

July 13, 1999

**IMPORTANT!**

**MEMORANDUM**

**TO:** Presidents  
Business Officers

**FROM:** Kennon D. Briggs  
Vice President for Business and Finance

**SUBJECT:** Planning Allocations for 1999-2000

Enclosed you will find budgetary information which can be used for planning purposes. While we had originally planned to send this information out on Friday, July 9, it was logistically impossible to do so. As a result of exemplary work by the Budgeting and Accounting Section, we are now making this information available to you.

You will note that the information you are receiving **does not** include any realignments within the state aid formula. These realignments can only be made **after** we have concluded year-end close out. It is anticipated that the realignment will take place after the State Board has reviewed and approved the enclosed budgetary allocations on July 15 and 16. Staff will make realignment adjustments on July 19 and 20, and bring them to Asheville to the NCACCP Summer Conference. Following this review and comment, staff will make final adjustments on July 26.

The Finance Committee of the State Board is scheduled to meet the week of July 26-30 to approve final budget allocations, including necessary realignments. You will receive complete and final allocations that week.

Thinking ahead, we need to receive your 2-1 budget summary back in the System Office by **August 23**. This will allow us to take them to the State Board at the September meeting for approval.

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### **Assumptions Used in Planning Allocations**

There are a number of assumptions used in the planning allocations which you are receiving. These assumptions have not been approved by the State Board, but will be presented thereto on July 15 and 16. The assumptions have been discussed with the President, and have his approval. They include:

1. Using the 5 percent salary increase for faculty to lower the sliding scale, both at the upper and lower limits. The new ratios are 1 to 16.52 up to 500 FTE, and 1 to 20.0 in excess of 500 FTE. This applies to both Curriculum and Continuing Education programs. The 3 percent salary increase for non-teaching personnel was used to adjust position values in both the "Base Allotment" and "Enrollment Allotment." The \$125 staff bonus is not included; it will be allocated separately. The Basic Skills allotment includes the 5 percent salary increase.
2. Increasing the "Other Cost" per FTE for both Curriculum and Continuing Education allotments, using new enrollment FTE's, to the highest dollar values possible. This will not increase the value to \$180/FTE because projections were made in the fall of 1998 using old FTE and fiscal year 1997-98 expenditures.
3. Increasing the "Base Allotment" by adding one position per college, equivalent to a "Student Services" position in the Instructional Support area.
4. Adding the balance of the \$10 million from the appropriation for "Instructional and Administrative Support" to the "Enrollment Allotment" by increasing the number of positions, thereby increasing the dollar value per FTE in excess of 750.
5. Retirement rates have been adjusted from 10.10 percent in 1998-99 to 8.83 percent for 1999-2000.
6. The Community Service Block Grant allocation has been deleted for fiscal year 1999-2000 only.
7. The presidential salary schedule has been adjusted by the 3 percent salary increase for staff.
8. The matching hospitalization rate will be effective with the September 1999 payroll. The monthly rate at that time will be \$188 per employee. Funds will be allocated at a later date for that purpose.
9. Full funding of enrollment has been provided, based upon the 2/3 Rule.

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### **Special Notations**

Pursuant to legislative and State Board intent, to the extent possible, the minimum salary increases and staff bonus, which have been approved, should be paid beginning in July. Other categorical funds include amounts for salary increases, where appropriate. With respect to the Child Care allotment, please expedite the payments to providers. Please refer to the communication regarding the Community Services Block Grant on the use of Institutional Fund Balances, and the use of state funds to supplement this program. Additional allocations to the Equipment Reserve Fund will be made as the funds are recorded.

### **Other Pending Actions**

The State Board will formally approve on July 16 the new Curriculum tuition rates for 1999-2000. As previously stated, the new rates effective for the fall semester include a \$6.75/credit hour increase, up to a maximum of 14 credit hours.

The State Board will also approve a new registration fee for Continuing Education classes, and possibly a new processing fee. These actions will be communicated to you as soon as possible, but staff recommends that the new fees not take effect until August 1, 1999.

We appreciate your patience in waiting for the final budget allocations later this month. We trust this communication will provide you with the necessary information to proceed to make important budget decisions for your college. As always, if there are questions, please do not hesitate to call us.

/kdb

Attachments