

**STATE BOARD OF COMMUNITY COLLEGES  
Proposed Basic Skills Formula Modification**

**Request:** The State Board is asked to approve a change to the Basic Skills Block Grant allocation methodology that would allocate \$3 million in State funds based on a college's pro-rata share of high school equivalency and adult high school diplomas awarded system-wide.

**Rationale:** Our Performance-Based Funding (PBF) model has two components:

1. The "Quality" component, through which funds are allocated based on a college's rate of student success on each performance measure as compared to a system-wide performance baseline level and excellence level; and
2. The "Impact" component, through which funds are allocated based on the number of students succeeding on each measure.

For the past two fiscal years, \$3 million has been allocated through our Performance-Based Funding model for the "Attainment of adult high school equivalency diplomas" performance measure.

Section 10.1 of HB 1030 amends G.S. 115D-31.3 to delete this measure. The State Board recommended the deletion of this measure for a period of time because significant changes with high school equivalency assessments prevent the establishment of reliable baseline and excellence levels. As noted above, these levels are necessary to allocate funds through the "Quality" component of our performance-based funding model.

At its May 18, 2016, meeting, the NC Association of Community College Presidents (NCACCP) voted to recommend that this \$3 million associated with this measure be allocated based on a college's pro-rata share of high school equivalency and adult high school diplomas awarded system-wide. This recommendation ensures that the \$3 million continues to be allocated based on student outcomes in this instructional area and that we use a methodology that is consistent with the "Impact" component of the PBF model.

In the future, once we are able to establish valid baseline and excellence levels, we plan to recommend the "Attainment of adult high school equivalency diplomas" performance measure be added back to G.S. 115D-31.3. At that time the \$3 million would be allocated through both components of the PBF model.

G.S. 115D-5 directs the State Board of Community Colleges "to provide for the equitable distribution of State and federal funds to the several institutions." Therefore, this proposed change to the Basic Skills allocation formula is under the State Board's purview. If the State Board takes affirmative action on this proposal, the FY 2016-17 Basic Skills Block Grant allocations will be calculated consistent with the revised formula presented here.

**Proposed Basic Skills Formula Methodology**

The proposed revision to the Basic Skills Block Grant formula would be determined by three components:

- **FTE allocation (State/Federal):** Colleges will continue to receive the Tier 2 funding amount for each Basic Skills FTE.
- **Federal HSE/AHS Diploma Awarded allocation:** After allocating FTE funds, the remaining federal funds would be allocated to colleges based on their pro-rata share of HSE/AHS Diplomas awarded.
- **State Performance-Based Funding allocation:**
  - **Progress of Basic Skills Students as Defined by Educational Functioning Level (Columns 4 & 9)** - \$3 million dollars would be allocated for this measure through the “Quality” and “Impact” components of the PBF model.
  - **HSE/AHS Diplomas Attainment (Columns 5 & 10)** – \$3 million dollars would be allocated for this measure through the “Impact” component only of the PBF model.

The NCACCP recommends phasing in the proposed change over two years by mitigating any difference from the current formula by 50% in the first year of implementation. Attachment A shows this **mitigation amount in column 13**. **Column 14** reflects what the **revised allocation** would be under the proposed model after accounting for the first-year mitigation.

**Contact:**

Jennifer Haygood  
Executive Vice President, CFO

Proposed Basic Skills Formula Change

COMMUNITY COLLEGES	FY 2015-16 Basic Skills State PBF			Est. FY 2016-17 Basic Skills State PBF			Phase-In Adjustment			
	3	4	5	6	9	10	11	12	13	14
	HSE/AHS Diplomas Awarded *	Basic Skills Student Progress	HSE/AHS Attainment	Total Basic Skills State PBF Allocation	Basic Skills Student Progress	HSE/AHS Attainment	Total Basic Skills State PBF Allocation	Difference	Adjustment	Proposed Total
						\$ 518				
Alamance CC	100	\$45,417	\$30,660	\$76,077	\$45,417	\$51,778	\$97,195	\$21,118	(\$10,559)	\$86,636
Asheville-Buncombe TCC	165	\$75,276	\$140,815	\$216,091	\$75,276	\$85,433	\$160,709	(\$55,382)	\$27,691	\$188,400
Beaufort County CC	81	\$15,307	\$9,890	\$25,197	\$15,307	\$41,940	\$57,247	\$32,050	(\$16,025)	\$41,222
Bladen CC	54	\$19,962	\$25,296	\$45,258	\$19,962	\$27,960	\$47,922	\$2,664	(\$1,332)	\$46,590
Blue Ridge CC	62	\$17,701	\$61,276	\$78,977	\$17,701	\$32,102	\$49,803	(\$29,174)	\$14,587	\$64,390
Brunswick CC	44	\$30,167	\$46,249	\$76,416	\$30,167	\$22,782	\$52,949	(\$23,467)	\$11,734	\$64,683
Caldwell CC & TI	68	\$36,159	\$64,192	\$100,351	\$36,159	\$35,209	\$71,368	(\$28,983)	\$14,492	\$85,860
Cape Fear CC	189	\$74,247	\$63,928	\$138,175	\$74,247	\$97,860	\$172,107	\$33,932	(\$16,966)	\$155,141
Carteret CC	50	\$11,171	\$37,163	\$48,334	\$11,171	\$25,889	\$37,060	(\$11,274)	\$5,637	\$42,697
Catawba Valley CC	98	\$43,797	\$64,182	\$107,979	\$43,797	\$50,742	\$94,539	(\$13,440)	\$6,720	\$101,259
Central Carolina CC	162	\$131,290	\$81,916	\$213,206	\$131,290	\$83,880	\$215,170	\$1,964	(\$982)	\$214,188
Central Piedmont CC	268	\$315,150	\$187,766	\$502,916	\$315,150	\$138,764	\$453,914	(\$49,002)	\$24,501	\$478,415
Cleveland CC	46	\$24,241	\$10,155	\$34,396	\$24,241	\$23,818	\$48,059	\$13,663	(\$6,832)	\$41,228
Coastal Carolina CC	99	\$38,472	\$36,898	\$75,370	\$38,472	\$51,260	\$89,732	\$14,362	(\$7,181)	\$82,551
College of The Albemarle	96	\$28,577	\$48,604	\$77,181	\$28,577	\$49,707	\$78,284	\$1,103	(\$552)	\$77,733
Craven CC	43	\$31,580	\$47,582	\$79,162	\$31,580	\$22,264	\$53,844	(\$25,318)	\$12,659	\$66,503
Davidson County CC	113	\$90,627	\$72,522	\$163,149	\$90,627	\$58,509	\$149,136	(\$14,013)	\$7,007	\$156,143
Durham TCC	103	\$74,730	\$39,805	\$114,535	\$74,730	\$53,331	\$128,061	\$13,526	(\$6,763)	\$121,298
Edgecombe CC	87	\$70,898	\$61,330	\$132,228	\$70,898	\$45,047	\$115,945	(\$16,283)	\$8,142	\$124,087
Fayetteville TCC	218	\$118,496	\$66,078	\$184,574	\$118,496	\$112,875	\$231,371	\$46,797	(\$23,399)	\$207,973
Forsyth TCC	154	\$153,488	\$59,299	\$212,787	\$153,488	\$79,738	\$233,226	\$20,439	(\$10,220)	\$223,007
Gaston College	132	\$30,936	\$63,642	\$94,578	\$30,936	\$68,347	\$99,283	\$4,705	(\$2,353)	\$96,931
Guilford TCC	84	\$76,945	\$105,790	\$182,735	\$76,945	\$43,493	\$120,438	(\$62,297)	\$31,149	\$151,587
Halifax CC	35	\$16,915	\$6,154	\$23,069	\$16,915	\$18,122	\$35,037	\$11,968	(\$5,984)	\$29,053
Haywood CC	56	\$9,614	\$57,748	\$67,362	\$9,614	\$28,996	\$38,610	(\$28,752)	\$14,376	\$52,986
Isothermal CC	101	\$24,272	\$37,174	\$61,446	\$24,272	\$52,295	\$76,567	\$15,121	(\$7,561)	\$69,007
James Sprunt CC	11	\$17,070	\$17,680	\$34,750	\$17,070	\$5,696	\$22,766	(\$11,984)	\$5,992	\$28,758
Johnston CC	101	\$37,636	\$3,641	\$41,277	\$37,636	\$52,295	\$89,931	\$48,654	(\$24,327)	\$65,604
Lenoir CC	61	\$70,102	\$107,892	\$177,994	\$70,102	\$31,584	\$101,686	(\$76,308)	\$38,154	\$139,840
Martin CC	76	\$20,028	\$24,939	\$44,967	\$20,028	\$39,351	\$59,379	\$14,412	(\$7,206)	\$52,173
Mayland CC	149	\$28,162	\$41,252	\$69,414	\$28,162	\$77,149	\$105,311	\$35,897	(\$17,949)	\$87,363
McDowell TCC	48	\$14,963	\$34,900	\$49,863	\$14,963	\$24,853	\$39,816	(\$10,047)	\$5,024	\$44,840
Mitchell CC	68	\$28,535	\$32,453	\$60,988	\$28,535	\$35,209	\$63,744	\$2,756	(\$1,378)	\$62,366
Montgomery CC	22	\$16,169	\$24,654	\$40,823	\$16,169	\$11,391	\$27,560	(\$13,263)	\$6,632	\$34,192
Nash CC	48	\$17,547	\$9,453	\$27,000	\$17,547	\$24,853	\$42,400	\$15,400	(\$7,700)	\$34,700
Pamlico CC	18	\$8,988	\$9,971	\$18,959	\$8,988	\$9,320	\$18,308	(\$651)	\$326	\$18,634
Piedmont CC	72	\$19,332	\$45,790	\$65,122	\$19,332	\$37,280	\$56,612	(\$8,510)	\$4,255	\$60,867
Pitt CC	58	\$50,225	\$32,210	\$82,435	\$50,225	\$30,031	\$80,256	(\$2,179)	\$1,090	\$81,346
Randolph CC	82	\$14,083	\$17,415	\$31,498	\$14,083	\$42,458	\$56,541	\$25,043	(\$12,522)	\$44,020
Richmond CC	203	\$67,603	\$60,114	\$127,717	\$67,603	\$105,109	\$172,712	\$44,995	(\$22,498)	\$150,215
Roanoke-Chowan CC	23	\$781	\$2,366	\$3,147	\$781	\$11,909	\$12,690	\$9,543	(\$4,772)	\$7,919
Robeson CC	108	\$79,145	\$27,101	\$106,246	\$79,145	\$55,920	\$135,065	\$28,819	(\$14,410)	\$120,656

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	HSE/AHS Diplomas Awarded *	Basic Skills Student Progress	HSE/AHS Attainment	Total Basic Skills State PBF Allocation	Basic Skills Student Progress	HSE/AHS Attainment	Total Basic Skills State PBF Allocation	Difference	Adjustment	Proposed Total
Rockingham CC	39	\$12,773	\$38,070	\$50,843	\$12,773	\$20,193	\$32,966	(\$17,877)	\$8,939	\$41,905
Rowan-Cabarrus CC	154	\$41,928	\$59,391	\$101,319	\$41,928	\$79,738	\$121,666	\$20,347	(\$10,174)	\$111,493
Sampson CC	104	\$46,134	\$20,758	\$66,892	\$46,134	\$53,849	\$99,983	\$33,091	(\$16,546)	\$83,438
Sandhills CC	67	\$20,751	\$27,672	\$48,423	\$20,751	\$34,691	\$55,442	\$7,019	(\$3,510)	\$51,933
South Piedmont CC	121	\$70,867	\$61,951	\$132,818	\$70,867	\$62,651	\$133,518	\$700	(\$350)	\$133,168
Southeastern CC	101	\$49,841	\$64,166	\$114,007	\$49,841	\$52,295	\$102,136	(\$11,871)	\$5,936	\$108,072
Southwestern CC	74	\$28,550	\$55,486	\$84,036	\$28,550	\$38,315	\$66,865	(\$17,171)	\$8,586	\$75,451
Stanly CC	46	\$28,761	\$20,943	\$49,704	\$28,761	\$23,818	\$52,579	\$2,875	(\$1,438)	\$51,142
Surry CC	71	\$31,502	\$69,157	\$100,659	\$31,502	\$36,762	\$68,264	(\$32,395)	\$16,198	\$84,462
Tri-County CC	26	\$4,017	\$21,850	\$25,867	\$4,017	\$13,462	\$17,479	(\$8,388)	\$4,194	\$21,673
Vance-Granville CC	268	\$34,010	\$93,669	\$127,679	\$34,010	\$138,764	\$172,774	\$45,095	(\$22,548)	\$150,227
Wake TCC	403	\$329,919	\$239,238	\$569,157	\$329,919	\$208,664	\$538,583	(\$30,574)	\$15,287	\$553,870
Wayne CC	222	\$120,504	\$86,226	\$206,730	\$120,504	\$114,946	\$235,450	\$28,720	(\$14,360)	\$221,090
Western Piedmont CC	151	\$3,687	\$43,975	\$47,662	\$3,687	\$78,184	\$81,871	\$34,209	(\$17,105)	\$64,767
Wilkes CC	69	\$43,903	\$44,503	\$88,406	\$43,903	\$35,727	\$79,630	(\$8,776)	\$4,388	\$84,018
Wilson CC	22	\$37,049	\$35,000	\$72,049	\$37,049	\$11,391	\$48,441	(\$23,608)	\$11,802	\$60,230
<b>TOTAL</b>	<b>5,794</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$6,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 6,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,000,000</b>

\*Reflects actual 2014-15 GEDs and AHS diplomas awarded