



The University of North Carolina

2005 NC General Assembly

Session Overview

The 2005 Session of the North Carolina General Assembly was very successful for the University of North Carolina. The University saw a 10.9% increase in authorized spending, a particularly impressive figure given the budget constraints that the General Assembly faced. The General Assembly provided full funding for University enrollment growth, funded Need-based financial aid through the Escheats fund, provided funding for the University's focused growth and special needs institutions, faculty and staff pay increases as well as funds to increase salaries for NCSU and NC A&T Agricultural program employees. It ordered minimal cuts (1.72%) with full management flexibility to the campuses. In today's fiscal environment, this was a remarkable outcome.

The General Assembly also passed over 20 items from the Board of Governors' Non-Budget Legislative Agenda. Issues such as amending the Umstead Act, expanding the tuition waiver program for faculty and staff, and the continuation of the Academic Common Market program were among those successes. The NC General Assembly showed tremendous support for public higher education in North Carolina during the 2005 Session.

FRAMING THE SESSION

The 2005 Session began on Wednesday, January 26th and adjourned Friday, September 2nd, lasting almost eight months. It was marked by a long budget debate, last minute enactment of a state lottery, strengthening of the state's lobbying laws, and some increases in taxes, including the cigarette excise tax.

Before the Session convened, analysts were warning of fiscal woes caused by the temporary ½ cent sales tax increase and the highest income tax bracket that were set to expire. This, combined with one-time dollars used to fill budget gaps in the 2004-05 budget, offset any economic improvement projected from 2004 revenues. Although revenues continued to improve, the needs of the state particularly with respect to the state health plan and Medicaid were increasing. Initial estimates were that the state needed to compensate for a deficit of approximately \$1.2 billion, either through revenue increases or cuts to state government or a combination of both. In the end, the NC General Assembly extended the ½ cent sales tax, extended the tax on the highest income bracket and increased the cigarette tax. The extension of those taxes, combined with increases in other taxes and revenue improvements as the fiscal year unfolded, eventually allowed the NC General Assembly to fund needed expansion and improvements.

The 2005 Session saw almost 3000 bills introduced in the House and the Senate. Over 400 of those became law. The General Assembly also took action to strengthen the lobbying laws in North Carolina, widely regarded as the weakest in the nation. While they will not take effect until 2007, they will affect how the University and its campuses

work with legislators. Perhaps the largest news item from the 2005 session, however, happened in the waning days. The Senate returned to Raleigh on August 30th, after many thought they were finished, to give final approval for a state lottery. The final vote, however, was marked with controversy. The vote counts had previously leaned against the lottery, but two opposing Senators were unable to attend the day the lottery bill was up for a vote. Lt. Governor Beverly Perdue broke the tie, sending the lottery legislation to Governor Easley for his signature. The lottery provides that 10% of the net revenues be transferred to the State Educational Assistance Authority to fund college and university scholarships.

One final noteworthy issue from the session relating to the University was the legislative and very public debate about University governance and the Board of Governors' authority for setting tuition. The Senate proposed two special provisions in their budget, one would give the boards of trustees at NCSU and UNC-CH tuition setting authority and the other would allow out-of-state students on full scholarship to receive in-state tuition. The former provision could have shifted the governance structure of the University system. The latter provision would have cost the University over \$30 million and brought up issues regarding the 18% cap on out-of-state students. Both received strong, unified opposition across the state. In the end, the General Assembly eliminated the tuition provision and passed a modified out-of-state full scholarship provision.

The 2006 "Short" Session will convene on Tuesday, May 9th, 2006.

Senate Bill 622, 2005 State Budget Act, S.L. 2005-276

SETTING THE STAGE

During the December 2004 orientation for new members, the Fiscal Research Division presented the revenue issues before the 2005 General Assembly including potential budget scenarios (2A). Based on 2004 data, Fiscal Research determined that there would be a projected budget deficit of just over \$1.2 billion.

Through December, General Fund revenues were running about \$95 million ahead of the \$7.4 billion target. However, \$30 million of the \$95 million revenue surplus was from one-time settlement of long-outstanding tax dispute. Additionally, the sunset of three major revenue sources (½ cent sales tax, 8.25% income tax rate and the estate tax) would take away around \$480 million of revenue for 2005-06 and about \$650 million for 2006-07.

Items comprising the list of 2005-06 spending needs included Medicaid increases (\$210 million), Public School Enrollment (\$200 million), Debt Service (\$115 million) along with pay raises for state employees, ABC's Bonuses (\$125 million), State Health Plan (\$161 million) and Higher Education Enrollment (\$81 million).

The revenue situation in combination with these "basic" needs created a potential budget deficit of over \$1.2 billion. The General Assembly was clearly going to need to increase revenue or implement serious cuts for a balanced budget or a combination of both.

GOVERNOR EASLEY'S BUDGET RECOMMENDATIONS

On February 23rd, Governor Easley released his proposed budget (2Bi). The Governor recommended fully funding the University's enrollment growth request as well as enlarging the Need-Based Financial Aid Program. While his budget showed cuts to the University of approximately \$20 million, it did propose full flexibility to the campuses for those cuts.

Here are the highlights of Governor Easley's "Recommended Adjustments" for the 2005-2006 North Carolina State Budget:

- Full funding Enrollment Growth (UNC & NCSSM) – \$73,629,935;
- Funding for Need-Based Financial Aid – \$11,874,000;
- UNC-NCCCS 2+2 E-Learning Initiative – \$1,000,000;
- CFNC Teacher Recruitment and Marketing Online Module – \$25,000;
- NCSU William and Ida Friday Institute for Educational Innovation – \$1,000,000;
- Biotechnology Initiatives (NCSU & NCCU) – \$2,500,000; and
- Reductions of 1% Management Flexibility – (\$20,000,000).

On the issue of salaries, the Governor recommended a 2% salary increase for state employees. The University was pleased with the Governor's recommendations (2Bii).

JOINT EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

The General Assembly began its budget deliberation soon after receiving the Governor's budget recommendations. In early March, the full House and Senate Appropriations Committees met to hear budget presentations from the state agencies. President Broad spoke to the full committees, presenting the Board of Governors' Budget Request for 2005-2007. She highlighted the highest priorities, aligning them with the University's Strategic Directions. Full Funding for University Enrollment, support for need-based financial aid, funding to address the statewide shortage of teachers and nurses, UNC-NCCCS Joint Task Force Initiatives, State Business and Technology Development Center (SBTDC), Department of Defense Initiative, UNC Institute for Renaissance Computing and salary increases were included. President Broad urged the NC General Assembly to continue its support of higher education and pledged to work with the legislature to meet the economic and educational needs of North Carolina.

Mid-March officially started the detailed budget deliberation at the General Assembly. The Joint Appropriations Subcommittees began meeting to become educated about their area, hear from departments and programs, and provide recommendations to the Chairs. The budget instructions given to the subcommittees included spending targets and rules for how items should be cut or expanded (2Ci). The Joint Appropriations Subcommittees were also instructed to use targeted zero-based budgeting in their approach. While the use of targeted zero-based budgeting had been used in the past, it usually resulted in a budget with aggressive line-item cuts.

The Joint Appropriations Subcommittee on Education received a spending target of \$9,229,461,096 which was a cut from the starting total education budget of about \$136.5 million. Clearly, a target that reduced the education budget this much was troubling. Also provided to the committee were estimated costs needed to fund enrollment increases at the University and Community Colleges, as well as the Leandro case. In order to make

their target and provide funding for these key issues, the subcommittee was going to have to propose significant cuts.

The Joint Appropriations Subcommittee on Education began its review by asking for presentations from the Public Schools, Community Colleges, and the University. The University presented, at their request, items such as K-12 programs, the University Organizational chart, overall budget, bond projects impact on campuses, zero-based budget targets, salaries, focused growth program, enrollment funding model, tuition, and overhead receipts. While the subcommittee was generally favorable about these programs and areas, the depth of review of such specific items was alarming.

In the end, the subcommittees asked for 4% reduction scenarios from the state agencies and the University. While some agencies chose not to provide reduction scenario, the University did respond (2Ci). The submissions were to identify where cuts would occur in the University and the number of positions eliminated. On March 24th, the University provided 2%, 3%, and 4% cut scenarios explaining the effect of such severe cuts. The document acknowledged the fiscal constraints the State of North Carolina has endured over the past several years as well as the significant budget reductions and required reversions the University has absorbed. A 1% cut would eliminate \$19 million from the University's budget and cut approximately 201 positions, 78 of those filled. A 4% cut would eliminate over \$78 million from the University's budget and cut approximately 908 positions, 501 of those filled.

On April 1st, an action alert was sent to the campuses asking them to contact their legislators to discuss the impact of cutting the University budget by 4%. The message was simple – keep cuts to a minimum and provide the campuses full flexibility in making any cuts (2Ci). While the University acknowledged the financial situation the state faced, it was important to remind legislators how much the University had been cut over the past few years and the effects of those cuts on faculty & staff, students and overall University operations.

On April 18th, the Joint Appropriations Subcommittee released a Preliminary Joint Money Report which showed significant reductions to the University budget, including some of those items submitted as a part of a 4% reduction scenario (2Cii).

Summary of Reductions:

- Reduction to the Distinguished Professors Endowment Fund – (\$2,000,000);
- Reduction to the Building Reserves – Minimum Hiring Rate – (\$1,428,331);
- Reduction to Center for Alcohol Studies and Juvenile Justice Institute – (\$250,000);
- Abolishes the Legislators' Schools for Youth Leadership Development – (\$498,975);
- Eliminates the inflationary adjustments and equipment replacement – (\$13,561,121);
- Eliminates 407 vacant positions – (\$25,570,894);
- Eliminates 348 filled positions – (\$19,205,203);
- Reduces Temporary and Contracted Wages – (\$1,276,302);
- Reduces Instructional Support Services – (\$6,536,099);

- Reduces Community Services/Outreach – (\$1,850,450);
- Reduces Support Services – (\$2,172,686);
- Reduction to Administrative Support Services – (\$8,418,747); and
- Elimination of the General Fund subsidy of Summer School – (\$3,658,515).

The total cuts recommended by the Joint Appropriations Subcommittee were \$95 million. The University issued an immediate action alert to the campuses asking them to again contact their legislators to articulate the devastating effects of such deep cuts (2Cii). As the Senate (which did its budget first) began its separate budget consideration, the University was anxious to begin working with the budget writers to articulate its needs.

SENATE EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETS

The Senate Education Appropriations Subcommittee worked for a week, concluding on April 29th. By May 2nd they had approved their recommended education budget. The Senate Appropriations subcommittee did not recommend severe line items cuts like the Joint Appropriations Subcommittee. The Senate's education budget was quite favorable with a 1% management flexibility reduction as well as full funding for enrollment and many of the Board of Governors' highest budget priorities. Most of their work was done privately behind closed doors.

SENATE APPROPRIATIONS COMMITTEE FINISHES BUDGET

The Senate Appropriations Committee met late in the afternoon on Tuesday, May 3rd. There were two troubling provisions included in the Senate budget, one dictating that all out-of-state undergraduates who receive full scholarships (academic, artistic, or athletic) to attend UNC campuses would pay in-state tuition rates and would be considered in-state for all purposes. No funds were provided to offset the fiscal impact, an estimated \$30 million. A second troubling provision would permit the Boards of Trustees at UNC-Chapel Hill and NC State University to increase tuition without the approval of the Board of Governors. State law makes it very clear that the Board of Governors is responsible for setting tuition for all 16 campuses in the University. President Broad immediately released a statement condemning these two provisions. Members of the Board of Governors', President Emeritus William Friday, former governors and former lieutenant governors quickly voiced opposition to the proposal (2Diii).

The Senate Appropriations Committee passed the Senate budget on May 4th with very few amendments, none affecting the University. Action then moved to the Senate floor.

SENATE FINISHES THEIR VERSION OF THE BUDGET

Later that day, the Senate debated the proposed budget. One amendment dealt with the University and the ECU Brody School of Medicine. It reduced the Strategic Initiative Reserve by \$700,000 (2Di). The budget bill was approved on Second Reading that evening with final approval given on May 5th.

Major items in the Senate version of the 2005-2006 State Budget included:

- Fully funds Enrollment growth (UNC & NCSSM) - \$72,953,678;
- Equity funding for UNCW / ASU - \$8,398,101;
- UNCC Transition to Doctoral / Research Intensive Status - \$5,000,000, \$10,000,000 in 2006;
- Need-Based Financial Aid through Escheats;

- UNC-NCCCS 2+2 E-Learning Initiative - \$1,000,000 NR;
- UNC-NCCCS Jt. Initiative for Teacher Education and Recruitment - \$640,000;
- William and Ida Friday Institute for Educational Innovation - \$2,500,000;
- Focus Growth Campus Funds - \$2,500,000;
- Biotechnology Initiative NCCU & NCSU - \$4,941,079;
- UNC TV Closed Captioning - \$483,978;
- Renaissance Computing Institute - \$5,900,000 and \$11,800,000 in 2006;
- ECU Brody Medicare Receipts - \$1,700,000;
- NC A&T State University Matching Funds - \$1,089,000;
- Management Flexibility Reduction of 1% and a 0.5% reduction for NCSA, UNC-CH AHEC, NCSSM and UNC-TV – (\$17,939,337);
- Inflationary Adjustment and Equipment Replacement Cuts – (\$13,561,121);
- Elimination General Fund subsidy of Summer School – (\$3,658,515);
- Building Reserves Minimum Hiring Rate – (\$1,428,329); and
- Reductions to Model Teaching Education Consortium, Juvenile Justice Institute, Legislators' Schools for Youth Leadership Development, and Non-credit and Receipt supported instruction.

The Senate included in their final budget several of the Board of Governors' Non-Budget legislative initiatives. Items such as the bond modifications, an increase to the Distinguished Professors Endowment limit, an enlarged Tuition Waiver program, and clarification of University employees and non-profits were included. On May 4, President Broad sent a memorandum to the Board of Governors summarizing the Senate budget (2Div).

The two troubling special provisions were included in the final Senate budget. At this time there was a marked increase in editorials and articles across the state speaking out against them.

HOUSE EDUCATION SUBCOMMITTEE MEETS

The House Education Appropriations Subcommittee began meeting after the Senate passed its budget. The House budget chairs provided targets for their subcommittee. The University was extremely concerned that the Education target was \$9.329 billion (2Ei). That was \$123 million less than the final Senate Education budget.

The University learned early that the House Education Appropriations Subcommittee was considering deep line item cuts to the University including vacant and filled positions, instructional support services, eliminating General Fund subsidy of Summer School and eliminating the Legislators' Schools for Youth Leadership Development. Early drafts from the subcommittee also did not fully fund enrollment growth for the University campuses (2Eii). In a memo, President Broad voiced her concerns to the Board of Governors and the campuses and asked them to contact their local legislators explaining the importance of enrollment funding to the University (2Eiii).

On June 10th the subcommittee released its recommendations which included (2Eiv):

- Removal of many line items cuts replaced by a 2% management flexibility reduction. Line items such as elimination of Summer School funding, abolishing

the Legislators' Schools for Youth Leadership Development and reductions to the Strategic Initiative Reserve remained;

- Enrollment funding for Regular Term and Distance Education enrollment increases funded, but not at the Board of Governors' requested amount. The University was also concerned that Distance Education was identified as a separate line item;
- Equity funding for UNCW and ASU, per the Board's request (\$8.398 million);
- Funding for UNCC transition to Doctoral status (\$10 million) ;
- Need-Based Financial aid funded through Escheats;
- Biotechnology Initiatives at NCCU and NCSU (\$4 million); and
- Funding for the NC School of Science and Math University Tuition, however the House Appropriations Subcommittee proposed the elimination of the program after 2005-06.

Once the House Education Appropriations Subcommittee concluded its work, the House Appropriations Committee met to consider the full House budget.

HOUSE APPROPRIATIONS COMMITTEE MEETS

The House Appropriations Committee met on June 15th to consider the proposed House budget. Rep. Douglas Yongue (in his summary of the Education budget) voiced his displeasure for not providing full funding for enrollment for the University, particularly in not funding the \$12 million needed for enrollment increases in Distance Education programs. Rep. Yongue pointed out that this was particularly harmful to East Carolina University. The debate in committee included 67 offered amendments (2Ev). Several affected the University:

1. Rep. George Cleveland offered an amendment to cut the UNC budget by \$13 million to fund Vocational Education in the public schools. Specific items he listed for cuts included Model Teaching Education Consortium (\$500,000), Legislative Tuition Grant for Part-Time Teacher and Nursing Students (\$1.5 million), reduce UNCW/ASU equity funding (\$1,538,719 million), reduce the UNCC Transition to Doctoral Status and reducing the Biotechnology Initiatives. Immediately, there was strong opposition from the committee with Reps. Michaux, Saunders, Yongue, Tolson, McComas and Jeffus speaking out against the amendment. While everyone agreed that Vocational Education was important, they did not want to cut University programs. The amendment was defeated.
2. Rep. Joe Hackney offered an amendment to eliminate several line item cuts by folding those cut amounts into the management flexibility reduction. The University was in favor of this amendment and it passed the committee.
3. Rep. Earline Parmon offered an amendment to allow the NC School of the Arts to management the recruitment of in-state students. The House budget had a provision included to limit the number of out of state students to 35%. Rep. Parmon's amendment increased that limit to 45% for the first year and to 40% by fall 2008. It passed the committee.
4. Rep. Phil Haire and Rep. Marian McLawhorn offered an amendment to restore funding for the Legislative School of Youth Leadership Development housed at WCU and ECU. The amendment passed.

5. Rep. Verla Insko offered an amendment to make a technical amendment regarding WCU and intervention services. It passed the committee.
6. Rep. Cleveland again offered an amendment to restore funding for Vocational Education to the public schools. This time the amendment cut the University budget through an increase in the management flexibility reduction. Rep. Yongue and Rep. Hackney spoke out against the amendment stating that this still was not the right way to get funding for Vocational Education. The committee agreed and defeated the amendment.
7. Rep. Thomas Wright offered an amendment to add a NCSU Green Industry Study along with \$150,000 NR to fund the study. It passed the committee.
8. Rep. Linda Coleman offered an amendment to use available funds to change the House's salary increase package from a 2.5% or \$500 increase to a flat dollar amount of \$1,086. Rep. Hackney and Rep. Insko highlighted the problem with provide a flat amount to the University and the public school teachers. Additionally, the amendment would mean a decrease in appropriations to UNC for salary increases of about \$8.2 million. The amendment failed.
9. Rep. Doug Yongue offered an amendment to direct NCSU to use \$3,700,000 from tuition receipts to support additional salaries for Agricultural employees. We were in support of this amendment primarily to get in the budget the dollar amount needed to fund salary increases for this group of employees. It passed the committee.

There were no further amendments affecting the University and the committee approved the House budget.

HOUSE FINISHES BUDGET

The House held its floor debate the evening of June 15th. There were very few amendments offered on the floor. Rep. Coleman offered a similar amendment regarding state employee pay raises. The amendment shifted the existing 2.5% or \$500 increase to a flat \$1086 increase, or \$90.50 per month. Given that many of our faculty have 10 month appointments, and that the amendment would not permit salary increase to be awarded on the basis of merit, we were concerned about the amendment. In addition, the amendment would cut University salary appropriations by approximately \$8.2 million. The amendment, however, received support on the floor and passed with a vote of 98-21. There were no further amendments affecting the University. The House passed the budget on second reading late that evening and stayed in session until after midnight to pass the budget on third reading on the morning of June 16th.

Highlights of the House budget include:

- Enrollment Growth Funding for Regular Term (no funding for NCSSM) - \$41,912,537;
- Partial Enrollment Growth Funding for Distance Education - \$18,087,463;
- Equity Funding for ASU / UNCW - \$8,398,101;
- UNCC Transition to Doctoral/Research Intensive Status - \$10,000,000;
- Need-Based Financial Aid through Escheats;
- Biotechnology Initiatives (NCSU & NCCU) - \$4,000,000;
- Focused Growth Funding - \$2,500,000 and an additional \$1,000,000 Non-Recurring;
- Special Needs Funding (NCSA & UNCA) - \$1,000,000 Non-Recurring; and

- Management Flexibility Reduction of 2.42% - (\$42,253,524).

The next day, President Broad provided a letter to the Board of Governors summarizing the House budget and thanking them for their work (2Evi). The University was pleased that the two troubling special provisions regarding Tuition Setting Authority and Scholarship Students that were in the Senate budget were not included in the House budget. However, we were disappointed that the final House budget did not fully fund the University's enrollment needs. This was the first time in recent history that a legislative body did not fully fund enrollment.

UNIVERSITY COMMUNICATES BUDGET PRIORITIES TO CONFEREES

A Conference Committee was appointed on June 21st to resolve the differences between the House and Senate budgets. Based on more current numbers from April revenue report, the Chairs of the House and Senate Appropriations Committees, along with legislative leadership, provided new targets to the conferees (2Fi). The new target for education was \$9.425 billion for 2005-06 and \$9.524 billion for 2006-07. This was higher than the House target and slightly lower than the Senate's target. Please see the schedule comparing the House and Senate budgets (2Fii).

Key issues the University presented to the Conferees as priorities for the budget included (2Fii):

Full funding for anticipated enrollment growth: The Senate budget would fully fund the Board of Governors' request for anticipated enrollment growth. While the House budget funds projected *on-campus* enrollment, it falls \$13 million short of the funds needed to serve our students taught at a distance—students who have already accepted admission to a UNC campus. As a result of profound changes in North Carolina's economy, demand for such programs continues to climb, with more than 18,000 students enrolled in UNC distance education programs last fall. More than 60 percent of students enrolled in off-campus programs are age 31 or older, and the majority say they could not have pursued a degree if the off-campus degree program were not available. If full enrollment funding is not provided, *all* students will likely face larger classes, fewer course sections, and restricted access to degree programs and student service. The University urged conferees to adopt the Senate approach.

Faculty and staff salary increases: The Senate budget provides for an annual salary increase for each permanent state employee of \$500 or 2 percent, whichever is greater. The House version includes a flat \$90.50 per month salary increase for each permanent employee. The House approach, in effect, shortchanges UNC faculty, who typically are employed on a nine- or ten-month basis. Importantly—with respect to faculty and other EPA salary funds under the purview of the Board of Governors—the Senate version would provide these funds to the Board in a lump sum and authorize it to establish guidelines for their allocation. This provision would permit these funds to be awarded on the basis of merit and equity, rather than across the board. The University urged conferees to adopt the Senate approach, which would result in a larger salary pool for University employees and allow the awarding of faculty and non-faculty EPA salary increases on a merit basis.

Minimize Reductions. Maximize Flexibility: Both the House and Senate budgets would require the University to make permanent cuts to its operating budgets in excess of \$40 million through a combination of management flexibility reductions and line-item cuts. Given the cumulative impact of repeated budget cuts to our campus operating budgets, we urged conferees to reduce the overall level of cuts, avoid line-item cuts, and provide University leaders with full flexibility to make required reductions in a manner that minimizes harm to each campus.

Repairs and Renovations: The House budget sets aside \$47.3 million for the University in a statewide Reserve for Repairs and Renovations of state-owned facilities. The Senate version provides \$23 million for this purpose. If UNC does not receive adequate R&R for basic life-cycle maintenance and repairs, we will not only compound the University's existing backlog of deferred maintenance problems, but create new ones as well. The House approach would be far more beneficial to the University. The University urged conferees to adopt the House approach—and to increase the level of R&R funding further if at all possible.

Other issues that received considerable attention in the conference committee were the two Senate proposed special provisions regarding Tuition Authority to Research Institutions and full Scholarship Students. There was considerable press coverage of the Senate proposals and the Board of Governors at its May 2005 meeting passed a resolution opposing the special provision for Tuition Setting Authority to UNC-CH and NCSU. The Board of Governors also voiced their displeasure at the full Scholarship Student provision.

The University also worked to articulate to the Conferees support for the special provisions that appear in either the House or Senate budget that were a part of the Board of Governors' Non-Budget Legislative Agenda.

HOUSE AND SENATE FINISH BUDGET

The House and Senate Conferees met for over a month, passing several continuing resolutions to keep state government running at the beginning of the new fiscal year. The second continuing resolution of the year, passed on July 19th, included full funding for public school, community college and University enrollment (2Fiii). The University was pleased that full enrollment funding was provided by the General Assembly.

On August 8th, the conference committee released its final budget recommendations. The conference reported was adopted by the House and the Senate and the final budget bill was ratified on August 11th. The Governor signed the bill on August 16th. The Senate, House and Final Budgets are shown immediately following this overview.

The final budget included numerous special provisions and funding items relating to the University. Here are the highlights:

- Fully funds Enrollment growth (UNC & NCSSM) - \$72,953,678;
- Equity funding for UNCW / ASU - \$8,398,101;
- UNCC Transition to Doctoral / Research Intensive Status - \$5,000,000, \$10,000,000 in 2006;
- Need-Based Financial Aid through Escheats;

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- UNC-NCCCS 2+2 E-Learning Initiative - \$1,000,000 NR;
- William and Ida Friday Institute for Education Innovation - \$1,900,000;
- Focused Growth Campus Funds - \$2,500,000 and \$1,250,000 NR;
- Special Needs Institutions - \$1,000,000 NR;
- Biotechnology Initiative NCCU & NCSU - \$4,941,079;
- UNC TV Closed Captioning - \$483,978;
- Renaissance Computing Institute - \$5,900,000 and \$11,800,000 in 2006;
- ECU Brody Medicare Receipts - \$1,700,000;
- NC A&T State University Matching Funds - \$1,089,000;
- Management Flexibility Reduction of 1.72%, excluding AHEC, UNC-TV, NCSA, NCSSM and other education programs – (\$31,047,708);
- Elimination General Fund subsidy of Summer School – (\$3,658,515);
- Building Reserves Minimum Hiring Rate – (\$1,428,329); and
- Reduction to Strategic Initiatives Reserve – (\$700,000).

The final budget included funds for an \$850 or 2% (whichever is greater) salary increase for University employees. It provided those funds with full flexibility for EPA salary increases, including recognition of merit. The final budget also provided funds to increase the salaries of Agricultural program employees at NCSU and NC A&T, as well as money to increase the Chancellors' salaries.

The overall final budget was very favorable to the University. The University is grateful to the General Assembly for their support. Along with minimal reductions (given the state's fiscal condition) and full funding for top priorities such as enrollment and financial aid, the General Assembly included in its final budget numerous special provisions supporting the Board of Governors' Non-Budget Legislative Agenda. The Senate special provision concerning Tuition Setting Authority was not included in the final budget. The final budget did include a modified version of the full Scholarship Student provision, making it optional for the campuses and limiting its fiscal impact.

APPENDIX X

| University of North Carolina 2005-07 Budget | | | | | | |
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| | | | | | | |
| | Senate | | House | | FINAL | |
| | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 |
| University Adjusted Continuation Budget | \$2,024,322,442 | \$2,052,608,147 | \$2,024,322,442 | \$2,052,608,147 | \$2,024,322,442 | \$2,052,608,147 |
| <u>Expansion:</u> | | | | | | |
| Enrollment Growth (UNC & NCSSM) | 72,953,678 | 72,953,678 | 60,000,000 | 60,000,000 | 72,953,678 | 72,953,678 |
| Equity Funding (UNCW & ASU) | 8,398,101 | 8,398,101 | 8,398,101 | 8,398,101 | 8,398,101 | 8,398,101 |
| UNCC Transition to Doctoral/Research Intensive Status | 5,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 5,000,000 | 10,000,000 |
| Legislative Tuition Grants for Private College Students | 1,395,488 | 1,395,488 | 1,395,488 | 1,395,488 | 1,395,488 | 1,395,488 |
| Legislative Tuition Grants for Part-time Teacher and Nursing Students (Private Colleges) | – | – | 1,500,000 | 1,500,000 | – | – |
| State Contractual Scholarship Fund Increase (Private Colleges) | – | – | 1,596,000 | 1,596,000 | 1,596,000 | 1,596,000 |
| UNC Need-Based Student Financial Aid Program—\$11,874,000 | fund from Escheats | | fund from Escheats | | fund from Escheats | |
| Millennium Teacher Scholarship Loan Program—\$390,000 | fund from Escheats | | fund from Escheats | | fund from Escheats | |
| Health, Science & Mathematics Student Loan Prog. – \$1.1M | fund from Escheats | | fund from Escheats | | fund from Escheats | |
| UNC-NCCCS 2+2 E-Learning Initiative | 1,000,000 | NR | 1,000,000 | NR | 1,000,000 | NR |
| UNC-NCCCS Joint Initiative for Teacher Educ. & Recruitment | 640,000 | 640,000 | – | – | 480,000 | 640,000 |
| CFNC Teacher Recruitment & Marketing Online Module | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Biotechnology Initiatives (BRITE-NCCU & BTEC-NCSU) | 4,941,079 | 4,941,079 | 4,000,000 | 4,000,000 | 4,941,079 | 4,941,079 |
| UNC-TV Closed Captioning | 483,978 | 483,978 | 483,978 | 483,978 | 483,978 | 483,978 |
| William & Ida Friday Institute for Educ. Innovation (NCSU) | 2,500,000 | 2,500,000 | 1,900,000 | 1,900,000 | 1,900,000 | 1,900,000 |
| Teacher Scholarship for Math & Science—public & private colleges | 650,000 | 1,300,000 | 650,000 | 1,300,000 | 650,000 | 1,300,000 |
| NCSSM Graduates University Tuition Grant | 585,565 | 1,523,183 | 585,565 | 585,565 | 585,565 | 1,523,183 |
| North Carolina in the World Project (NC Ctr for Int'l Understanding) | 200,000 | NR | 200,000 | NR | 200,000 | NR |
| Manufacturing Extension Partnership (NCSU) | 150,000 | NR | 150,000 | NR | 150,000 | NR |
| NCA&T State University Matching Funds | 1,089,000 | 1,089,000 | 1,089,000 | 1,089,000 | 1,089,000 | 1,089,000 |
| North Carolina Space Grant Consortium | 200,000 | 200,000 | – | – | 200,000 | 200,000 |
| Focused Growth Campus Funds | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| (ECSU, FSU, NCA&T, NCCU, UNCP, WCU, and WSSU) | – | – | 2,500,000 | NR | 1,250,000 | NR |
| Special Needs Institutions (NCSA & UNCA) | – | – | 1,000,000 | NR | 1,000,000 | NR |
| Initiatives to Close the Achievement Gap | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Center for Craft, Creativity and Design | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| NCCAT – funds for Ocracoke campus | 3,046,018 | 3,014,018 | 1,285,000 | 1,210,000 | 2,300,000 | 2,300,000 |
| ECU Brody School of Medicine – Medicare Receipts | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| Judicial College (UNC-CH) | 250,000 | 250,000 | – | – | 250,000 | 250,000 |
| Renaissance Computing Institute (UNC-CH) | 5,900,000 | 11,800,000 | – | – | 5,900,000 | 11,800,000 |
| WCU Fire Protection | 715,000 | NR | – | – | 715,000 | NR |
| Hunt Institute | 1,000,000 | 1,000,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Program on Southern Politics, Media and Public Life (UNC-CH) | 285,000 | 285,000 | – | – | 150,000 | 150,000 |

APPENDIX X

| | Senate | | House | | FINAL | |
|--|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
| | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 |
| <u>Expansion (continued):</u> | | | | | | |
| Scholarship Loan for Prospective Coaches | – | – | 100,000 | 200,000 | 100,000 | 200,000 |
| NCSU Center for Universal Design | – | – | 300,000 | NR | 300,000 | NR |
| Model Teacher Education Consortium | – | – | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Cochlear Implants Program (UNC-CH, HA) | – | – | 327,000 | NR | 327,000 | NR |
| Green Industry Study (NCSU) | – | – | 150,000 | NR | 150,000 | NR |
| Principals' Executive Program | | | | | 125,000 | 125,000 |
| Equipment and Operational Funds for NCCU Dept. of Athletics and Early High School Educational Programs | – | – | – | – | 100,000 | NR |
| University Arts Center Planning Funds (NCA&T) | – | – | – | – | 25,000 | NR |
| North Carolina Japan Center (NCSU) | – | – | – | – | 20,000 | NR |
| Bowles Center for Alcohol Studies (UNC-CH) | – | – | – | – | 450,000 | NR |
| Auditory Learning Center (ECU) | – | – | – | – | 100,000 | NR |
| DESTINY Traveling Science Lab (UNC-CH) | – | – | – | – | 500,000 | NR |
| Land Loss Prevention Project (NCCU) | – | – | – | – | 225,000 | NR |
| Translational Science Program (UNC-CH, HA) | – | – | – | – | 1,000,000 | – |
| UNC Hospitals Indigent Care | – | – | – | – | 5,000,000 | 5,000,000 |
| NCSU Agricultural Curriculum Development Coordinator | – | – | – | – | 150,000 | NR |
| NC Cooperative Extension Service Clinton Facility (NCSU) | – | – | – | – | 140,000 | NR |
| Tyrell County 4-H Environmental Education Center (NCSU) | – | – | – | – | 500,000 | NR |
| Sub-Total Expansion Increases | 116,107,907 | 126,498,525 | 104,835,132 | 99,883,132 | 128,024,889 | 132,470,507 |
| <u>Reductions:</u> | | | | | | |
| .5% Management Flexibility Reduction (NCSA, UNC-CH AHEC, NCSSM & UNCTV) | (452,750) | (452,750) | – | – | – | – |
| Management Flexibility Reduction (other University budgets) Senate - 1%; House - 2.42%; Final - 1.72% | (17,486,587) * | (17,486,587) * | (42,253,524) ** | (43,830,580) ** | (31,047,708) *** | (31,047,708) *** |
| Inflationary Adjustments and Equipment Replacement | (13,561,121) | (15,700,288) | – | – | – | – |
| Eliminate General Fund subsidy of Summer School | (3,658,515) | (3,658,515) | – | – | (3,658,515) | (3,658,515) |
| Building Reserves – Minimum Hiring Rate | (1,428,329) | (3,005,385) | – | – | (1,428,329) | (3,005,385) |
| Building Reserves – Completion Date Changes | (2,189,924) NR | – | (2,189,924) NR | – | (2,189,924) NR | – |
| SREB Contractual Spaces | (169,600) | (169,600) | (169,600) | (169,600) | (169,600) | (169,600) |
| UNC Need-Based Student Financial Aid (change in funding source) | (23,975,714) **** | (23,975,714) **** | (23,975,714) **** | (23,975,714) **** | (23,975,714) **** | (23,975,714) **** |
| Private Medical School Aid | (636,000) | (636,000) | (636,000) | (636,000) | (636,000) | (636,000) |
| Medical Scholarships | (768,299) | (768,299) | (768,299) | (768,299) | (768,299) | (768,299) |
| State Contractual Scholarship Prog. (Aid to Private Colleges) | (545,800) | (545,800) | (545,800) | (545,800) | (545,800) | (545,800) |
| Model Teacher Education Consortium | (1,000,000) | (1,000,000) | – | – | – | – |
| * Senate excludes Related Educational Programs, Hunt Institute, Model Teacher Ed. Consortium, NC Ed. Research Council, NC TEACH, NC Teacher Academy, Principals' Executive Program, Principal Fellows Program, MSEN, & NCCAT. | | | | | | |
| ** House excludes AHEC, UNC-TV, NCSA, NCSSM, Related Educational Programs, Model Teacher Ed Consortium, NC Educ. Research Council, NC TEACH, NC Teacher Academy, Principals' Executive Program, Math & Science Education Network, and NCCAT. | | | | | | |
| *** Final excludes AHEC, UNC-TV, NCSA, NCSSM, State Contractual Scholarship Program and other Related Educational Programs (except Leg. Tuition Grants), Model Teacher Ed Consortium, NC TEACH, NC Teacher Academy, Principals' Executive Program, Principal Fellows Program, Math & Science Education Network, and NCCAT. | | | | | | |
| **** Change in source of funding – will be funded from escheats instead of GF appropriation. | | | | | | |

APPENDIX X

| | Senate | | House | | FINAL | |
|--|----------------------|----------------------|--|----------------------|----------------------|----------------------|
| | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 |
| Reductions (continued): | | | | | | |
| Juvenile Justice Institute (NCCU) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) |
| Legislators' Schools for Youth Leadership Dev. (ECU & WCU) | (498,975) | (498,975) | — | — | — | — |
| Eliminate GF Non-credit & Receipt Supported Instruction | (684,532) | (684,532) | — | — | (684,532) | (684,532) |
| Reduce Strategic Initiatives Reserve | (700,000) | (700,000) | — | — | (700,000) | (700,000) |
| Eliminate NC Education Research Council | — | — | — | — | (240,020) | (240,020) |
| Sub-Total Reductions | (68,006,146) | (69,532,445) | (70,788,861) | (70,175,993) | (66,294,441) | (65,681,573) |
| Revised UNC Budget | 2,072,424,203 | 2,109,574,227 | 2,058,368,713 | 2,082,315,286 | 2,086,052,890 | 2,119,397,081 |
| Reduction to UNC General Administration to Fund Legislative Study of Distance Education (special provision) | — | — | (150,000)NR | — | — | — |
| Revised UNC Budget | 2,072,424,203 | 2,109,574,227 | 2,058,218,713 | 2,082,315,286 | 2,086,052,890 | 2,119,397,081 |
| | | | | | | |
| | | | | | | |
| Salary Adjustments: | | | | | | |
| EPA Salary Increases ¹ Senate - greater of \$500 or 2% | 27,943,000 | 69,857,000 | 21,994,000 | 21,994,000 | 28,189,000 | 28,189,000 |
| House – annual increase of \$90.50 per month, per employee | | | | | | |
| Final – greater of \$850 or 2% | | | | | | |
| SPA Salary Increases ¹ Senate - greater of \$500 or 2% | 10,454,000 | 26,136,000 | 17,791,000 | 17,791,000 | 13,802,000 | 13,802,000 |
| House – annual increase of \$90.50 per month, per employee | | | | | | |
| Final – greater of \$850 or 2% | | | | | | |
| Salary Increases for NCSU (\$3.7M) and NCA&T (\$300,000) | | | Special provision required use of up to \$3.7M in tuition receipts for NCSU Ag salaries. | | | |
| Agricultural Program Employees | 2,000,000 | 2,000,000 | | | 4,000,000 | 4,000,000 |
| UNC Chancellors' Salary Increases | — | — | | | 334,147 | 334,147 |
| UNC Capital Appropriations (all nonrecurring): | | | | | | |
| Repairs and Renovations | 23,000,000 | — | 47,359,300 | — | 57,500,000 | — |
| UNCG & NCA&T Joint Millennium Campus | 5,000,000 | — | — | — | 2,000,000 | — |
| UNC-CH – Renaissance Computing Institute (planning) | 500,000 | — | — | — | 500,000 | — |
| WSSU – Laboratory Facility (planning) | 750,000 | — | — | — | 750,000 | — |
| UNCW – School of Nursing (planning) | — | — | 2,650,000 | — | 2,600,000 | — |
| NCSU Engineering Complex III (planning & design) | — | — | — | — | 8,700,000 | — |
| UNC-CH School of Dentistry (planning & design) | — | — | — | — | 2,000,000 | — |
| | | | | | | |
| | | | | | | |
| ¹ estimated result of statewide increases | | | | | | |
| NOTE: Of the Repair and Renovation funds appropriated to the Board of Governors, Section 30.6(c) requires that up to \$700,000 be used for the repair and reconstruction of the chancellor's residence at FSU. | | | | | | |
| NR = nonrecurring | | | | | | |
| | | | | | | UNC-OP |
| | | | | | | Finance |
| | | | | | | 8/30/05 |

Capital Improvements, Repairs and Renovations

Section 4 includes detailed information on Capital Improvements, Repairs and Renovations.

REPAIRS AND RENOVATIONS

In response to the Board of Governors' request, the legislature provided \$57.5 million (the University's established 46-percent share) from the Statewide Reserve for Repairs and Renovations.

Also included in the final budget was planning funds for seven University projects:

- UNCG & NCA&T Joint Millennium Campus \$2,000,000
- UNC-CH – Renaissance Computing Institute \$ 500,000
- WSSU – Laboratory Facility \$ 750,000
- UNCW School of Nursing \$2,600,000
- NCSU Engineering Complex III \$8,700,000
- UNC-CH School of Dentistry \$2,000,000

NON-APPROPRIATED (“SELF-LIQUIDATING”) CAPITAL IMPROVEMENTS

The North Carolina General Assembly continue the tradition of providing separate legislation for “Self-Liquidating” University capital projects by passing HB 1775 (S.L. 2005-324). A total of 31 projects (or project supplements) on ten campuses were approved for a total of \$446,135,000. These projects are a part of the University's pledge to match 40% for the bond program as authorized by the General Assembly and approved overwhelmingly by the citizens of the State in 2000. This commitment is an integral component in the Board of Governors' 10-year capital improvement plan adopted in 1999.

Appalachian State University:

Central Dining Hall – Supplement \$6,000,000
 Student Recreation Complex – Supplement \$5,000,000
 Steam Distribution System – Improvement – Phase III \$6,500,000
 Residence Hall – Renovations \$12,000,000
 Parking Facilities – Improvements \$2,500,000

East Carolina University:

Residence Hall – Heating, Ventilation and Air Conditioning Improvements \$2,000,000
 Parking Facilities – Expansion \$2,500,000
 Student Recreation Complex – Phase I \$8,000,000
 Geriatrics Center \$3,000,000
 Family Medicine Center \$30,000,000

Elizabeth City State University:

Student Housing \$13,500,000

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North Carolina Central University:

Student Housing \$30,000,000

Parking Facilities – Expansion \$10,000,000

North Carolina State University:

Classroom Building – Expansion – Supplement \$10,000,000

Parking Facilities – Expansion \$7,500,000

Thompson Theater – Renovation and Expansion \$15,500,000

Residence Halls – Renovation \$20,550,000

Owen Residence Hall – Expansion and Improvements \$3,700,000

Carter Finley Stadium – Expansion \$14,500,000

Replacement of Chancellor's Residence \$3,350,000

University of North Carolina at Chapel Hill:

Residence College – Phase II – Supplement \$11,000,000

Genetic Research Building – Supplement \$10,000,000

Daniels Building Renovations – Supplement \$4,000,000

Parking Facilities – Supplement \$1,000,000

Major Infrastructure Improvements – Supplement \$61,828,000

Parking Facilities – Expansion \$25,000,000

Residence Halls – Improvements \$5,500,000

Information Technology Services (ITS) – Infrastructure Improvements \$13,000,000

Water Reclamation and Reuse Infrastructure \$15,000,000

Major Infrastructure Improvements \$47,522,000

Research Resource Facility \$1,000,000

Medical Research – D – Renovations \$1,000,000

University of North Carolina at Charlotte:

Student Union - Supplement \$3,500,000

Parking Facilities – Expansion \$14,000,000

Applied Optics and Physics Building – Improvements \$4,000,000

University of North Carolina at Greensboro:

Parking Deck Addition – Supplement \$4,000,000

Recreation Center – Roof Replacements \$2,500,000

Residence Halls Renovation – Phase IV \$7,000,000

University of North Carolina at Wilmington:

Parking Facilities – Expansion \$3,465,000

Western Carolina University:

New Student Recreation Center – Supplement \$1,250,000

Winston-Salem State University:

Athletic and Student Recreation Facilities \$2,670,000

Bowman Gray Stadium Field House – Expansion and Renovation \$1,800,000

Non-Budget Legislative Agenda

The University found great success in passing items from the 2005 Non-Budget Legislative Agenda. The following items from the Board's agenda were adopted either in the budget or in separate legislation:

- **Bond Project Modifications (S.L. 2005-276, Section 9.13)** – As requested by the campuses and approved by the Board of Governors, several bond project modifications were included in the final budget bill.
- **Proceeds from Sale of Residence (S.L. 2005-276, Section 9.12)** – As UNCA prepares to sale its chancellor's residence, this provision in the final budget bill allows the proceeds of that sale to become available for a new residence and not revert to the General Fund.
- **Need Based Nursing (S.L. 2005-40)** – This provision in the final budget bill permits the State Education Assistance Authority to administer the Need-based Nursing Scholarship Loan Program consistent with the process by which it administers other need-based scholarship loans established under State law.
- **Governmental Operations Approval (S.L. 2005-39)** -- The acquisition of real property valued \$25,000 or greater by the UNC System required approval by the respective Board of Trustees, UNC Board of Governors, Joint Commission on Governmental Operations (Gov. Ops) and the Council of State. The budget bill rewrites GS 146-22 in a manner requiring the purchase of land be reported to Gov. Ops thirty (30) days prior to the sale.
- **NCSU Dairy Exemption (S.L. 2005-20)** – Provides for an exemption of the NCSU Dairy Pilot Plant from the Umstead Act.
- **Amend Contract Requirements (S.L. 2005-125)** - Amends the requirement to only allow up to three-year contracts without prior written permission from the State Purchasing Officer to allow a longer length of contracts without approval.
- **NC A&T Parking (S.L. 2005-165)** - Amends 116-44.5 to include and authorize The Board of Trustees of NC A&T State University by ordinance to prohibit, regulate and limit the parking of motor vehicles for those portions of certain public streets running through or adjacent to the campus.
- **State Land Not Subject to Municipal Control (S.L. 2005-280)** – Repeals G.S. 160A-392 where state land was added as being subject to municipal review and control.
- **Alcohol Sales at Performing Arts Centers (S.L. 2005-327)** – Permits Alcohol Sales at Campus Performing Art Centers provided that the facility seats less than 2000 people.
- **Public Trial Preparation Records (S.L. 2005-332)** – Amends Public Records Law to protect from disclosure attorney client privileged communications and attorney work product.
- **Umstead Act Amendments (S.L. 2005-397)** - Amends the Umstead Act to enable UNC to utilize its resources to further its mission and benefit the community by clarifying that UNC and its constituent institutions and entities may engage in any activity that (1) furthers its mission as stated in GS 116-1; (2) primarily serves students, employees and/ or alumni; or (3) allows the community or the people of the State to utilize UNC's facilities, equipment or expertise and is not unfair competition. A panel consisting of appointees of the Governor on

- recommendation of NCCBI, the Secretary of Commerce, and the Board of Governors would be established to resolve questions about whether particular activities are permissible, and UNC would agree to be bound by its determination.
- **Distinguished Professors Endowment Trust Fund (S.L. 2005-276, Section 9.21)** – A budget provision increases the maximum level of Distinguished Professorships up to \$2 million; the current maximum of \$1 million has not been increased since the program was established in 1985. The matching ratio of private funds to state funds remains the same, one-to-one for the focused growth and special needs institutions and two-to-one for all other constituent institutions.
 - **Teacher Tuition Benefit Study (S.L. 2005-276, Section 9.35)** – A budget provision provides for a study of the teacher tuition benefit so that residents from out-of-state can efficiently and expeditiously qualify for in-state tuition rates in the UNC system.
 - **Academic Common Market (S.L. 2005-276, Section 9.24)** – A budget provision continues the Academic Common Market Program and removes the sunset provision that previously existed.
 - **Tuition Waiver Program Expansion (S.L. 2005-276, Section 9.25)** – A budget provision expands the existing Tuition Waiver Program to provide for an exception to the 12-month residency requirement for full-time employees of the University of North Carolina to allow them to pay in-state rates for their dependent children and spouse immediately after establishing residency. It also directs a study of a tuition waiver exchange program between UNC and the NCCCS.
 - **NCSSM Tuition Grant Amendments (S.L. 2005-276, Section 9.14)** – A budget provision amends G.S. 116-238.1 (f) so that the Tuition Grant be restricted only if the student receives grant or scholarship assistance which exceeds the total cost of attendance, not just tuition.
 - **UNC Employees and Non-profit (S.L. 2005-276, Section 9.22)** - Clarifies that UNC employees may be assigned to perform duties for non-profit corporations that have a sole purpose of supporting UNC or a constituent institution.
 - **School Administrator Training Reports (S.L. 2005-276, Section 9.23)** – Eliminated a duplicate report.
 - **Non-Appropriated Capital Projects (S.L. 2005-324)** – Authorizes various non-appropriated capital projects throughout the University.
 - **Public Hospital Investments (S.L. 2005-417)** - Authorizes greater flexibility with respect to equity/fixed income allocation

A listing of the Non-Budget Legislative Agenda as approved by the Board of Governors and copies of the bills approved by the legislature are found under Section 5. Other legislation approved that affects the University can be found in Section 6.

Reports, Studies and Appointments

REPORTS AND STUDIES

The Senate passed two technical corrections bills and a study bill before leaving town early in the morning on August 19th. The House continued working the next week,

concurring with the Budget Technical Corrections bill (6B). They did not concur on a final Technical Corrections bill or a Study bill.

However, there were over 20 reports and studies approved during the 2005 Session (6A). Here are some of the reports directly affecting the University:

- **Enrollment Growth Funding Model** – The Office of State Budget and Management, jointly with the University and Fiscal Research, is directed to conduct a comprehensive review of the enrollment funding model and create an alternative model for use during the 2007 Session of the General Assembly.
- **Study of Distance Education** – The Office of State Budget and Management shall conduct a study of Distance Education, specifically identifying program duplication, the cost of developing online courses and determine which campuses are best suited to offer a particular course of study. Findings are to be reports to Joint Legislative Education Oversight in April, 2006.
- **Study In-State Teacher Tuition Benefit** – The Joint Legislative Education Oversight Committee is instructed to study the current law regarding the in-State tuition rate available to certain teachers for courses relevant to teacher certification or professional development as a teacher.
- **NCSU Green Industry Study** – Funds were appropriated to NC State University to conduct a Green Industry Economic Impact Study. Results are to be reported to the Chairs of the Appropriations Committee in the Senate and House
- **Information Technology Procurement** – The budget bill authorized a study, to be performed by the Office of State Budget and Management, of information technology procurement. It specifically mentioned a cost comparison study of hardware, software license and multiyear maintenance agreement purchases made by the University of North Carolina and by the Office of Information Technology Services. The final report is due by December 31, 2005.
- **Academic Common Market Program** – The General Assembly authorized the continuation of the Academic Common Market Program and required biennial reports on the status of the program.
- **Teacher Scholarship Funds** – The budget bill created a Future Teachers of North Carolina Scholarship Loan Fund to be administered by the State Education Assistance Authority. NC SEAA is to report yearly to Joint Legislative Education Oversight on the status of the program.
- **Feasibility of a Tuition Waiver Exchange Program** – As requested by the Board of Governors in its Non-Budget Legislative Agenda, the General Assembly requested a study of the feasibility of a tuition waiver exchange program between UNC and the NCCCS.
- **State Fleets Efficient Vehicles** – The University, along with all state agencies, is instructed to develop and implement a plan to improve the State's use of alternative fuels and efficient vehicles. By September 2006, the University shall report to the Department of Administration on those efforts.
- **2+2 Programs** – The Board of Governors and the State Board of Community Colleges shall report to Joint Legislative Education Oversight by February 1, 2006 on the status of existing 2+2 programs and any new partnerships.
- **Flexibility for High School Innovation** – The language in the budget bill states that the Universities (both public and private) participate in this program. The

State Board of Education is to begin planning for three nonresidential science and mathematics programs spread across the state.

- **Coaching Scholarship Loan** – The General Assembly created a Coaching Scholarship Loan Program to be administered by the NC State Education Assistance Authority. NCSEAA is to report to Joint Legislative Education Oversight annually on the status of the loan program.
- **Review of Standards for Masters in School Administration** – The State Board of Education shall consult with the Board of Governors to review standards for Masters in School Administration Programs to ensure that appropriate competencies are emphasized.
- **Learn & Earn High Schools** – Directs an annual evaluation of the program by the State Board of Education, in consultation with the Community Colleges and UNC Board of Governors.
- **Feasibility Study for Developing Regional Education Networks** – The NC Rural Economic Development Center and the e-NC Authority shall collaborate with interested providers of broadband services and representatives from local school administration unit, UNC, private colleges, State Board of Education, State Chief Information Officers and the Community College system to perform a feasibility study on developing regional education networks to provide and sustain broadband services access to students and teachers.
- **UNC-NCCCS Joint Initiative for Teacher Education & Recruitment** – The budget bill establishes regional positions to assist in increasing the number of certified teacher in the public schools of North Carolina. They are to resolve curriculum issues between UNC and the community colleges and serve as advisors to prospective teachers. This study is a result of a recommendation from the UNC-NCCCS Joint Task Force.
- **Pilot Program to Recruit Minority Pharmacy Students** – The Department of Health and Human Services, Division of Public Health, shall develop a pilot program providing incentives to pharmacy schools to recruit minority students. The Department shall report on the progress of the program in March, 2006.
- **Horace Williams Airport** – The Legislative Research Commission will study the continued viability of the AHEC program if the Horace Williams Airport is not available and report its findings to the General Assembly in 2006.

APPOINTMENTS

The appointments bill, S.L. 2005-421, has several appointments affecting UNC-TV, Board of Trustees for the NC School of Science and Math, Centennial Authority and the NC Center for the Advancement of Teaching:

James Treadaway, Jr., of Catawba County is appointed to the Board of Trustees of the University of North Carolina Center for Public Television for a term expiring on June 30, 2007.

Tom Morrow of Wake County and Anthony Copeland of Wake County are appointed to the North Carolina Agency for Public Telecommunications for terms expiring on June 30, 2007.

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Hih Song Kim of Brooklyn, New York, is appointed to the Board of Trustees of the North Carolina School of Science and Mathematics for a term expiring on June 30, 2009.

Kenneth Wells of Dare County and Grace Edwards of Gaston County are appointed to the North Carolina Center for the Advancement of Teaching Board of Trustees for a term expiring on June 30, 2009.

Ray N. Rouse, III, of Wayne County and Judi Grainger of Wake County are appointed to the Centennial Authority for terms expiring on June 30, 2009.