

STATE BOARD OF COMMUNITY COLLEGES
Formula Change for Management Flexibility Reduction
FY 2019-20

Request: The State Board of Community Colleges is requested to approve a methodology for absorbing the management flexibility reduction into the college budget allocations for FY 2019-20 contingent upon full, recurring funding for the short-term workforce budget request enacted into law.

Background: For each of the last 10 fiscal years, the North Carolina Community College System budget included a recurring management flexibility reduction to allocate to colleges. This management flexibility reduction has been allocated to colleges each year via annual State Board of Community Colleges approval of each fiscal year's State Aid Allocations and Budget Policies document. Each fiscal year, each college receives an amount of the management flexibility reduction the college must reduce from the State budget the college has received. Each college completes a spreadsheet identifying which line items the college has decided to reduce. Historically over this 10-year timeframe, colleges have taken the management flexibility reduction as follows: approximately 61% from the curriculum formula, 27% from the institutional and academic support formula, 5% from the continuing education formula, 4% from the basic skills formula, 3% from the equipment formula, and less than 1% from other budget categories (exceeds 100% due to rounding).

The North Carolina Association of Community College Presidents (NCACCP) earlier this year voted to propose a method to absorb the management flexibility reduction. This task was assigned to the NCACCP Finance Committee. Over several months the NCACCP Finance Committee discussed and considered options to absorb the management flexibility reduction. The NCACCP Finance Committee proposed a method to absorb the management flexibility reduction at the May 8, 2019 NCACCP meeting which was approved by a vote of the NCACCP. This proposal now comes to the State Board of Community Colleges for consideration.

Method of Allocation: The NCACCP proposal first assumes that full, recurring funding for the short-term workforce budget request is appropriated by the General Assembly. They do not recommend absorbing the management flexibility reduction unless full, recurring funding is appropriated. If this funding is appropriated, then the management flexibility reduction would be absorbed into four State Aid budget formulae: curriculum, continuing education, basic skills, and institutional and academic support. The reduction would be absorbed pro-rata into each formula by reducing the formula values. If this methodology is approved by the State Board of Community Colleges, the System Office staff will implement this formula when preparing the 2019-20 State Aid Allocations and Budget Policies document for State Board approval.

Contact:

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