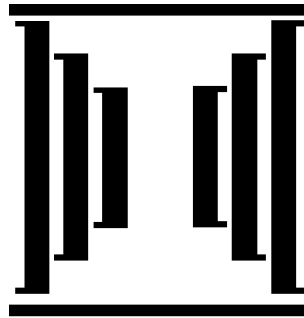


NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

CREATING SUCCESS



**HOPE,
OPPORTUNITY,
AND JOBS**

2009-2011 OPERATING BUDGET REQUEST

DECEMBER 2008

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

2009-11 Expansion Budget Request Summary

The First Two Years of the Four-Year "Creating Success" Campaign

	FY 2009-10	FY 2010-11
Creating Success for North Carolina's Students		
Faculty and Staff Salaries	\$ 29,784,169 R	\$ 59,568,338 R
Technology and Equipment	\$ 18,680,268 R	\$ 21,358,342 R
Creating Success in Critical Careers		
Healthcare	\$ 9,321,289 R	\$ 18,642,578 R
Technical Education	\$ 4,532,223 R	\$ 9,064,446 R
Creating Success for North Carolina's Businesses		
Customized Training	\$ 1,750,000 R	\$ 3,500,000 R
Total	\$ 64,067,949 R	\$ 112,133,704 R

R = Recurring

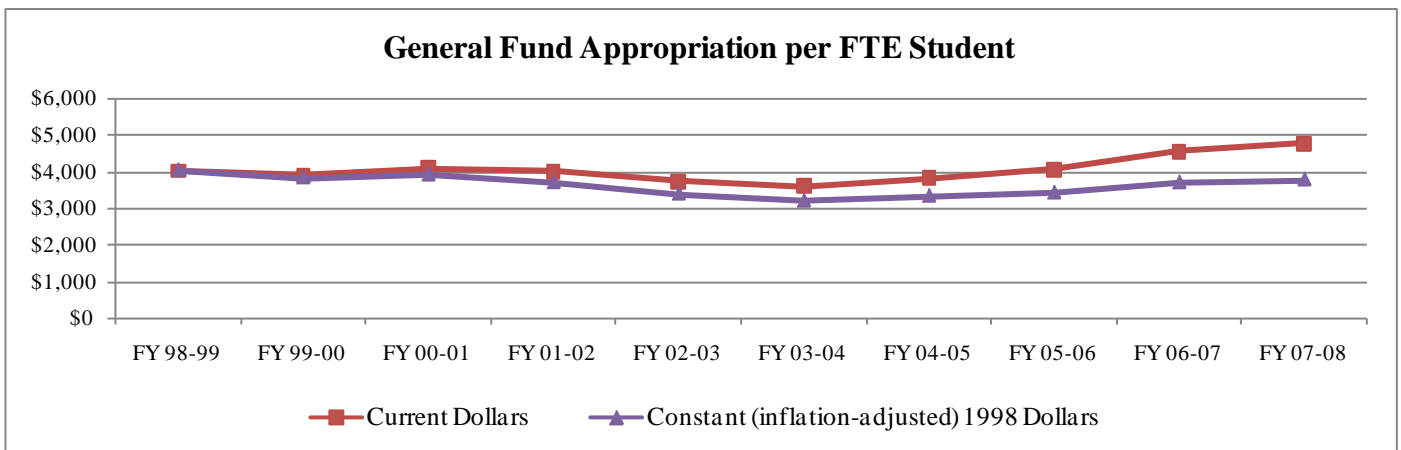
*\$1,000 Per Student Over the Next Four Years:
An Investment in Creating Success for North Carolina*

Community Colleges: Creating Success for North Carolina

In tough economic times, North Carolina’s citizens and businesses turn to the North Carolina Community College System for help.

- North Carolinians need jobs. Unfortunately, our economy is suffering from a skills gap: we are not producing enough skilled workers to meet employer needs. Community colleges can train students in a short period of time for jobs that are in demand.
- Families are seeing the value of their college savings eroded by market fluctuations. Community colleges can provide a low-cost avenue towards a four-year degree.
- Businesses need help developing more productive workforces. Community colleges can provide customized training to meet these needs.

The North Carolina Community College System cannot increase capacity and enhance the quality of education without additional funding. While the NCCCS is world-class in the comprehensiveness of our services, North Carolina’s economy depends on our ability to provide training of world-class quality. Industry standards are becoming increasingly sophisticated and complicated. Our classrooms must adapt accordingly to prepare our students for these work environments. Despite the need for more specialized equipment and faculty credentials, funding per student for community colleges has remained flat.



One simple request: \$1,000 per student over the next four years. This investment will provide:

- Faculty and staff salaries that are competitive with the market and on par with national averages.
- Up-to-date technology and equipment students need to be prepared to perform in the workplace.
- Additional capacity to train and support our State’s healthcare workforce.
- Ability to re-establish and enhance high-cost technical programs.
- Customized training to help North Carolina businesses survive and thrive.

Creating Success for North Carolina's Students...

Faculty and Staff Salaries

FY 2009-10: \$29.8 million ♦ FY 2010-11: \$59.6 million

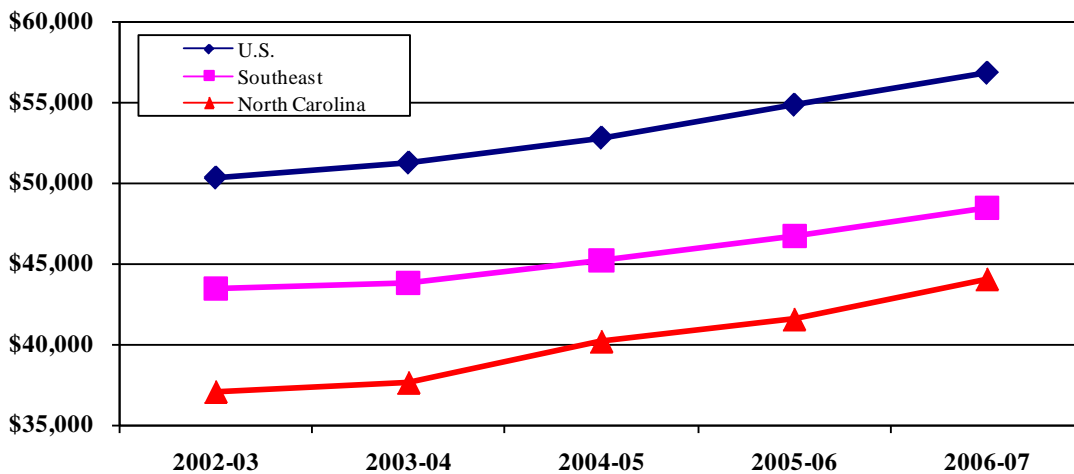
Students need:

- Experienced and knowledgeable faculty who provide high-quality, relevant instruction.
- Strong guidance and support to successfully identify, pursue, and complete their chosen course of study.

To attract and retain highly qualified faculty and staff, colleges must be able to provide competitive salaries.

- Colleges cannot compete with industry to recruit and retain faculty with cutting edge skills.
- North Carolina's 2007-08 average faculty salary is \$46,224, which is 79% of the average national salary (\$58,522). North Carolina ranks 40th in the US, and next to last in the region.
- Professional staff that support North Carolina students on average earn \$55,694, while their peers nation-wide earn \$69,959.
- In addition to new faculty and support staff needed for growing enrollments, colleges must replace approximately 10% of their workforces each year due to attrition.

National, Southeast, and NC Average Full Time Faculty Salaries:
2002-2007



Results:

In addition to regular cost-of-living increases, this expansion request would:

- Put North Carolina on pace to pay approximately 12,500 NCCCS employees commensurate with the national average by 2013.
- Ensure students learn from highly qualified faculty with industry experience.

Creating Success for North Carolina's Students...

Technology and Equipment

FY 2009-10: \$18.7 million ♦ FY 2010-11: \$21.4 million

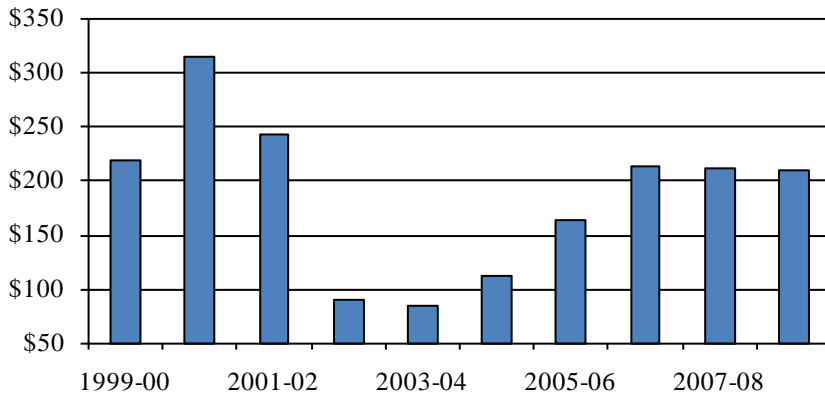
Students need:

- State-of-the-art technology to access educational resources.
- Experience using up-to-date equipment so that their skills can be readily applied in the workplace.

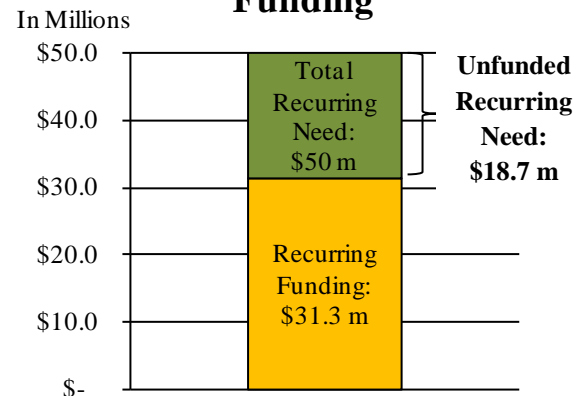
To keep pace with technological advances, colleges must replace obsolete equipment on a regular schedule and add equipment as enrollment grows.

- Approximately \$50 million is needed to replace on a regular basis colleges' current \$320 million State equipment stock, yet the continuation budget only includes \$31.3 million for technology and equipment. This funding level allows colleges to replace equipment only about once per decade.
- Over the past 10 years, 31% of equipment funding has been provided from non-recurring appropriations or other volatile funding sources. This uncertainty undermines colleges' ability to implement a strategic equipment investment plan.
- Equipment needs increase as enrollment grows, yet funding per FTE is declining. Funding levels must adjust for enrollment growth to ensure students have adequate access to computers, labs, and other equipment.

Equipment Funding Per FTE



Equipment Needs vs. Funding



Results: A reliable and stable funding stream that adjusts for enrollment growth would ensure:

- Colleges could institute a systematic equipment investment strategy that allows for an appropriate replacement schedule.
- Students are ready to enter the workplace ready to use today's technology.

Creating Success in Critical Careers...

Health Care

FY 2009-10: \$ 9.3 million ♦ FY 2010-11: \$18.6 million

North Carolina needs more trained healthcare workers:

- Eight of the 10 fastest growing occupations in our State are allied health professions.
- According to NC Center for Nursing, our State currently needs 7,000 more RNs than we can produce. By 2015 that shortage is expected to be nearly 20,000 and could exceed 32,000 by 2020.
- Approximately 85% of workers enrolled in allied health education programs are trained through our community colleges, with most professions retaining 75% of those students within our State after graduation. Most students remain near their home community, which helps address the growing need of keeping trained health professionals in rural areas.

To produce needed healthcare workers, colleges require additional funds to provide high-cost programs and necessary student support.

- In the NCCCS, allied health programs (associate degree and diploma programs) carry a weighted cost of 1.47 more than our per capita funding, or \$1,646 per FTE student. To date, the General Assembly has provided \$443 per FTE towards that need.
- A recent nursing study completed by the Sheps Center at UNC emphasized improving student retention. To better utilize limited resources, we need to ensure that students who enroll in programs get the support they need to successfully graduate, pass licensure exams, and enter the workplace.
- Healthcare providers must continuously update their skills through continuing education. These courses also require high-cost faculty, supplies, and equipment. NCCCS seeks \$643 per FTE healthcare student to support these courses at a level commensurate with regular curriculum classes.

Projected Growth in Healthcare Jobs: 2006-2016

Results:

- Increased enrollment in healthcare programs.
- Improved retention and graduation rates.
- Higher licensure passage rates.
- More healthcare workers to meet the State's growing demand.

Occupation	# of Jobs	% Change
Medical Assistants	4,630	49%
Physical Therapist Assistants	970	48%
Pharmacy Technicians	4,070	42%
Home Health Aides	27,860	39%
Physical Therapist Aides	290	37%
Dental Hygienists	1,780	37%
Dental Assistants	2,560	36%
Surgical Technologists	950	33%
Psychiatric Technicians	300	33%
Occupational Therapist Assistants	250	32%
Registered Nurses	25,100	32%
Nursing Aides, Orderlies, and Attendants	6,580	30%
Diagnostic Medical Sonographers	440	30%

NC ESC Long-Term Occupational Projections

Creating Success in Critical Careers...

Technical Education (TEIC)

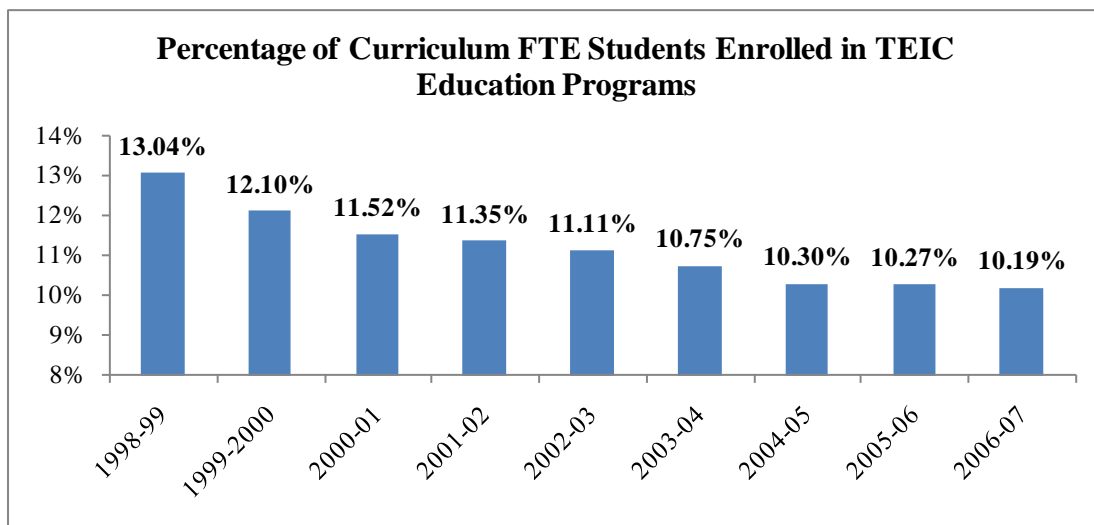
FY 2009-10: \$4.5 million ♦ FY 2010-11: \$9.1 million

North Carolina needs for skilled technicians:

- Careers in Transportation, Engineering, Industrial, and Construction (TEIC) are in high demand among North Carolina businesses, but have low student interest.
- Low enrollment has caused the termination of 59 more technical education programs than have been started since 2002.
- These typically male-dominated fields are competing for interest in a student population that is 63% female.

To fill this workforce gap, colleges need additional support to attract and train students in these technical fields.

- Technical education is a high-cost program due to the specialized equipment, supplies, and small class sizes required. NCCCS seeks weighted funding of \$296 per FTE student to help support these additional costs. To date, the General Assembly has provided \$64 towards that goal.
- Career development advisors are needed to help students understand employment opportunities in these fields and to provide the guidance they need to successfully complete these programs.
- Since colleges are funded based on the previous year's enrollment, start-up funding is needed to cover the first year costs incurred to establish new technical programs.
- Quality technical continuing education must be funded on par with curriculum programs.



Results:

- Increased number and improved quality of technical programs.
- Increased number of students who enroll and complete programs and therefore, are ready to fill these key gaps in the labor market.

Creating Success for North Carolina's Businesses...

Customized Training

FY 2009-10: \$1.75 million ♦ FY 2010-11: \$3.5 million

North Carolina businesses need more skilled employees to survive and thrive:

- One of the most important factors for a business or industry considering locating, expanding, or remaining in North Carolina is the presence of a well-trained workforce.
- A well-trained workforce becomes even more crucial as the economy slows, and companies must increase productivity and efficiency to successfully weather challenging market conditions.
- The NC Community College System is the primary lead agency for delivering workforce development training.

The North Carolina Community College System requires additional resources to meet industry's needs, which are growing both in volume and sophistication.

- Community colleges provide customized training assistance in support of full-time production and direct customer service positions created in the State of North Carolina.
- Companies served are diverse – from motor vehicle parts manufacturing to data processing services to pharmaceutical/medicine production.
- As industry manufacturing processes are becoming more complex, customized training programs must adapt to mirror the work environment. These sophisticated training needs are increasingly expensive. For example, in the average cost of training programs for biotech companies are significantly higher than the average project (\$1,018 vs. \$407 in FY 2007-08).

FY 2007-08 Customized Training Statistics

	# of Companies Served	# of Trainees	Total Expenditures	Avg. Cost per Trainee
Customized Training...				
For Job Growth	187	17,087	\$ 6,954,650	\$ 407.01
For Productivity Enhancement	563	10,728	\$ 3,911,455	\$ 364.60
For Technology Investment	34	1,498	\$ 723,147	\$ 482.74
Total	784	29313	\$11,589,252	\$ 418.12

Results:

- Additional capacity to provide training tailored to individual company needs.
- Increased expertise to meet sophisticated industry requirements.
- Ability to proactively identify companies that would benefit from customized training programs.