

THE DIVISION OF BUSINESS AND FINANCE***“Report on the Adequacy of Multi-Campus Colleges
&
Off-Campus Center Funds”*****Executive Summary**

Since 1998, the North Carolina General Assembly has appropriated funds for the operations of Multi-Campus Colleges (MCC's) and Off-Campus Centers (OCC's) functioning as convenience locations to provide the appropriate population and geographic access for community outreach, testing, faculty/staff offices, as well as literacy, continuing education, and curriculum instruction. These supplemental funds are intended to support the duplicative effort of administrative and student support services, along with the related operating costs, at these additional sites. OCC funding was eliminated entirely in 2009-10 and is not likely to recur in future years.

Students may complete certificates, diplomas, and associate degrees at multi-campus locations, since comprehensive instructional support functions such as libraries and student development services are parts of the operation. A multi-campus college must provide students the opportunity to complete at least one associate degree at each campus. Students may complete certificates or diplomas at off-campus centers, but due to the level of support services, would not normally be able to complete the associate degree.

The funding formula for multi-campus colleges consists of an FTE level of size, the budgeted FTE at that location, and a formula duplication adjustment based upon the current year's formula budget enrollment allotment value. A maximum amount of funding per FTE level is established biennially, based upon inflation factors. Currently, the formula does not include a mechanism for new multi-campus locations to receive a pro-rata share of the funding, and the total appropriation does not fully fund the duplicative administrative and student services expenditures at these sites.

In 2009 Section 8.23 of S.L. 2009-451 directed the State Board of Community Colleges to study the cost of funding all MCCs. Included in the study was the requirement to develop a mechanism to ensure all newly established MCCs are funded at the same level as existing MCCs and to explore a way to include new multi-campus colleges in the continuation budget.

The study recommended that the mechanism for incorporating new campuses into the funding model is to add the additional funding cost to enrollment growth projections as part of the budget development process each year. This ensures that all colleges can offer convenient access in appropriate geographic areas to community college programs and services while minimizing unnecessary duplication, proliferation of facilities and the impact on existing college campuses. This mechanism would also ensure that all colleges were treated equitably, consistent with G.S. 115D-5(a). Further, the study recommended that the appropriation for multi-campus funding should be increased to fully fund all locations to remedy the funding deficit caused by the current budget availability.

The 2004 Session of the General Assembly directed the System Office to gather expenditure information about the use of state appropriated funds at MCC's and OCC's, resulting in the development of this annual report. The 2009 General Assembly amended G.S. 115D-5(o) to change the report due date from October 1. In 2010 the requirement to only add MCC's when recurring sources of funding have been identified was added. The final language of G.S. 115D-5(o) is as follows:

“The General Assembly finds that additional data are needed to determine the adequacy of multi-campus and off-campus center funds; therefore, multi-campus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multi-campus and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by December 1 of each year.

The State Board of Community Colleges shall not approve any additional multicampus centers without identified recurring sources of funding.”¹

Expenditure Analysis: Fiscal Year 2009-10

To address the reporting requirement, the Division of Business and Finance distributed to all community colleges that operate a State Board approved multi-campus college an expenditure instrument on July 30, 2010. The instrument was designed to capture all expenditure data, regardless of fund source, for the period ending June 30, 2010. This includes expenditures from the state allotment, other state formula-funded expenditures, county expenditures, and the expenditure of funds from a college's institutional funds budget.²

Multi-Campuses:

As depicted in **ATTACHMENT A**, the state allotment was \$13,784,617 for MCCs. The expenditures from this funding source were \$13,729,466 or 99.6 percent of allotment as shown in **ATTACHMENT B**. There were other state funds expended for MCC operations however. The expenditure of other state funds, including state aid formula funds, was \$15,470,562.

In addition to the \$29.2 million of state expenditures, another \$17.2 million was expended in local funds. These funds were used to cover institutional, academic, and student support services, operation and maintenance of plant, and capital. Approximately \$896 thousand was expended in institutional funds.

The total amount of funds expended from all sources at all MCC's was approximately \$47.3 million.

¹ Section 8.11 of Session Law 2010-31.

² General Statute 115D-32 requires that all maintenance of plant expenditures (utilities, custodial care, repairs to facilities, etc) be made from local funds. General Statute 115D-54 defines Institutional Funds to include auxiliary enterprises, and certain items of operating expense (student expenses, capital outlay, subscriptions, etc).

Of the \$13.7 million expended for MCCs, \$3.5 million (25.6%) was expended for institutional support services and \$6.2M (45.3%) on academic support services. The remaining \$4.0M (29.1%) was spent on student support services.

NOTE: Each of the individual college survey responses is available for inspection. The excessive volume of the survey responses prohibits replication for this report. The information is available for inspection at any time in the Office of the Vice President and Chief Financial Officer, Business and Finance Division.