finance Committee and NCACCP Quarterly Meeting held a collective total of six meetings on the proposed reductions. On October 29, we submitted the following list as prioritized by the NCACCP:

Reduction Options (Total: **\$107.7 million**)

- Increase tuition by \$10 per credit hour, raising in-state tuition from \$56.50 to \$66.50 per credit hour, resulting in an additional **\$46 million**.
- Reduce the amount of funding for Basic Skills by **\$5.25 million**, resulting in a cut of approximately \$240 per FTE student.
- Increase the recurring management flexibility reduction by an additional **\$29 million**.
- Reduce categorical funding, which includes funding for certain specialized centers and programs, by **\$2.1 million**.
- Move existing categorical healthcare and technical education funds into the instructional formula and revamp the funding formula* to weight the amount of state funding for high-cost, high-demand courses, resulting in an overall **\$25 million** reduction. (**The potential formula to be used in this reduction is still being refined by the NCACCP Finance Committee and System Office staff.*)

As we move toward the beginning of the 2011-12 General Assembly session on January 26, we all need to keep in mind a few critical points. First, these proposed reduction options are exactly that, options. We won't know until early 2011 whether or not the Governor will include them in her budget, whether or not the General Assembly will enact different recommendations, and whether or not the actual cuts we experience will be greater or lesser than 10 percent. There are other options being studied by General Assembly staff that clearly may influence the types and level of cuts we ultimately experience. Second, it is imperative that, while much of the conversation recently has been on cuts, we, as a community college family, must be prepared to advocate for our **expansion priorities**.

2011-12 Budget Priorities (Total: **\$52 million**)

- **Fully fund enrollment growth and the equipment needs** that accompany an increase in students. Unlike public schools and universities, community colleges are funded after the fact for growth and categorically for equipment. If we are, for the first time in our history, not funded for growth, it will impact our ability to serve more than 9,700 full-time students. (Estimated funding needed: **\$34 million and \$6 million** respectively)
- **Limit cuts to our colleges**. Every reduction has an impact on our students and our ability to provide much need job training and educational opportunities for North Carolinians. The proposal submitted at the Governor's request would mean our colleges stand to lose up to 1,000 faculty and staff positions (based on the average cost of an annual salary and benefits).
- **Fund summer developmental programs to support student success** in college-level courses and to ultimately increase completion rates at community colleges. Approximately two-thirds of our students begin their initial fall semesters in high school-level developmental education courses, which reduce their likelihood of completion (**\$12 million**).

The 2011-12 fiscal year will represent the most difficult budget in our System's history and will come at a time when the demands on our colleges are at their peak. It is vital that all members of our family impress upon our state's leadership examples of the challenges we face and the **importance of funding our enrollment growth, limiting our cuts, and helping us address student success with funding for summer developmental education.**