

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 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.

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 and off-campus centers 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.

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. In addition, the 2009 General Assembly amended G.S. 115D-5(o), changing the report due date from October 1 and to read 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.”¹

Expenditure Analysis: Fiscal Year 2008-09

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 or off-campus center an

¹ Section 8.8 of Session Law 2009-451.

expenditure instrument on August 4, 2009. The instrument was designed to capture all expenditure data, regardless of fund source, for the period ending June 30, 2009. 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 The information report was due to the Division of Business and Finance by August 28, 2009.

Multi-Campuses:

APPENDIX A contains the line item summary of all expenditures for all Multi-Campus Colleges totaling \$128,059,923. The state allotment was \$14,099,032, and the expenditures from this funding source were \$13,949,004 or 98.9 percent of allotment. There were other state funds expended for MCC operations, including state aid formula funds, totaling \$78,858,561.

In addition to the \$92.8 million of state expenditures, another \$26.1 million was expended in local funds. These funds were used to cover salaries, current services (utilities, repairs, maintenance, and communications), fixed charges and capital outlay. Finally, approximately \$9.1 million was expended in institutional funds. These expenditures included salaries, supplies and materials, current services, and equipment.

Of the \$13.9 million expended for MCC's from the MCC funding source, \$13.2 million (94.8%) was expended for personnel services (salaries and benefits). In addition, \$150,469 (1.1%) was spent on supplies and materials (office supplies), \$413,471 (3%) on current services (travel and advertising), and \$83,819 (.6%) on capital outlay (office and data processing equipment).

Approximately \$29.9 million was expended from all fund sources for the base salaries of administrative and student services staff, \$23.1 million of which were state funds, with the remaining \$3.9 million coming from county and institutional funds. Roughly \$3.2 million was expended from all fund sources for non-instructional supplies, \$836 thousand of which were state funds, with the remaining \$2.4 million coming from county and institutional funds. Other fixed costs, such as rentals, leases and licenses, along with capital outlay for non-instructional equipment totaled \$3.1 million from all fund sources, with state funds providing for \$1.3 million of those expenditures. These support and non-instructional costs represent the duplicative costs of operating multi-campus locations.

APPENDIX B contains a comparison of the total allotment to the total expenditures at each campus by college. The MCC funding source supports approximately 11% of the total expenditures incurred at these locations.

Off-Campus Centers:

APPENDIX C contains the line item summary of all expenditures for all Off-Campus Centers totaling \$54,831,225. The state allotment was \$1,000,000, and the expenditures from this funding source were \$987,374 or 98.7 percent of allotment. There were other state funds expended for OCC operations, including state aid formula funds, totaling \$40,409,395.

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).

In addition to the \$41.4 million of state expenditures, another \$8.2 million was expended in local funds. These funds were used to cover salaries, current services (utilities, repairs, maintenance, and communications), fixed charges and capital outlay. Finally, approximately \$5.2 million was expended in institutional funds. These expenditures included salaries, current services, and equipment.

Of the \$987,374 expended for OCC's from the OCC funding source, \$964,694 (97.7%) was expended for personal services (salaries and benefits). In addition, \$7,327 (.7%) was spent on supplies and materials (office supplies), \$9,420 (.95%) on current services (travel and postage), and \$108 on capital outlay (office and data processing equipment).

Approximately \$14.1 million was expended from all fund sources for the base salaries of administrative and student services staff, \$12.1 million of which were state funds, with the remaining \$2 million coming from county and institutional funds. Roughly \$432 thousand was expended from all fund sources for non-instructional supplies, \$194 thousand of which were state funds, with the remaining \$238 thousand coming from county and institutional funds. Other fixed costs, such as rentals, leases and licenses, along with capital outlay for non-instructional equipment totaled \$1.4 million from all fund sources, with state funds providing for \$437 thousand of those expenditures. These support and non-instructional costs represent the duplicative costs of operating off-campus center locations.

APPENDIX D contains a comparison of the total allotment to the total expenditures at each center by college. The OCC funding source supports approximately 1.8% of the total expenditures incurred at these locations.

On-Going Concerns:

Currently, there are three issues related to MCC and OCC funding that require further attention:

1. Off-campus center funding has been eliminated entirely for fiscal 2009-10 and future years;
2. The total appropriation does not fully fund the duplicative administrative and student services expenditures at these sites; and
3. The formula does not include a mechanism for new locations to receive a pro-rata share of the available funding.

Most recently, Section 8.23 of S.L. 2009-451 directs the State Board of Community Colleges, by February 15, 2010, to study the cost of funding all of the multi-campus colleges in order to develop a mechanism that ensures newly established locations funding at the same level as existing locations. The study also includes investigating ways for new multi-campus colleges to be considered in the continuation budget process. This study offers an excellent opportunity to address Multi-Campus College and Off-Campus Center funding issues and to improve the current funding methodology.

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.