

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
ACCOUNTING PROCEDURES MANUAL

Section 6

Effective Date: July 1, 2000

Revised: July 1, 2006

BUDGET FORMULAS

I. Current Operating Formula

The current operating formula is used to determine the total amount of operating funds allotted for the base, instruction and enrollment allotments.

Formula distribution of funds for the operating budget will be based on the following factors:

1. Base Allotments:

- i. Curriculum program's base budgets for the coming fiscal year shall be calculated on the average of the past three years (fall and spring/projected spring) or the latest year, whichever is greater. (Note: Projected spring FTE must be certified by the college president at the end of the 10 percent reporting date.)
- ii. Non-Curriculum (continuing education) program's base budget for the coming year shall be calculated on the average of the past three years (spring, summer, and fall) or the latest year whichever is greater.
- iii. If sufficient FTE is not provided by the General Assembly, each college will receive a prorata reduction.
- iv. Additional FTE available shall be distributed to each college by curriculum or non-curriculum program areas on a prorata basis of the college's budgeted FTE as compared to the total system budgeted FTE.
- v. To the extent the projected curriculum FTE for the spring semester does not reflect the actual spring semester FTE, adjustments will be made to increase

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or decrease the FTE by the conclusion of the fall academic semester.

In the event sufficient FTE is not provided to meet all above provisions in items i - v of this rule, the System Office will first apply items i - ii.

Funds are allotted to each college according to the following formula:

1. Curriculum Instruction
 - a. Multiply the curriculum FTE times the per capita dollar amount appropriated by the General Assembly for each FTE up to 500 FTE and the dollar amount appropriated for each FTE above 500. (The per capita amount is obtained from the Director of Auditing & Accounting)
 - b. Dollars appropriated per FTE include instructional salaries, fringe benefits and other costs.
2. Non-Curriculum Instruction (Continuing Education):
 - a. Multiply the non-curriculum FTE times the per capita dollar amount appropriated by the General Assembly for each FTE up to 500 FTE and the dollar amount appropriated for each FTE above 500. (The per capita amount is obtained from the Director of Auditing & Accounting)
 - b. Dollars appropriated include instructional salaries, fringe benefits and other costs.
3. President's Allotment
 - a. Salaries - president (1.0) on president's salary schedule based upon the size of the college and the number of years of

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Presidential experience.

- b. Employee Benefits - based on appropriated levels for social security, retirement and hospitalization.

4. Institutional and Academic Support Allotment

Each college receives a base allotment comprised of the following:

1. Institutional Support

- a. Salaries - senior administration (4.0)
general institution (1.0)
technical/paraprofessional(1.0)
clerical (3.0).

- b. Employee Benefits - based on appropriated levels for social security, retirement, and hospitalization.

- c. Other Costs - the current approved base amount for travel for trustees, president, administrators, and support personnel; supplies and materials; printing and binding; college dues; advertising; publicity; etc.

2. Academic Support

- a. Salaries - supervisor of programs (2.0)
student support services (7.0)
general institution (4.0)
technical/ paraprofessional (4.0)
clerical (4.0). NOTE: 2006-07 General Assembly added one position to the base in financial aid.

- b. Employee Benefits - based on appropriated levels for social security, retirement,

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and hospitalization.

- c. Other costs per FTE based on appropriated levels for travel, supplies and materials, postage, printing and binding, magazines and newspapers, graduation expenses; equipment repairs, service and maintenance contracts, etc.
3. An enrollment allotment for each college - Each FTE in excess of 750 FTE will generate additional Academic and Instructional Support funds.

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II. Basic Skills Block Grant

Basic Skills includes all courses offered related to Adult Basic Education, Adult High School diploma programs, General Education Development (GED) programs, and the Compensatory Education curriculum. Basic Skills FTE will be based on the average of the past three years (Spring, Summer and Fall FTE) or the latest year whichever is greater.

Allocation of Funds

1. Base allocation - \$20,000.
2. 25 cents per target population 16 to 54 years of age with less than a high school education based on the latest census data.
3. A per FTE cost is calculated for State and Federal funding. Incentive funding must be taken out of the state availability prior to calculating a per FTE cost. FTE are based on the average of the last three years or the latest year, whichever is greater.
4. \$50 per General Education Development (GED) certificate awarded. (incentive)
5. \$150 per Adult High School diploma awarded. (incentive)
6. \$10,000 per percent in excess of the average statewide level of effort of the eligible population to be served as shown on the Basic Skills formula computation. The population used is all individuals with less than a high school diploma based on the latest census data. (incentive)

Literacy FTE shall be reported on a contact hour basis beginning the summer quarter of 1990. Enrollment allotment positions will

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continue to be generated utilizing the literacy FTE.

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III. Community Service Block Grant

Community Service courses consist of single courses, each complete in itself, that focus on an individual's personal or leisure needs rather than occupational or professional employment.

The cultural and civic, and visiting artist component of this program meets community needs through lecture and concert series, art shows, the use of college facilities by community groups, providing speakers to community organizations, and providing visiting artist activities for college communities. Visiting artists may be provided an opportunity to work as artists in residence to enhance local arts resources and promote the various visual, performing and literary arts in communities throughout North Carolina.

Allocation of Funds

1. Base Allocation - \$30,000
2. 25 cents per adult 25 years of age in service area based on the most recent census data.
3. \$315 per FTE using average FTE for last three years.
4. Annual plan approved by Board of Trustees and Department of Community Colleges.
5. Annual evaluation report on annual plan to Department of Community Colleges.

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IV. Equipment Budget Requests: Distribution of Funds

- A. The State Board shall approve budget requests and the allotment of funds to colleges for equipment upon recommendation by the System Office.

- B. The budget requests and fund distributions to colleges shall be based on the following factors:
 - 1. Determine an equipment full-time equivalent (E/FTE) for each college by applying the following ratios to the average full-time equivalents for the preceding calendar year, and adding the products to obtain a sum for each college:

CATEGORY	WEIGHT
a. low equipment intensity programs.....	0.50
(Associate in Arts, Basic Skills)	
b. moderate equipment intensity programs.....	0.75
(Occupational Extension)	
c. high equipment intensity programs.....	1.00
(Certificate, Diploma, Transitional)	

- 2. The budget requests and allotment of funds by college shall be based on the following:
 - a. Allot to each college a base allotment of one hundred thousand dollars (\$100,000).

 - b. Allot to each college with an extremely high cost program (Caldwell CC - Truck Driving Training; Cape Fear CC - Marine Technology; Johnston CC - Truck Driving Training; Wilson TCC - Heavy Equipment Operator Program) an average of actual expenditures over the past 3

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years, plus an allowance for inflation.

- c. Allot to each college the balance of the equipment appropriation based on the weighted E/FTE as calculated in item 1 above.

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V. Library Book Funding System and Budgetary Application

A. The state board shall approve budget requests and the allotment of funds to colleges for library books and non-equipment learning resources upon recommendation of the System Office.

B. The budget requests and fund allotments to colleges shall be based on the following factors:

1. Determine the library full-time equivalent (L/FTE) for each college by applying the following ratios to the average full-time equivalents for the preceding calendar year and adding the products to obtain a sum for each college:

a. Associate Degree Programs	2.00
b. Certificate Programs	1.00
c. Diploma Programs	1.00
d. Transitional Programs	1.00
e. Regular Budget Extension	0.25

2. Determine each college's standard book entitlement by computing the following:

- a. 15 volumes per L/FTE up to 1,000 L/FTE with a minimum of 5,000 volumes per college; and
- b. 10 volumes per L/FTE over 1,000 L/FTE.

C. Determine the equivalent book inventory for each college by:

- 1. adding the unexpended library book allotment from the prior year June 30 Form 112 Report and the current year library book allotment except Subparagraph 1 of Paragraph (D) of this Rule (funds for maintenance of existing collections);

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2. dividing this sum by the latest national average cost per book; and
 3. adding the equivalent acquisitions and availabilities of part 2 of Paragraph (B) of this Rule to the latest June 30 library book inventory.
- D. Allotments will be made to colleges based on the following:
1. Maintenance of Existing Collections. The greater of ten thousand dollars (\$10,000) or 10 percent of the latest equivalent book inventory times the latest national average cost per volume; Expenditure of the maintenance fund shall not increase the equivalent inventory of any college;
 2. Expansion of Existing Collection. The expansion allotment for each college shall be the product of the difference between the book entitlement and the equivalent book inventory, and the latest national average cost per volume;
 3. If appropriations are not sufficient to make full allotments, each college shall receive a pro rata portion of 50 percent of the expansion allotment.
- E. These factors will be used as a basis for appropriation requests to the General Assembly.