

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

## Legislative Fiscal Note

**BILL NUMBER:** House Bill 579 (First Edition)

**SHORT TITLE:** Comm. Coll. Summer Courses/Funded FTE.

**SPONSOR(S):** Representatives McNeill, L. Johnson, Horn, and Brody

<b>FISCAL IMPACT</b>					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
<b>State Impact</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
General Fund Revenues:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
General Fund Expenditures:	\$0.0	\$17.4	\$17.9	\$18.4	\$18.9
State Positions:	0.0	0.0	0.0	0.0	0.0
<b>NET STATE IMPACT</b>	<b>\$0.0</b>	<b>(\$17.4)</b>	<b>(\$17.9)</b>	<b>(\$18.4)</b>	<b>(\$18.9)</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
North Carolina Community College System					
<b>EFFECTIVE DATE:</b> When the Bill becomes law for 2015 Summer term courses					
<b>TECHNICAL CONSIDERATIONS:</b>					
None					

**BILL SUMMARY:** House Bill 579 allows the North Carolina Community College System (NCCCS) to offer all curriculum courses within the Summer Term, and to include these courses during the full-time equivalent funding formula when calculating enrollment funding needs.

**ASSUMPTIONS AND METHODOLOGY:** The budget for NCCCS is calculated based on a Full-Time Equivalent (FTE) student. A FTE for budget purposes is determined to be a student who takes 256 credit hours a semester (16 credit hours multiplied by 16 week of study) or 512 credit hours a year (two semesters). The NCCCS budgeted enrollment for funding requests is calculated by using the average of the past two years of budgeted FTE or last year, whichever is higher. In most circumstances, Summer Term courses are not utilized in this calculation and NCCCS does not receive State funding to teach them. Community College campuses offer Summer term courses with funds available to the campus. In 2013, NCCCS received the authority to teach, and use for budgeted FTE calculation purposes, technical education, health care, developmental education, and STEM-related courses in the Summer Term (S.L. 2013-360, Sec.10.4). According to NCCCS, campuses are currently teaching classes that would classify as a curriculum course, not included in the 2013 change, under this bill in the Summer Term, with funds available to the campus. For the 2014 Summer Term, 3,458 FTE took advantage of such course offerings.

In addition, NCCCS makes enrollment funding requests and allocations by placing types of classes in Tiers to reflect the different costs in offering different types of courses. There are four Tiers, three of which apply to Curriculum courses:

**Table 1: Curriculum Tiers**

<b>Tier</b>	<b>Description</b>	<b>Allocation Amount</b>
Tier 1a	High Cost Courses: Health Care and Technical	\$5,869.62
Tier 1b	High Cost Courses: Health Care and Technical	\$5,390.47
Tier 2	All other Curriculum	\$4,907.16

The courses impacted by House Bill 579 are classified as Tier 2 and receive a General Fund allocation of \$4,907.16 per student.

For the purposes of this analysis, the number of students taking advantage of this offering is expected to remain constant. As the students are already paying tuition, no additional receipts would be generated. For informational purposes, the credit hour tuition is \$72 per credit hour for these courses. One reason why such enrollment may remain constant is that it would be difficult for a campus to provide such course offerings, as the funding to provide them would not be reflected in the NCCCS budget request until the next year. There would also not be a fiscal impact in FY 2015-16, as the enrollment calculation from offering Summer 2015 courses would not be used for funding decisions until FY 2016-17. The table below reflects the cost analysis of this bill and figures were inflated based on inflation guidelines in the 2015 Legislative Fiscal Note Manual:

**Table 2: Budgeted FTE Increase**

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Tier 2 Allocation per FTE	\$4,907	\$5,041	\$5,186	\$5,329	\$5,459
Number of Budgeted FTE	3,458	3,458	3,458	3,458	3,458
Total Enrollment Funding Increase	\$0	\$17,430,515	\$17,932,514	\$18,427,451	\$18,877,081

**SOURCES OF DATA:** North Carolina Community College System Office

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** April 10, 2015



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