

September 30, 1998

IMPORTANT!

MEMORANDUM

TO: Presidents

FROM: H. Martin Lancaster

SUBJECT: 1998-99 Budgets

As you are well aware, the 1998 Session of the General Assembly has continued longer than any "short" session in the state's history. While we are appreciative that the General Assembly saw fit to include funding for our enrollment growth (Senate Bill 320), which was communicated to you on July 21, 1998 (CC-98-214), other expansion funding has been painfully slow forthcoming. We communicated to you the fact that while we did have a second-year budget, we were directed by the General Assembly to operate at the 1997-98 spending level. Some colleges may have concluded they could not expend special allotment/categorical funds; however, this was not the intent.

With the passage of Senate Bill 879, an act which provides for salary increases and retirement rate reductions (copy attached), we are now in a position to make available to you both the formula allocations and special allotments. This action has been discussed with and approved by Mr. James Woody, Chairman of the Finance and Capital Needs Committee of the State Board of Community Colleges. The State Board has approved both the enrollment and salary increases, as authorized by the General Assembly.

There are several important points about the budgets which you are now receiving. First, the **only** expansion funds included are enrollment growth and the three percent continuing salary increase. Any additional expansion budget funds which may be approved by the General Assembly at some future period, such as funding for equipment, technology, multi-campus, etc., will be distributed as a supplemental allocation. Additionally, the one percent non-recurring bonus will be allotted separately. The salary increase is retroactive to July 1, 1998. You will find in your budget package rules which

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have been approved by the State Board for administration of the salary increase. It should be noted that instructional unit values were not increased, but instead the funds were applied to the sliding scale. We have determined that each college will have sufficient funds to give the required three percent increase. With respect to compensation, you will also see the reduction in the retirement rate from 10.83 percent to 10.1 percent retroactive to July 1, 1998, as well.

It had been our hope that the receipt of additional funding for equipment and technology would minimize the need to transfer funds out of the curriculum instructional area under the budget flexibility which you have. Having not received those funds as of yet, it would appear that we will be forced into the same situations we have experienced in prior years. I would ask you, however, to minimize to the extent possible the transfer of funds out of the instructional area. As you did so successfully last year with the increase in funding for continuing education, please try to keep funds in the instructional area if at all possible.

As you are all aware, the following funds have been restricted by federal and/or state legislation: Literacy, Vocational Education, Maintenance of Plants (College of The Albemarle), Priority Programs, Tech-Prep, Worker Training Trust Funds of the Focused Industrial Training program, New and Expanding Industry Funds, Compensatory Education, Single Parent and Displaced Homemaker Funds, and Apprenticeship Funds.

In conclusion, you will very shortly receive the one percent bonus money by separate allotment. If and when other expansion funds are authorized, we will allocate them as quickly as possible. If there are questions about the budget allocations you are now receiving, please feel free to call Kennon Briggs, Vice President for Business and Finance, or Larry Morgan, Director, Auditing and Accounting.

Enclosures

pc: Members, State Board of Community Colleges
Business Officers
Dr. Barry Russell
Mr. Kennon Briggs
Mr. Larry Morgan