

**Allocation Recommendations for Current Operations**

While most of the funding for the Current Operations Budget of each institution comes from the continuation budgets as approved by the General Assembly, academic salary increase funds (Item 1a) and expansions and improvements funds are appropriated to the Board of Governors for allocation to the institutions. These appropriations to the Board of Governors are included in Senate Bill 622 (S.L. 2005-276), "2005 Appropriations Act." By statute, the Board is directed to allocate such funds in accordance with the Board's Schedule of Priorities and in accordance with any specifications in the appropriations act. In addition to appropriations for the Schedule of Priorities, the General Assembly made a number of special appropriations for designated programs in University Operations, and also made appropriations for Agricultural Programs and Related Educational Programs.

Under its continuing budget authorization (S.L. 2005-201), the General Assembly made the 2005-06 appropriation for enrollment changes to the Board of Governors. That item and all other allocation recommendations for the 2005-06 current operations appropriations are included in this agenda item or Item 1a (Academic Salary Increases). Appropriations reductions made by the General Assembly in institutional continuation budgets are also included.

This item includes allocations from the *Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets*, dated August 8, 2005.

It is recommended that the Vice President for Finance be delegated the authority to adjust this recommendation to reflect technical amendments to the budget if any related amendments are approved by the General Assembly. It is further recommended that the Committee on Budget and Finance be authorized to act on behalf of the Board between the August and September Board meetings should further actions by the General Assembly require Board action prior to the September meeting.

It is recommended that the following Allocation Recommendations for Current Operations appropriations be approved.

*Note: As supplementary information, a Comparative Worksheet showing the Senate, House, and Final Budgets is provided.*

## I. University Operations

### Recommended Allocations for the Schedule of Priorities – Current Operations

It is recommended that the Expansion Budget – Schedule of Priorities for Current Operations of the Board of Governors of The University of North Carolina as set out in the *2005-07 Budget Request*, be allocated as follows for the 2005-06 fiscal year:

Line	Expansion Budget – Schedule of Priorities	Budget Request 2005-06	Proposed Allocation 2005-06
<b>1. Access</b>			
a.	Enrollment Changes and Other Funding Adjustments	\$90,866,893	\$81,351,779
b.	Need-Based Student Financial Aid Program	11,874,000	11,874,000*
c.	"Year-Round University" Pilots –Summer Term Appropriations	2,825,000	
d.	Focused Growth and Special Needs Institutions	9,515,000	4,750,000
e.	Expanding Access to College through Outreach and Special Programs	1,420,000	
f.	Expanding Access through UNC/NCCCS Partnerships	6,500,000	1,000,000
	<b>Access–Total</b>	<b>123,000,893</b>	<b>98,975,779</b>
<b>2. Intellectual Capital Formation</b>			
a.	Libraries	19,510,000	–
b.	Distinguished Graduate Fellowship Trust Fund–State Matching Funds ( <i>2<sup>nd</sup> year request only</i> )	–	–
c.	Enhancing Universities to Compete for Outstanding Graduate Students	10,282,979	–
d.	New Degree Programs–Revolving Fund	600,000	–
e.	Meeting Critical Needs in Health Care	15,706,416	1,700,000
f.	Transition of UNCC to Doctoral/Research Intensive Status	10,484,757	5,000,000
g.	Professional Development	2,668,819	–
h.	E-Learning–Revolving Fund	800,000	–
	<b>Intellectual Capital Formation–Total</b>	<b>60,052,971</b>	<b>6,700,000</b>
<b>3. K-16 Initiatives</b>			
a.	BOG Task Force on Meeting Teacher Supply and Demand	3,231,382	25,000
b.	Teacher and Principal Quality and Quantity	580,699	1,000,000
c.	Expanded Professional Development through the UNC CSLD	4,734,336	2,425,000
d.	Closing the Achievement Gap	209,920	–
e.	Expanded Partnerships and Collaborations	1,027,531	–
	<b>K-16 Initiatives–Total</b>	<b>9,783,868</b>	<b>3,450,000</b>
<b>4. Creation, Transfer, and Application of Knowledge</b>			
a.	Major Research Initiatives	25,021,600	8,000,000
b.	Economic Development and Public Outreach	24,605,639	5,895,057
	<b>Creation, Transfer, and Transfer of Knowledge –Total</b>	<b>49,627,239</b>	<b>13,895,057</b>
<b>5. Internationalization</b>			
a.	Faculty Development and Research	1,000,000	–
b.	Curriculum Development	500,000	–
c.	Public Service and Outreach	1,060,000	–
d.	Student Exchange and Study Abroad	905,000	–
e.	Technology and Internationalization	500,000	–
	<b>Internationalization–Total</b>	<b>3,965,000</b>	–
<b>6. Transformation and Change</b>			
a.	Computer and Network Security & IT Infrastructure	7,450,000	–
b.	Information Systems and Data Management	19,600,000	–
c.	Research and High Performance Computing	5,900,000	–
d.	University-wide Information Technology Initiatives	2,800,000	–
	<b>Transformation and Change–Total</b>	<b>35,750,000</b>	–
<b>TOTAL</b>		<b>282,179,971</b>	<b>123,020,836</b>

\* Non-add item – transfer from Escheat Fund

It is further recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the foregoing allocation of the Schedule of Priorities – Current Operations.

Line 1a. Recommended Allocations for Access - 2005-06 Enrollment Changes

The General Assembly fully funded the Board's request for Enrollment Changes. (The funds for University enrollment funding were also included in the Continuing Budget Authorization – S.L. 2005-201.) It is recommended that the funds for enrollment changes be allocated as follows:

<b>Institution</b>	<b>Total Allocations</b>
Appalachian State University	\$ 4,300,492
East Carolina University	15,923,954
Elizabeth City State University	1,561,561
Fayetteville State University	3,723,296
North Carolina A & T State University	73,724
North Carolina Central University	3,227,737
North Carolina School of the Arts	12,645
North Carolina State University	4,537,014
The University of North Carolina at Asheville	1,563,883
The University of North Carolina at Chapel Hill	8,913,769
The University of North Carolina at Charlotte	3,970,691
The University of North Carolina at Greensboro	5,050,719
The University of North Carolina at Pembroke	2,517,206
The University of North Carolina at Wilmington	2,820,253
Western Carolina University	9,063,082
Winston-Salem State University	5,493,652
<b>Subtotal</b>	<b>72,753,678</b>
North Carolina School of Science & Mathematics	200,000
<b>TOTAL</b>	<b>72,953,678</b>

It is further recommended that budgeted enrollments for the constituent institutions of the University for 2005-06 be established as follows:

<b>Institution</b>	<b>Budgeted Student Credit Hours</b>
Appalachian State University	385,526
East Carolina University	
Academic Affairs	583,846
Health Affairs	-
Elizabeth City State University	70,725
Fayetteville State University	139,226
North Carolina A & T State University	293,700
North Carolina Central University	164,005
North Carolina School of the Arts	-
North Carolina State University	700,568
The University of North Carolina at Asheville	94,026
The University of North Carolina at Chapel Hill	
Academic Affairs	570,449
Health Affairs	-
The University of North Carolina at Charlotte	450,962
The University of North Carolina at Greensboro	369,963
The University of North Carolina at Pembroke	127,053
The University of North Carolina at Wilmington	291,716
Western Carolina University	216,723
Winston-Salem State University	134,185
<b>TOTAL</b>	<b>4,592,673</b>

The Enrollment Changes request and recommended allocation were based on the semester-credit-hour funding model except for the following components that remain on the FTE funding model.

	<b>Budgeted Full-Time Equivalent Students</b>
East Carolina University Medical School	300
North Carolina Central University Law School	429
North Carolina School of the Arts	1,080
North Carolina State University, Veterinary Medicine	410
UNC-Chapel Hill Law, Medicine, Dentistry and Pharmacy	3,981
<b>TOTAL</b>	<b>6,200</b>

The funds for enrollment increases at the North Carolina School of Science and Mathematics provide for an additional 10 students at that institution.

Special provisions related to University enrollments are shown below:

#### **ENROLLMENT GROWTH FUNDING MODEL**

**SECTION 9.4.** The Office of State Budget and Management, jointly with The University of North Carolina and the Fiscal Research Division of the General Assembly, shall conduct a comprehensive review of the enrollment funding model to review the assumptions contained within each element of the formula, to obtain current benchmark information related to specific elements within the formula, and to examine the impact of alternative elements and assumptions. An alternative to the current model shall be the result of this analysis. This alternative shall be used to prepare a request for enrollment growth funding for the budget to be submitted for the 2007 Session of the General Assembly and shall be shown in comparison to the use of the current formula.

#### **STUDY OF DISTANCE EDUCATION**

**SECTION 9.7.** The Office of State Budget and Management shall conduct a study to identify and analyze the distance education programs at the institutions in the University system. The study shall identify any duplication in course and program offerings, leader courses and programs at campuses in a particular area of study, the cost of developing online courses, and determine which campuses are best suited to offer a particular course or program of study. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 30, 2006.

The Joint Conference Committee Report also requires that the Board of Governors report to the Education Oversight Committee on the actual enrollment for 2005-06.

In addition to the Enrollment growth funds, the Conference Committee Report appropriated \$8,398,101 in response to the Board's Line 1a. request for establishment of a minimally acceptable level of state appropriations per FTE. It is recommended that \$1,384,498 be allocated to Appalachian State University and \$7,013,603 be allocated to UNC Wilmington for this funding adjustment.

#### **Line 1b. Recommended Allocation for Access – Need-Based Student Financial Aid Program**

The Board requested additional funding of \$11,874,000 to fund the Need-Based Student Financial Aid Program for all undergraduate North Carolina residents. In response, the General Assembly provided \$11,874,000 from the Escheat Fund. These funds will allow for an increase in the number of resident students receiving aid as well offset increases in charges to students. It is also noted that the funds have been provided, as requested in an amendment to the Board's request, for an additional \$3,200,000 for this program, to offset the impact of changes in Pell Grants. The special provision follows:

#### **USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS**

**SECTION 9.6.(a)** There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of sixty-seven million two hundred forty-eight thousand sixteen dollars (\$67,248,016) for fiscal year 2005-2006 and the sum of sixty-seven million six hundred thirty-eight thousand sixteen dollars (\$67,638,016) for fiscal year 2006-2007; and to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars (\$13,981,202) for fiscal year 2005-2006 and the sum of thirteen

million nine hundred eighty-one thousand two hundred two dollars (\$13,981,202) for fiscal year 2006-2007. These funds shall be allocated by the North Carolina State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7.

The SEAA shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The SEAA may make recommendations for redistribution of funds to The University of North Carolina and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

**SECTION 9.6.(b)** There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of seven hundred eighty thousand dollars (\$780,000) for the 2005-2006 fiscal year and the sum of one million one hundred seventy thousand dollars (\$1,170,000) for the 2006-2007 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars (\$6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection.

The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

**SECTION 9.6.(c)** If the interest income generated from the Escheat Fund is insufficient to pay the appropriations made in subsections (a) and (b) of this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum of four hundred million dollars (\$400,000,000).

**SECTION 9.6.(d)** All obligations to students for uses of the funds set out in sections that were made before the date this act becomes law shall be fulfilled as to students who remain eligible under the provisions of the respective programs.

It is recommended that these funds be allocated to UNC General Administration, Related Educational Programs, for administration by the State Education Assistance Authority.

No appropriations were made in response to the Board's requests on Line 1c – "Year-Round University" Pilots – Summer Term Appropriations.

Line 1d. Recommended Allocation for Access – Focused Growth and Special Needs Institutions

In response to the Board's request for increased funding for the seven focused growth institutions (Elizabeth City State University, Fayetteville State University, North Carolina A & T State University, North Carolina Central University, University of North Carolina at Pembroke, Western Carolina University and Winston-Salem State University) and the two special needs institutions (North Carolina School of the Arts and the University of North Carolina at Asheville), the General Assembly provided a total of \$4,750,000. For the focused growth campuses, \$2,500,000 in recurring funds and \$1,250,000 in nonrecurring funds were appropriated. In addition, the General Assembly provided \$1,000,000 in nonrecurring funds for the two special needs institutions.

It is recommended that the funds be allocated as specified in the Joint Conference Committee Report:

<b>Institution</b>	<b>Recurring</b>	<b>Nonrecurring</b>
<u>Focused Growth Institutions</u>		
Elizabeth City State University	\$ 357,142	\$ 178,572
Fayetteville State University	357,143	178,572
North Carolina A & T State University	357,143	178,572
North Carolina Central University	357,143	178,571
UNC Pembroke	357,143	178,571
Western Carolina University	357,143	178,571
Winston-Salem State University	357,143	178,571
<b>Subtotal</b>	<b>2,500,000</b>	<b>1,250,000</b>
<u>Special Needs Institutions</u>		
North Carolina School of the Arts		500,000
UNC Asheville		500,000
<b>Subtotal</b>		<b>1,000,000</b>
<b>TOTAL</b>	<b>2,500,000</b>	<b>2,250,000</b>

No appropriations were made in response to the Board's requests on Line 1e – Expanding Access to College through Outreach and Special Programs.

Line 1f. Expanding Access through UNC/NCCCS Partnerships

In response to the Board's request for Line 1f, Expanding Access through UNC/NCCCS Partnerships, the General Assembly appropriated \$1,000,000 in nonrecurring funds for the 2 + 2 E-Learning Initiative. These funds will be used for development of 2 + 2 distance education programs, professional development for 2 + 2 faculty, for technology development and purchases, and for tracking students' progress between NCCCS and UNC. The Community College budget includes an additional \$1,000,000 in recurring funds to support the community college side of this initiative. The special provision is shown below.

**UNC-NCCCS 2+2 E-LEARNING INITIATIVE**

**SECTION 9.5.** Funds appropriated in this act to The University of North Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2 E-Learning Initiative shall be used to fund further development of online courses for 2+2 programs. Based on a mutually agreed upon decision by the State Board of Education Chairman, the President of the North Carolina Community College System, and the President of The University of North Carolina as to the areas of greatest need, funds are available to support joint technology development, systems to track student progress and articulation between a North Carolina community college and a University of North Carolina campus, and to develop technology to support online courses and 2+2 programs.

It is recommended that the funds be allocated to UNC-General Administration, Institutional Programs and that the President be authorized to make further allocations based on legislative intent.

Line 2e. Recommended Allocation for Intellectual Capital Formation – Meeting Critical Needs in Health Care

In response to the Board's request of \$15,706,416 for Meeting Critical Needs in Health Care, the General Assembly appropriated \$1,700,000 for the ECU Brody School of Medicine. This action by the General Assembly offsets the reversion of \$1,000,000 in Medicare reimbursement from ECU to the General Fund. The funds are used to train physicians.

In addition, the General Assembly appropriated \$700,000 for operating costs for ECU's outpatient facilities. This action offsets funds that have previously reverted to the General Fund.

It is recommended that \$1,700,000 be allocated to ECU, Health Affairs, as specified in the Board's request.

The related special provision follows:

**BRODY SCHOOL OF MEDICINE AT ECU/MEDICARE RECEIPTS/FAMILY MEDICINE CENTER**

**SECTION 9.26.(a)** G.S. 116-36.6 reads as rewritten:

**"§ 116-36.6. Brody School of Medicine at East Carolina University School of Medicine; University; Medicare receipts.**

The Brody School of Medicine at East Carolina University School of Medicine shall request, on a regular basis consistent with the State's cash management plan, funds earned by the School from Medicare reimbursements for education costs. Upon receipt, these funds shall be allocated as follows:

- (1) The portion of the Medicare reimbursement generated through the effort and expense of the Brody School of Medicine's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School of Medicine. The Medical Faculty Practice Plan shall assume responsibility for any of these funds that subsequently must be refunded due to final audit settlements.
- (2) ~~The funds from this source budgeted by the General Assembly as part of the School of Medicine's General Fund budget code shall be credited to that code as a receipt.~~
- (3) ~~The remainder of the funds shall be transferred to a special fund account on deposit with the State Treasurer. This special fund account shall be used for any necessary repayment of Medicare funds due to final audit settlements for funds allocated under subdivision (2) of this subsection. When the amount of these reimbursement funds has been finalized by audit for each year, those funds remaining in the special fund shall be available for specific capital improvement projects for the East Carolina University School of Medicine. Requests by East Carolina University for use of these funds shall be made to the Board of Governors of The University of North Carolina. Approval of projects by the Board of Governors shall be reported to the Joint Legislative Commission on Governmental Operations, and the reports shall include projected costs and sources of funds for operation of the approved projects.~~

(2a) Funds that were received pursuant to this section prior to July 1, 2005, and that were transferred to a special fund account on deposit with the State Treasurer are appropriated to the Brody School of Medicine at East Carolina University and may be expended by the Brody School of Medicine for the family medicine center and for purposes consistent with its stated mission."

**SECTION 9.26.(b)** Subsections (b) and (c) of Section 87 of Chapter 321 of the 1993 Session Laws are repealed.

**SECTION 9.26.(c)** Notwithstanding any other provisions of law, the Board of Governors of The University of North Carolina may authorize the design and construction of a new capital

project, a family medicine center, on the Health Sciences Campus of the Brody School of Medicine at East Carolina University, that would replace the existing family medicine facility that has reached capacity. The family medicine center is also used as a clinical teaching site for medical students, and the existing facility is functionally outdated for this purpose. The cost of the facility is estimated to be thirty million dollars (\$30,000,000). The Board of Governors of The University of North Carolina may authorize the financing of the project with funds available to the Brody School of Medicine at East Carolina University from Medicare reimbursements for education costs, gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

**SECTION 9.26.(d)** Effective July 1, 2005, the Brody School of Medicine Medical Faculty Practice Plan shall no longer be required to reimburse the General Fund for use of outpatient facilities built with General Fund monies.

Line 2f. Recommended Allocation for Intellectual Capital Formation – Transition of UNCC to Doctoral/Research Intensive Status

In response to the Board's request for \$10,484,757 for UNC Charlotte's Transition to Doctoral/Research Intensive Status, the General Assembly appropriated \$5,000,000 in 2005-06 and \$10,000,000 in 2006-07. It is recommended that these funds be allocated to UNC Charlotte.

No response was made to the Board's requests for Line 2a – Libraries, Line 2b – Distinguished Graduate Fellowship Trust Fund – State Matching Funds, Line 2c – Enhancing Universities to Compete for Outstanding Graduate Students, Line 2d – New Degree Program Funds – Revolving Fund, Line 2g – Professional Development, and Line 2h – E-Learning – Revolving Fund.

Line 3a. Recommended Allocation for K-16 Initiatives – Board of Governors' Task Force on Meeting Teacher Supply and Demand

In response to the Board's request of \$3,231,382 to fund the recommendations of the Board's Task Force on Meeting Teacher Supply and Demand, the General Assembly appropriated \$25,000 for the College Foundation of North Carolina (CFNC) to implement the Teacher Recruitment and Marketing Online Module. The module will provide prospective teachers with a single source for information on education and licensing requirements, grants, scholarships and loans. Additionally, it will provide on-line applications for admissions and financial aid. The information will be available as a focused module on the CFNC website – [www.cfnc.org](http://www.cfnc.org). It is recommended that these funds be allocated to UNC-General Administration, Operating.

Line 3b. Recommended Allocation for K-16 Initiatives – Teacher and Principal Quality and Quantity

In response to the Board's request for Line 3b – K-16 Initiatives – Teacher and Principal Quality and Quantity, the General Assembly appropriated \$1,000,000 for the North Carolina Model Teacher Education Consortium. It is recommended that these funds be allocated to UNC General Administration, Operating Budget, of which the NC Model Teacher Education Consortium is a component.

Line 3c. Recommended Allocation for K-16 Initiatives – Expanded Professional Development through the UNC Center for School Leadership Development

In response to the Board's request for Line 3c – K-16 Initiatives – Expanded Professional Development through the UNC Center for School Leadership Development, the General Assembly appropriated \$2,245,000. Of this total, \$125,000 was directed to the Principals' Executive Program (PEP) and \$2,300,000 was directed to the North Carolina Center for the Advancement of Teaching (NCCAT). It is recommended that the funds for PEP be allocated to UNC-General Administration, Operating Budget and that the funds for NCCAT be allocated to Western Carolina University, as these programs are administratively housed in those budgets. The additional funds for the Principals' Executive Program will allow that program to develop and expand programs for new principals that focus on a principal's responsibility for instructional leadership, data-driven decision-making, and positive teacher working conditions. The funds for NCCAT provide for operations of the new Ocracoke campus to make its professional development services more accessible to eastern North Carolina.

No response was made to the Board's request for funding of Line 3.d. – Closing the Achievement Gap or Line 3.e. – Expanded Partnerships and Collaborations.

Line 4a. Recommended Allocations for Creation, Transfer, and Application of Knowledge – Major Research Initiatives

In response to the Board's request of \$25,021,600, the General Assembly appropriated \$8,000,000 in 2005-06 and \$13,900,000 in 2006-07. Recurring funds of \$1,900,000 were appropriated to the William and Ida Friday Institute for Educational Innovation. It is recommended that these funds be allocated to North Carolina State University, Academic Affairs for use by the Friday Institute to provide a reserve for staff, operations, and maintenance costs of the new facility constructed on NCSU's Centennial Campus.

The General Assembly also appropriated \$200,000 in recurring funds for the North Carolina Space Grant Consortium to expand the program beyond the current participating universities. It is recommended that the funds be allocated to North Carolina State University, Academic Affairs where the program is administered.

Furthermore, funds of \$5,900,000 in 2005-06 and \$11,800,000 in 2006-07 were appropriated to provide for the expansion of the Renaissance Computing Institute at UNC-Chapel Hill and other regional campuses. It is recommended that these funds be allocated to UNC-General Administration, Institutional Programs and that the President be authorized to make further allocations.

Line 4b. Recommended Allocations for Creation, Transfer, and Application of Knowledge – Economic Development and Public Outreach

In response to the Board's request of \$24,605,639, the General Assembly appropriated \$5,895,057. Recurring funds of \$4,941,079 were appropriated for Biotechnology Initiatives at North Carolina Central University and North Carolina State University. Of this amount, the General Assembly designated \$2,000,000 for the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at NCCU and \$2,941,079 for the Biomanufacturing Training and Education Center (BTEC) at NCSU. Therefore, it is recommended that \$2,000,000 be allocated to North Carolina Central University and \$2,941,079 be allocated to North Carolina State University, Academic Affairs. This funding will provide for scientific equipment and supplies needed for startup that were not funded by the construction grant from the Golden LEAF Foundation. Funds will also be used to begin hiring administrative and research personnel.

In addition, the General Assembly appropriated \$483,978 for the Board's request for UNC-TV Closed Captioning funds. This funding will allow UNC-TV to comply with the Federal Communications Commission mandate to provide closed-captioning on 100% of its content by January 1, 2006. It is recommended that these funds be allocated to UNC-General Administration, Operating, of which UNC-TV is a component.

\$20,000 in nonrecurring funds were also appropriated for the North Carolina Japan Center. It is recommended that these funds be allocated to North Carolina State University, Academic Affairs.

Furthermore, the General Assembly appropriated \$250,000 in funds for the establishment of a Judicial College within the UNC-Chapel Hill School of Government to provide training and continuing education for the state's judges. It is recommended that these funds be allocated to UNC-Chapel Hill, Academic Affairs.

The General Assembly also appropriated \$200,000 in funding for a reserve to operate the Center for Craft, Creativity and Design at UNC-Asheville. Expenditure of the reserve is contingent on receipt of a permanent endowment from a private foundation to fund graduate scholarships. As such, it is recommended that these funds be allocated to UNC-Asheville to be held in a reserve until such time as the endowment funds are received. The related special provision follows:

**CENTER FOR CRAFT, CREATIVITY, AND DESIGN**

**SECTION 9.37.** Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the Center for Craft, Creativity, and Design at the University of North Carolina at Asheville, the sum of two hundred thousand dollars (\$200,000) in recurring funds for the 2005-2006 fiscal year shall be held in reserve for the Center for Craft, Creativity, and Design at the University of North Carolina at Asheville. The funds shall be disbursed to the University of North Carolina at Asheville when the Center receives the interest earnings from an endowment for graduate scholarships at the Center.

There was no response to the Board's request for expansion funds for Line 5 – Internationalization or Line 6 – Transformation and Change.

## Special Appropriations for University Operations

Several special appropriations totaling \$5,856,147 in 2005-06 to the Board of Governors were directed to program areas not included in the Schedule of Priorities requests. These appropriations and the recommended allocations are shown below.

a. UNC-NCCCS Joint Initiative for Teacher Education and Recruitment

It is recommended that \$480,000 in 2005-06 and \$640,000 in 2006-07 be allocated to UNC-General Administration, Institutional Programs and that the President be authorized to make further allocations based on legislative intent. These funds would create eight UNC positions to be based in the regional alternative Licensure Centers to support the expansion of the 2+2 Partnership Programs between UNC and NCCCS constituent institutions, to offer admissions advice to community college students seeking to transfer to a four-year teacher education program to work with prospective teachers to resolve curriculum issues between UNC and community colleges, and to recruit prospective teachers on community college campuses.

The related special provision follows:

### **UNC-NCCCS JOINT INITIATIVE FOR TEACHER EDUCATION AND RECRUITMENT**

**SECTION 9.3.(a)** Funds appropriated in this act to The University of North Carolina for the UNC-NCCCS Joint Initiative for Teacher Education and Recruitment shall be used to establish eight positions. These individuals shall have an office in and work with staff in the Regional Alternative Licensure Centers of the Department of Public Instruction. Their responsibilities are to assist in increasing the number of certified teachers in the public schools of North Carolina. To accomplish this, their specific tasks are as follows:

- (1) Resolve curriculum issues between The University of North Carolina campuses and the community colleges within each region to ensure seamless articulation;
- (2) Serve as licensure advisors to prospective teachers and assist with individual reviews for lateral entry candidates;
- (3) Offer admissions advice to community college students seeking to transfer to a four-year institution; and
- (4) Recruit prospective teachers on community college campuses.

Funds have been included in the appropriation to ensure these staff members can travel routinely among all the University System campuses and community college sites within a region.

**SECTION 9.3.(b)** The results of this initiative shall be reported annually, and shall include at a minimum, the following performance outcomes by region in which the advisors are working:

- (1) Number of community college students articulated and working toward teacher licensure, their "base" community college, and The University of North Carolina institution to which they have moved;
- (2) Number of lateral entry teachers worked with by these advisors who are actively pursuing certification, and the number licensed;
- (3) Head count of the number of students in the process of receiving courses towards certification, their home county, where/at what institution(s) they are taking the course(s), and whether they are taking the course by regular attendance or via distance education (or the respective percentages if both methods are being employed);
- (4) Total full-time equivalencies (FTE's) and student credit hours that the head count in subdivision (3) of this subsection represents;
- (5) Articulation issues and curriculum changes effectively made as a result of these advisors; and

(6) Articulation issues that are under discussion but have not been satisfactorily resolved.

**SECTION 9.3.(c)** These results shall be reported by September 1, 2006, and annually thereafter to the State Board of Education, the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Education Cabinet, the Joint Legislative Education Oversight Commission, and the Office of State Budget and Management.

b. North Carolina in the World Project

It is recommended that \$200,000 in nonrecurring funds be allocated to UNC-General Administration, Operating for the Center for International Understanding's project, "North Carolina in the World: A Plan to Increase Student Knowledge and Skills about the World."

c. Manufacturing Extension Partnership

It is recommended that \$150,000 in nonrecurring funds be allocated to North Carolina State University, Academic Affairs for the Manufacturing Extension Partnership within the Industrial Extension Service that assists small manufacturers to become more globally competitive.

d. Initiatives to Close the Achievement Gap

It is recommended that, per the Conference Committee Report, \$300,000 be allocated to North Carolina Central University to continue to support the operations and work of the North Carolina Historically Minority Colleges and Universities Consortium.

e. Hunt Institute

It is recommended that \$500,000 be allocated to UNC-General Administration, Operating, of which the Hunt Institute is a component. These funds would support operating expenses for the Institute whose mission is to "engage governors and other leaders in strategic efforts to advance and sustain state-level education reform."

f. Program on Southern Politics, Media, and Public Life

It is recommended that \$150,000 be allocated to UNC-Chapel Hill, Academic Affairs, to provide operating support to this policy research program. This research group will provide the General Assembly with reports on demographic, social, economic, and environmental trends.

g. NCSU Center for Universal Design

It is recommended that \$300,000 in nonrecurring funds be allocated to North Carolina State University, Academic Affairs, for the Center that designs products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design.

h. UNC-CH Cochlear Implant Program

It is recommended that \$327,000 in nonrecurring funds be allocated to UNC-Chapel Hill, Health Affairs. The funds are to be used for the CASTLE (Center for the Acquisition of Spoken Language Through Listening Enrichment) program which is operated by the Carolina Children's Communicative Disorders Program of the UNC Health Care System. CASTLE shall use these funds to 1) train teachers and

therapists across the state to work with deaf preschool-aged children with cochlear implants and 2) provide oral preschool classes to these children.

i. Western Carolina University Fire Protection

It is recommended that \$715,000 in nonrecurring funds be allocated to Western Carolina University for a grant-in-aid to the Cullowhee Volunteer Department to purchase a 95-foot platform truck and equipment needed to provide fire protection services to high-rise facilities on the campus. The special provision follows:

**GRANT-IN-AID/FIRE TRUCK FOR CULLOWHEE VOLUNTEER FIRE DEPT.  
TO HELP ENSURE ADEQUATE FIRE PROTECTION SERVICES TO  
WESTERN CAROLINA UNIVERSITY**

**SECTION 9.29.** Of the funds appropriated from the General Fund to the Board of Governors of The University of North Carolina, the sum of seven hundred fifteen thousand dollars (\$715,000) for the 2005-06 fiscal year shall be allocated to Western Carolina University as a grant-in-aid for the Cullowhee Volunteer Fire Department, Inc. to use to purchase a 95-foot platform truck and equipment to ensure adequate fire protection services to Western Carolina University.

j. NCCU Department of Athletics and Early High School Educational Programs

It is recommended that \$100,000 in nonrecurring funds be allocated to North Carolina Central University for equipment and operational support for the Department of Athletics and early high school educational programs, as specified in the Joint Conference Committee Report.

k. Bowles Center for Alcohol Studies

It is recommended that \$450,000 in nonrecurring funds be allocated to UNC-Chapel Hill, Health Affairs for the Bowles Center for Alcohol Studies.

l. ECU Auditory Learning Center

It is recommended that \$100,000 in nonrecurring funds be allocated to East Carolina University, Academic Affairs for the Auditory Learning Center in the School of Allied Health to train teachers and therapists across the state to work with deaf preschool-age children with cochlear implants and to provide oral preschool classes to these children, and to coordinate educational planning between the clinical team and the school system.

m. UNC-CH DESTINY Traveling Science Lab

It is recommended that \$500,000 in nonrecurring funds be allocated to UNC-Chapel Hill, Academic Affairs to fund the DESTINY Traveling Science Laboratory Program.

n. Land Loss Prevention Project

It is recommended that \$225,000 in nonrecurring funds be allocated to North Carolina Central University to be used to support the Land Loss Prevention Project.

o. Translational Science Program

The General Assembly appropriated \$1,000,000 in recurring funds to establish a program to identify and train faculty members in translational research to speed the development of new drugs, therapeutic strategies, devices and/or diagnostics, and to

train physicians to collaborate with research faculty to apply medical discoveries to patient care and patient observations in research programs to improve health care. It is recommended that these funds be allocated to UNC-Chapel Hill, Health Affairs.

- p. NCA&T State University Visual/Performing Arts Building - \$25,000  
Provides capital planning funds for construction of a visual/performing arts building at NCA&T State University.
- q. Salary Reserves  
It is also noted that the Conference Committee Report appropriated \$334,147 to fund salary increases for UNC Chancellors (these funds are allocated in the Academic Salary Increase Item).

## **Appropriations Made to Other State Agencies for the Benefit of The University of North Carolina**

The Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets identifies appropriations to other State agencies for The University and its programs as follows:

### Division of Health and Human Services

#### **Division TEACCH Program**

**\$472,747**

Provides recurring funds to the Board of Governors to fund Division TEACCH in the School of Medicine at UNC-Chapel Hill. These funds are for the treatment and education of autistic and communications handicapped children.

## **II. Agricultural Programs**

In response to the Board's request of \$8,897,945, the General Assembly appropriated recurring funds of \$1,089,000 to provide state matching funds for North Carolina A & T State University. It is recommended that these funds be allocated to North Carolina A & T State University to match federal funds for the University's agricultural programs, in accordance with the Conference Report.

In addition, the Joint Committee Conference Report of August 8, 2005 provided funding for the following items.

### NCSU Green Industry Study

It is recommended that \$150,000 in nonrecurring funds be allocated to North Carolina State University, Cooperative Extension for a Green Industry Study. This study will evaluate the economic impact of the green industry in the state of North Carolina. The Green Industry is defined as well over 5,000 firms statewide involved in the production, design, installation, maintenance and sale of plants, sod and related goods and services to

enhance, beautify, and protect human environments, provide jobs and economic growth. The Board of Governors shall report to the Chairs of the Appropriation Committees of the Senate and House regarding the findings of the study.

NCSU Agricultural Curriculum Development Coordinator

It is recommended that \$150,000 in nonrecurring funds be allocated to North Carolina State University, Cooperative Extension to fund an agricultural Curriculum Development Coordinator at NCSU to develop agricultural education programs in the public schools in North Carolina.

North Carolina Cooperative Extension Service Clinton Facility

It is recommended that \$140,000 in nonrecurring funds be allocated to North Carolina State University, Cooperative Extension Service, to fund the construction of a new office facility to house the NC Cooperative Extension Service in Clinton.

Tyrrell County 4-H Environmental Education Center

It is recommended that \$500,000 in nonrecurring funds be allocated to North Carolina State University, Cooperative Extension Service, to provide funds for capital expansion and program activities at the Tyrrell County 4-H Environmental Education Center.

Salary Reserves

It is also noted that the Conference Committee Report appropriated \$4,000,000 to fund salary increases for NCSU and NCA&T Agricultural Employees (these funds are allocated in the Academic Salary Increase Item).

### **III. UNC Health Care System**

In response to the Board's request for \$15,000,000 for UNC Health Care System, the General Assembly appropriated \$5,000,000 for indigent care services at UNC Hospitals.

It is recommended that these funds be allocated to UNC Health Care System.

### **IV. Related Educational Programs**

The General Assembly increased appropriations for Aid to Students Attending Private Colleges and Universities by \$2,991,488 on a recurring basis as outlined in the Conference Report. These funds:

- provide funding for additional students to receive the Legislative Tuition Grant at the rate of \$1,800 for each full-time North Carolina undergraduate student (\$1,395,488)
- increase the need-based State Contractual Scholarship Fund from \$1,100 to \$1,150 per full-time equivalent North Carolina undergraduate student (\$1,596,000) attending private colleges

In addition, the General Assembly appropriated \$650,000 in 2005-06 and \$1,300,000 in 2006-07 to create the Future Teachers of North Carolina Scholarship Fund. This fund will

award 100 scholarship loans each year to juniors and seniors in North Carolina public and private colleges that agree to become certified to teach math, science, special education, or English as a Second Language in North Carolina public schools. The loan is \$6,500 per year and is not repaid if the recipient teaches for three years in the state. The special provision follows:

#### **TEACHER SCHOLARSHIPS FUNDS**

**SECTION 9.11.(a)** Article 23 of Chapter 116 of the General Statutes is amended by adding the following new section:

**"§ 116-209.38. Future Teachers of North Carolina Scholarship Loan Fund.**

(a) There is established the Future Teachers of North Carolina Scholarship Loan Fund. The purpose of the Fund is to provide a two-year scholarship loan of six thousand five hundred dollars (\$6,500) per year for any North Carolina student pursuing a college degree to teach in the public schools of the State. The scholarship loan shall be paid only for the student's junior and senior years. The scholarship loan is available if the student is enrolled in a State institution of higher education or a private institution of higher education located in this State that has an accredited teacher preparation program for students planning to become certified teachers in North Carolina. The State Education Assistance Authority shall administer the Fund and shall award 100 scholarship loans annually.

(b) The Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, shall develop the criteria for awarding the scholarship loans under this section and shall adopt very stringent standards for awarding these scholarship loans to ensure that only the best students receive them. Additional criteria for awarding a scholarship loan under this section shall include all of the following:

- (1) The student is one who either: (i) maintained a "B" or better average in college and is enrolled as a junior or senior in a teacher preparation program at any of the institutions described by subsection (a) of this section; or (ii) completed a college transfer curriculum at a community college in the State's community college system, maintained a "B" or better average in the community college courses, and is accepted and enrolled in a teacher preparation program at one of the institutions described by subsection (a) of this section.
- (2) The student agrees to become certified in math, science, special education, or English as a Second Language and teach full-time in that subject area in a North Carolina public school for three years within five years after graduation.
- (3) Any additional criteria that the Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, considers necessary to administer the Fund effectively.

(c) If a student who is awarded a scholarship loan under this section fails to comply with the provisions of this section or the terms of the agreement awarding the scholarship loan, then the student shall repay the full amount of the scholarship loan provided to the student and the appropriate amount of interest as determined by the State Education Assistance Authority.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Future Teachers of North Carolina Scholarship Fund and the information regarding the availability and criteria for awarding the scholarship loans, and (ii) shall provide that information to the appropriate counselors in each local school system and the appropriate institutions of higher education and shall charge those counselors to inform students about the scholarship loans and to encourage them to apply for the scholarship loans.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarship loans awarded from the Fund."

**SECTION 9.11.(b)** Of the funds appropriated in this act to the State Education Assistance Authority, the sum of six hundred fifty thousand dollars (\$650,000) for the 2005-2006 fiscal year and the sum of one million three hundred thousand dollars (\$1,300,000) for the 2006-2007 fiscal year shall be used to implement this act.

The General Assembly also appropriated \$100,000 in 2005-06 and \$200,000 in 2006-07 for scholarship loans for prospective coaches. It is recommended that these funds be allocated to UNC-General Administration, Related Educational Programs to be administered by the State Education Assistance Authority. This will create 25 scholarship loans each year that do not have to be repaid if the graduate takes a coaching job in a rural or need-based area. A year of work cancels a year of loan repayment. The special provision follows:

**PHYSICAL EDUCATION – COACHING SCHOLARSHIP LOAN**

**SECTION 9.31.** Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

**"§ 116-209.36. Physical Education – Coaching Scholarship Loan Fund.**

(a) There is established the Physical Education – Coaching Scholarship Loan Fund. The purpose of the Fund is to provide scholarship loans to students who are pursuing college degrees to become public schoolteachers and coaches or assistant coaches. Coaching Fellows shall be offered a curriculum that advances skills in physical education and coaching that instills a strong motivation not only to remain in the coaching profession but to provide leadership in the schools where they coach. The State Education Assistance Authority shall administer the Fund. The Fund shall provide 25 scholarship loans per year.

(b) Criteria for awarding the scholarship loans shall be developed by the State Education Assistance Authority in consultation with the Board of Governors of The University of North Carolina and shall include all of the following:

- (1) An applicant shall be enrolled in an accredited bachelors degree program in an institution of higher education in North Carolina.
- (2) All students shall enter into a legal agreement and promissory note with the Authority to accept employment as a coach or coaching assistant in an elementary or secondary school in North Carolina in exchange for receiving any funds, which agreement shall include stipulation that the student agrees to accept employment in rural or other need-based counties.
- (3) An applicant shall be a resident of North Carolina. For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.
- (4) Any additional criteria that the State Education Assistance Authority considers necessary to administer the Fund effectively, including all of the following:
  - a. Consideration of applicants from diverse backgrounds to receive scholarships pursuant to this section.
  - b. Consideration of the academic qualifications of the individuals applying to receive funds.
  - c. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of coaching.

(c) The State Education Assistance Authority shall: (i) prepare a clear written explanation of the Physical Education - Coaching Scholarship Loan Fund and the information regarding the availability and criteria for awarding the scholarships, and (ii) provide that information to the appropriate counselors in each local school system and shall charge those counselors to inform students about the scholarships and to encourage them to apply for the scholarships.

(d) The State Education Assistance Authority shall administer the Fund and shall ensure that the loan amount is limited to four thousand dollars (\$4,000) per recipient per year.

(e) The Authority shall ensure that the following loan cancellations and repayment schedules apply to all funds distributed pursuant to this section:

- (1) The individual who graduates with a bachelors degree and who works as a school coach or coaching assistant in a rural or other need-based area of North Carolina shall have that amount of the loan cancelled that is based on the amount of time

- employed and the number of academic years funds were received. One full year of employment shall cancel one academic year's loan.
- (2) The individual who graduates with a bachelors degree and who works as a school coach or assistant coach in a rural or other need-based area of North Carolina for the equivalent of the total number of academic years funds were received shall have the entire loan cancelled.
  - (3) The individual who graduates with a bachelors degree and who does not work as a school coach or assistant coach in a rural or other need-based area of North Carolina for any or all of the equivalent of the number of years funds were received shall repay the loan to the Authority according to a schedule prescribed in the promissory note, plus ten percent (10%) annual interest.
  - (4) The individual who does not graduate with a bachelors degree shall repay the loan according to a schedule prescribed by the Authority, not to exceed fifteen percent (15%) annual interest. In establishing a schedule and interest rate, the Authority shall take into consideration the reasons the individual did not graduate with a bachelors degree.

The Authority shall ensure that all repayments, including accrued interest, shall be placed in the Fund.

The Authority may forgive or reduce any loan repayment if the Authority considers that extenuating circumstances exist that would make repayment impossible.

(f) The State Education Assistance Authority, in consultation with the Board of Governors of The University of North Carolina, shall adopt rules to implement this section.

(g) The State Education Assistance Authority shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarship loans awarded from the Fund."

The General Assembly provided an additional \$390,000 for the Millennium Teacher Scholarship Loan Program from the Escheat Fund. These funds will provide scholarship loans (\$6,500 each) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the HBUs that do not have Teaching Fellows. Funds will support the second class of 60 teaching scholars at ECSU, FSU, and WSSU in 2005-06 and an additional \$390,000 will support a third class in 2006-07. The special provision for this item is shown on page 6 under 9.6(b).

The Joint Conference Committee Report also specifies that the Escheat Fund will continue to support \$1,100,000 for the Health, Science and Mathematics Student Loan Program.

It is recommended that these funds be allocated to UNC-General Administration, Related Educational Programs.

## **V. North Carolina School of Science and Mathematics**

As previously noted in Line 1a – Enrollment Changes and Other Funding Adjustments, \$200,000 in recurring funds is being recommended for allocation to NCSSM to fund enrollment growth for ten additional students.

In addition, the Joint Committee Conference Report provided additional recurring funding of \$585,565 in 2005-06 and \$1,523,183 in 2006-07 for full tuition grants to all students who graduate from the North Carolina School of Science and Mathematics who enroll full-time in a constituent institution of the University of North Carolina. It is recommended that these

funds be transferred to UNC-General Administration, Related Educational Programs for administration by the State Educational Assistance Authority.

**AMEND NC SCHOOL OF SCIENCE AND MATH TUITION GRANT**

**SECTION 9.14.(a)** G.S. 116-238.1(f) reads as rewritten:

"(f) Notwithstanding any other provision of this section, no tuition grant awarded to a student under this section shall exceed the cost of ~~tuition~~ attendance at the constituent institution at which the student is enrolled. If a student, who is eligible for a tuition grant under this subsection, also receives a scholarship or other grant covering the cost of ~~tuition~~ attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the State Education Assistance Authority. The State Education Assistance Authority shall reduce the amount of the tuition grant so that the sum of all grants and scholarship aid covering the cost of ~~tuition~~ attendance received by the student, including the tuition grant under this section, shall not exceed the cost of ~~tuition~~ attendance for the constituent institution at which the student is enrolled. The cost of attendance, as used in this subsection, shall be determined by the State Education Assistance Authority for each constituent institution."

**SECTION 9.14.(b)** This section applies to any eligible student who is enrolled full-time in The University of North Carolina after July 1, 2005.

## Budget Reductions in Continuation Budgets by the 2005 Session

The 2005 Session made reductions in the continuing operating budgets of The University as shown below:

Code	Institution	Flex Reduction <sup>1</sup>	Building Reserves Reduction Minimum Hiring Rate	Building Reserves Reduction Adjust Completion Dates (NR)	Non-Credit & Receipt Supported Instruction Reduction	Eliminate GF Summer School Reduction	Other Reductions	2005-06 Total Budget Reductions
<b>UNIVERSITY OPERATIONS</b>								
16080	ASU	(1,581,362)	(138,738)	1,071,342	–	(419,131)	–	(1,067,889)
16065	ECU, Academic Affairs	(2,536,029)	(174,320)	–	–	(635,559)	–	(3,345,908)
16066	ECU-HA	(770,604)	–	–	–	–	–	(770,604)
16086	ECSU	(449,488)	–	(70,471)	(125,932)	(30,278)	–	(676,169)
16088	FSU	(668,723)	(27,910)	(185,373)	(27)	(323,230)	–	(1,205,263)
16070	NCA&T	(1,314,131)	(45,267)	–	(5,186)	(250,181)	–	(1,614,765)
16090	NCCU	(926,724)	(17,025)	(14,069)	–	(235,013)	(250,000)	(1,442,831)
16092	NCSA	–	(41,673)	(189,828)	(7,904)	(92,540)	–	(331,945)
16030	NCSU	(4,939,685)	(305,246)	23,026	(1)	–	–	(5,221,906)
16055	UNCA	(470,073)	(15,590)	(121,293)	–	(133,401)	–	(740,357)
16020	UNC-CH, Acad. Affairs	(3,547,792)	(75,139)	(948,723)	(481,924)	(179,196)	–	(5,232,774)
16021	UNC-CH-Health Affairs	(2,740,524)	(428,902)	(603,731)	–	–	–	(3,773,157)
16022	UNC-CH, AHEC	–	–	–	–	–	–	0
16050	UNCC	(1,997,148)	(12,700)	(37,254)	–	(313,905)	–	(2,361,007)
16040	UNCG	(1,875,503)	(45,351)	–	–	(466,849)	–	(2,387,703)
16082	UNCP	(677,553)	(7,920)	(188,979)	(50,357)	(138,916)	–	(1,063,725)
16060	UNCW	(1,116,126)	(28,665)	(613,385)	(13,201)	(17,331)	–	(1,788,708)
16075	WCU	(959,185)	(57,374)	(163,935)	–	(238,715)	–	(1,419,209)
16084	WSSU	(748,446)	(1,950)	–	–	(184,270)	–	(934,666)
16010	UNC-GA	(449,464)	–	–	–	–	(240,020)	(689,484)
16011	UNC-GA, Instit. Prog.	(278,722)	–	–	–	–	(700,000)	(978,722)
<b>Total</b>		<b>(28,047,282)</b>	<b>(1,423,770)</b>	<b>(2,042,673)</b>	<b>(684,532)</b>	<b>(3,658,515)</b>	<b>(1,190,020) <sup>2</sup></b>	<b>(37,046,792)</b>
<b>AGRICULTURAL PROGRAMS</b>								
16031	NCSU-Ag Research	(798,928)	(4,559)	(147,251)	–	–	–	(950,738)
16032	NCSU-Ag Ext.	(626,022)	–	–	–	–	–	(626,022)
16012	UNC-GA, Related Ed.	–	–	–	–	–	(23,975,714) <sup>3</sup>	(23,975,714)
16012	UNC-GA, Related Ed.	(892,295)	–	–	–	–	(2,119,699) <sup>4</sup>	(3,011,994)
16094	NCSSM	–	–	–	–	–	–	0
16095	UNC Hospitals	(683,181)	–	–	–	–	–	(683,181)
<b>Total</b>		<b>(31,047,708)</b>	<b>(1,428,329)</b>	<b>(2,189,924)</b>	<b>(684,532)</b>	<b>(3,658,515)</b>	<b>(27,285,433)</b>	<b>(66,294,441)</b>

<sup>1</sup> The reduction is 1.72% except for UNC-Chapel Hill-AHEC, Center for Public Television, NC School of the Arts, NC School of Science and Math, State Contractual Scholarship program and other Related Educational Programs (except Legislative Tuition Grants), and the following K-12 programs: Model Teacher Education Consortium, NC TEACH, NC Teacher Academy, Principals' Executive Program, Principal Fellows Program, Math and Science Education Network and the NC Center for the Advancement of Teachers.

<sup>2</sup> Recurring reductions to the Juvenile Justice Institute at NCCU (\$250,000), the North Carolina Education Research Council (\$240,020) and the Strategic Initiatives Reserve (\$700,000).

<sup>3</sup> This amount is a replacement of General Fund appropriation for the Need-Based Financial Aid program with an appropriation from the Escheat Fund, which is not a true cut, but rather a swap of funding sources.

<sup>4</sup> Recurring reduction to reduce funds for SREB contractual spaces (\$169,600), Private Medical School Aid (\$636,000), Medical Scholarships (\$768,299), and the State Contractual Scholarship Program (\$545,800).

The Joint Conference Committee Report of the Continuation, Expansion and Capital Budgets, dated August 8, 2005 and incorporated into the appropriations bill by reference, specified the budget reductions as follows:

- Reduced appropriations by \$31,047,708. This includes a 1.72% reduction for all institutions except for UNC-Chapel Hill-AHEC, Center for Public Television, NC School of the Arts, NC School of Science and Math, State Contractual Scholarship program and other Related Educational Programs (except Legislative Tuition Grants), and the following K-12 programs: Model Teacher Education Consortium, NC Teach, NC Teacher Academy, Principals Executive Program, Principal Fellows Program, Math and Science Education Network, and the NC Center for the Advancement of Teaching. Institutions will have the flexibility to manage this reduction.
- Reduced the starting salary from the midpoint to the minimum of the pay range for positions related to the operation of new Buildings opening during the fiscal year – recurring reduction of \$1,432,888 in 2005-06 and \$3,005,385 in 2006-07.
- Adjusted funding in reserves for operating new facilities due to changes in completion dates – nonrecurring reduction of \$2,189,924.
- Eliminated General Fund appropriation for non-credit and receipt supported instruction – recurring reduction of \$684,532.
- Eliminated the General Fund appropriations for Summer School – recurring reduction of \$3,658,515.
- Recurring reductions eliminated funding for vacant contracted spaces in optometry, dentistry and medical schools negotiated through the Southern Regional Education Board (\$169,600). Reduced recurring funding to support Private Medical School Aid (\$636,000), and Medical Scholarships for NC residents attending medical schools at ECU, UNC-CH, Duke University, and Wake Forest University (\$768,299). Reduced the recurring budget for the State Contractual Scholarship Program (\$545,800).
- Reduced the appropriation to the Juvenile Justice Institute at North Carolina Central University – recurring reduction of \$250,000.
- Eliminated General Fund appropriations for the North Carolina Education Research Council (\$240,020).
- Reduced funding for the Strategic Initiatives Reserves – recurring reduction of \$700,000.
- Replaced General Fund appropriations of \$23,975,714 for existing scholarships with an appropriation from the Escheat fund (General Fund Swap) to support the Need Based Financial Aid program.

No Board action is required since these Legislative changes are made in the continuation budgets.

The General Assembly also enacted the following special provision regarding administering the budget reductions:

**UNC BUDGET REDUCTION REPORT/ALLOCATIONS**

**SECTION 9.1.** The Chancellor of each constituent institution shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes in order to meet the reduction amounts for that institution. The President of The University of North Carolina shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction amounts for those entities. The Board of Governors shall make a summary report to the Office of State Budget and Management and the Fiscal Research Division by December 31, 2005, on all reductions made by these entities and constituent institutions in order to reduce the budgets by the targeted amounts. All reports under this section shall include the positions eliminated and the actions taken on nonpersonnel costs to achieve the reductions.

Except for funds specifically allocated by this act, the Office of State Budget and Management shall certify all University of North Carolina expansion budget items to UNC-GA Institutional Programs for allocation by the Board of Governors as provided by G.S. 116-11(9)a. and G.S. 116-11(9)b. For funds specifically allocated by this act, the office of State Budget and Management shall certify those University of North Carolina expansion budget items to UNC-GA Institutional Programs for allocation by the Board of Governors as provided by this act.

**Other Budget-Related Special Provisions**

In addition to the special provisions in the Budget Appropriation Act (Senate Bill 622) which were previously cited, the following are noted for information and no Board actions are required at this time.

**ENROLLMENT GROWTH FUND/ENCOURAGE PARTNERSHIPS FOR NEW 2 + 2 PROGRAMS**

**SECTION 9.2.(a)** The University of North Carolina Board of Governors' Task Force on Meeting Teacher Supply and Demand called for the President to develop a plan for enrollment growth in the University System's teacher education programs to respond to the State's shortage of teachers. In a presentation to the Joint Legislative Education Oversight Committee and to the Board of Governors, a commitment was made to increase the number of teacher education graduates in 2005-2006 and in 2006-2007. The Office of the President of The University of North Carolina shall obtain plans from each campus as to how they will maintain their current enrollment in the teacher education programs and achieve their growth targets to ensure such increases in those programs occur. Plans may include using enrollment growth funds for targeted admissions, enhanced student support, and advising, recruiting, increases in faculty in necessary instructional areas that lead to certification, and other methods the Office of the President believes will achieve those results. The Office of the President shall report back to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than December 30, 2005, on each campus's plan. No later than March 31, 2006, the Office of the President shall submit a report on progress towards meeting this priority for the 2006-2007 academic year, based on each campus's current students in the education programs, and the students who have been accepted for the 2006-2007 fiscal year who are enrolling in the education programs. The report shall also explain the distribution of enrollment growth funds by specific initiative.

**SECTION 9.2.(b)** The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall strongly encourage the constituent institutions and the community colleges that do not currently have 2 + 2 programs that emphasize teacher education to design and enter into formal partnerships to offer those 2 + 2 programs. The Board of Governors and the Board of Community Colleges shall report to the Joint Legislative Education Oversight

Committee by February 1, 2006, regarding the status of existing 2 + 2 programs and any new partnerships established.

#### **INFORMATION TECHNOLOGY PROCUREMENT**

**SECTION 9.8.** For purposes of purchasing hardware, software licenses, and multiyear maintenance agreements, The University of North Carolina and its constituent institutions may participate in the aggregation of purchasing administered by the Office of Information Technology Services, as defined in G.S. 147-33.72F. The Office of State Budget and Management shall conduct a cost comparison study of hardware, software license, and multiyear maintenance agreement purchases made by The University of North Carolina and its constituent institutions and by the Office of Information Technology Services, to determine if further aggregation is cost-justified. The Study shall also include an analysis of aggregated purchases by the University System and the effect of educational discounts available to the University System. The report of comparative unit costs shall be completed by December 31, 2005.

#### **BOARD OF GOVERNORS' DENTAL SCHOLARSHIPS**

**SECTION 9.9.(a)** The current Board of Governors' Dental Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Dental Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Dental Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers for first-year students, required dental equipment, and an annual payment of five thousand dollars (\$5,000) per year to students who have been accepted for admission to the School of Dentistry at the University of North Carolina at Chapel Hill. The Board may adopt standards, including minimum grade point average and DAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices dentistry in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice dentistry in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds shall revert to the General Fund at the end of each fiscal year.

**SECTION 9.9.(b)** Any dental scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

#### **BOARD OF GOVERNORS' MEDICAL SCHOLARSHIPS**

**SECTION 9.10.(a)** The current Board of Governors' Medical Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Medical Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Medical Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers, and an annual payment of five thousand dollars (\$5,000) per year to students who have been accepted for admission to either Duke University School of Medicine, Brody School of Medicine at East Carolina University, the University of North Carolina at Chapel Hill School of Medicine, or the Wake Forest University School of Medicine. The Board may adopt standards, including minimum grade point average and MCAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board

that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices medicine in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice medicine in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds shall revert to the General Fund at the end of each fiscal year.

**SECTION 9.10.(b)** Any medical scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

#### **UNC-CHAPEL HILL CONTINUE TO OPERATE HORACE WILLIAMS AIRPORT**

**SECTION 9.15.** The Legislative Research Commission shall study the continued viability of the Area Health Education Centers (AHEC) program if the Horace Williams Airport is not available and report its findings to the General Assembly no later than the reconvening of the 2005 Regular Session of the General Assembly in 2006. In conducting the study, the Legislative Research Commission should invite physicians and pilots frequently participating in the AHEC program to appear before the Commission.

The University of North Carolina at Chapel Hill shall operate the Horace Williams Airport and continue air transportation support for the AHEC program and the public from that location until 30 days after sine die adjournment of the 2005 Regular Session of the General Assembly.

#### **TRANSFER PROSPECTIVE TEACHER SCHOLARSHIP LOAN AND TEACHER ASSISTANT SCHOLARSHIP LOAN TO THE NC STATE EDUCATION ASSISTANCE AUTHORITY**

**SECTION 9.17.(a)** The Scholarship Loan Fund for Prospective Teachers is transferred from the Department of Public Instruction to the State Education Assistance Authority. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6.

**SECTION 9.17.(b)** G.S. 115C-468 is recodified as G.S. 116-209.33. G.S. 115C-469, 115C-470, and 115C-472.1 are repealed. G.S. 115C-471 is recodified as G.S. 116-209.34.

**SECTION 9.17.(c)** G.S. 115C-468 recodified by subsection (b) of this section as G.S. 116-209.33 reads as rewritten:

#### **"§ 116-209.33. Establishment of fund, Scholarship Loan Fund for Prospective Teachers.**

(a) There is established a revolving fund known as the "Scholarship Loan Fund for Prospective Teachers". The purpose of the Fund is to provide scholarship loans to qualified individuals who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) ~~Criteria~~ The State Education Assistance Authority, in consultation with the State Board of Education, shall develop criteria for awarding scholarship loans from the fund shall include measures the Fund. These criteria shall include:

- (1) Measures of academic performance including grade point averages, scores on standardized tests, class rank, and recommendations of guidance counselors and principals.
- (2) North Carolina residency. – For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.
- (3) The geographic areas or subjects of instruction in which the demand for teachers is greatest.
- (4) To the extent practical, an equal number of scholarships shall be awarded in each of the State's Congressional Districts.
- (5) Any additional criteria that the State Education Assistance Authority considers necessary to administer the Fund effectively, including the following:

- a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.
- b. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) ~~The Superintendent of Public Instruction~~State Education Assistance Authority may earmark each year up to twenty percent (20%) of the funds available for scholarship loans ~~each year under this section~~ for awards to applicants ~~who have been employed for at least one year as teacher assistants and who are currently employed as teacher assistants. Preference for these scholarship loans from funds earmarked for teacher assistants shall be given first to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished and then to applicants who already hold a baccalaureate degree or who have already been formally admitted to an approved teacher education program in North Carolina. The criteria for awarding scholarship loans to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished shall include whether the teacher assistant has been admitted to an approved teacher education program in North Carolina.~~ for the Teacher Assistant Scholarship Fund established in G.S. 116-209.35.

~~The Superintendent of Public Instruction may further earmark a portion of these funds each year for two year awards to applicants who have been employed for at least one year as teacher assistants to attend community colleges to get other skills of use in public schools or to get an early childhood associate degree. The provisions of this Article shall apply to these scholarship loans except that a recipient of one of these scholarship loans may receive credit upon the amount due by reason of the loan as provided in G.S. 115C 471(5) or by working in a nonteaching position in the North Carolina public schools or by working in a licensed child care center in North Carolina."~~

**SECTION 9.17.(d)** G.S. 115C-471 recodified by subsection (b) of this section as G.S. 116-209.34 reads as rewritten:

**"§ 116-209.34. Fund administered by ~~State Superintendent of Public Instruction; rules and regulations,~~State Education Assistance Authority; rule-making authority.**

(a) ~~The Scholarship Loan Fund for Prospective Teachers shall be administered by the State Superintendent of Public Instruction, under rules adopted by the State Board of Education and subject to the following directions and limitations: The State Education Assistance Authority shall establish the terms and conditions for the scholarship loans consistent with the following:~~

- (1) ~~Any resident of North Carolina who is interested in preparing to teach in the public schools of the State may apply in writing to the State Superintendent of Public Instruction for a regular scholarship loan in the amount of not more than two thousand five hundred dollars (\$2,500) per academic school year. An applicant who has been employed for at least one year as a teacher assistant and who is currently employed as a teacher assistant may apply for a scholarship loan from funds earmarked for teacher assistants in the amount of not more than one thousand two hundred dollars (\$1,200) per academic school year. The loan amount shall be not more than four thousand dollars (\$4,000) per academic school year for a maximum of four years for applicants who are pursuing a college degree to become a teacher.~~
- (2) ~~All scholarship loans shall be evidenced by notes made payable to the State Board of Education Authority that bear interest at the rate of ten percent (10%) per annum from and after September 1 following fulfillment by a prospective teacher of the requirements for a certificate based upon the entry level degree; or in the case of persons already teaching in the public schools who obtain scholarship loans, the notes shall bear interest at the prescribed rate from and after September 1 of the school year beginning immediately after the use of the scholarship loans; or in the event any such scholarship is terminated under the provisions of subdivision (3) of this section, the notes shall bear interest from the date of termination. A minor recipient who signs a note shall also obtain the endorsement thereon by a parent, if there be a living parent, unless the endorsement is waived by the Superintendent of Public Instruction. The minor recipient shall be obligated upon the note as fully as if the recipient were of age and shall not be permitted to plead such minority as a defense in order to avoid the obligations undertaken upon the notes. year, beginning~~

September 1 after graduation, or immediately after termination of the scholarship loan, whichever is earlier.

- (3) ~~Each recipient of a scholarship loan under the provisions of this program shall be eligible for scholarship loans each year until the recipient has qualified for a certificate based upon the entry level degree, but the recipient shall not be so eligible for more than the minimum number of years normally required for qualifying for the certificate. The permanent withdrawal of any recipient from college or failure of the recipient to do college work in a manner acceptable to the State Superintendent of Public Instruction shall immediately forfeit the recipient's right to retain the scholarship and subject the scholarship to termination by the State Superintendent of Public Instruction in the Superintendent's discretion. A scholarship loan shall be terminated upon the recipient's withdrawing from school or a finding by the Authority that the recipient fails to meet the standards set by the Authority. All terminated scholarships shall be regarded as vacant and subject to being awarded to other eligible persons.~~
- (4) ~~Except under emergency conditions applicable to the State Superintendent of Public Instruction, recipients of scholarship loans shall enter the public school system of North Carolina at the beginning of the next school term after qualifying for a certificate based upon the entry level degree or, in case of persons already teaching in the public schools, at the beginning of the next school term after the use of the loan. All teaching service for which the recipient of any scholarship loan is obligated shall be rendered by August 31 of the seventh school year following graduation.~~
- (5)(4) ~~For each full school year taught in a North Carolina public school, the recipient of a scholarship loan shall receive credit upon the amount due by reason of the loan equal to the loan amount for a school year as provided in the note plus credit for the total interest accrued on that amount. Also, the recipient of the loan shall receive credit upon the total amount due by reason of all four years of the loan if the recipient teaches for three consecutive years. The Authority shall forgive a four-year loan if, within seven years after graduation, the recipient teaches for four years at a North Carolina public school or at a school operated by the United States government in North Carolina. The Authority shall also forgive a four-year loan if, within seven years after graduation, the recipient teaches for three consecutive years, or for three years interrupted only by an approved leave of absence, at a North Carolina public school that is in a low-performing school system or a school system on warning status at the time the recipient accepts employment with the local school administrative unit. In lieu of teaching in the public school, a recipient may elect to pay in cash the full amount of scholarship loans received plus interest then due thereon or any part thereof that has not been canceled by the State Board of Education by reason of teaching service rendered. For loans of less than four years, the Authority shall forgive one year for each year the recipient teaches, within four years of graduation, at a North Carolina public school or a school operated by the United States government in North Carolina.~~
- (6)(5) ~~If any recipient of a scholarship loan dies during the period of attendance at a college or university under a scholarship loan or before the scholarship loan is satisfied by payment or teaching service, any balance shall be automatically canceled.~~
- ~~If any recipient of a scholarship loan fails to fulfill the recipient's obligations under subdivision (4) of this section, other than as provided above, the amount of the loan and accrued interest, if any, shall be due and payable from the time of failure to fulfill the recipient's obligations. The Authority may forgive or reduce any loan payment if the Authority considers that extenuating circumstances exist that would make teaching or repayment impossible.~~
- (7)(6) ~~The State Superintendent of Public Instruction shall award scholarship loans with due consideration to factors and circumstances such as aptitude, purposefulness, scholarship, character, financial need, and geographic areas or subjects of instruction in which the demands for teachers are greatest. Since the primary purpose of this Article is to attract worthy young people to the teaching profession, preference for scholarship loans, except for the scholarship loans from funds earmarked for teacher assistants, shall be given to high school seniors in the awarding of scholarships. In~~

~~awarding scholarship loans from funds earmarked for teacher assistants, preference shall be given to applicants who have already earned a baccalaureate degree or who have been formally admitted to an approved teacher education program in North Carolina. The Authority shall ensure that all repayments, including the accrued interest, are placed in the Fund.~~

(b) The State Education Assistance Authority, in consultation with the State Board of Education, shall adopt rules to implement G.S. 116-209.33, 116-209.34, and 116-209.35."

**SECTION 9.17.(e)** This section becomes effective January 1, 2006, and applies to scholarship loans awarded on or after that date.

#### **UNIVERSITY SYSTEM AND COMMUNITY COLLEGE SYSTEM JOINT STUDY OF HIGHER EDUCATION STRATEGY/AMEND REPORTING REQUIREMENT**

**SECTION 9.18.** Section 6.2 of S.L. 2004-179 reads as rewritten:

**"SECTION 6.2.** These studies shall be designed to provide information and recommendations that will assist the General Assembly in setting priorities for funding to address the strategic higher education needs of the State. The Board of Governors, the State Board, and their consultant shall periodically report their findings to a higher education programming subcommittee of the Joint Legislative Education Oversight Committee. The two boards and their consultant shall report the preliminary results of the study to the General Assembly and to the Joint Legislative Education Oversight Committee by ~~April 15, 2005, June 15, 2005,~~ and shall file a final report and recommendations with the General Assembly and the Joint Legislative Education Oversight Committee no later than ~~December 31, 2005, December 31, 2006.~~"

#### **DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND**

**SECTION 9.21.(a)** G.S. 116-41.15 reads as rewritten:

**"§ 116-41.15. Distinguished Professors Endowment Trust Fund; allocation; administration.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

- (1) On the basis of one three hundred thirty-four thousand dollar (\$334,000) challenge grant for each six hundred sixty-six thousand dollars (\$666,000) raised from private sources; or
- (2) On the basis of one one hundred sixty-seven thousand dollar (\$167,000) challenge grant for each three hundred thirty-three thousand dollars (\$333,000) raised from private ~~sources.~~ sources; or
- (3) On the basis of one challenge grant of up to six hundred sixty-seven thousand dollars (\$667,000) for funds raised from private sources in twice the amount of the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1)~~ (1), subdivision ~~(2)~~ (2), or subdivision ~~(3)~~ (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on a two to one basis. ~~the basis of two dollars of private funds for every one dollar of State funds.~~

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

- (1) On the basis of one five hundred thousand dollar (\$500,000) challenge grant for each five hundred thousand dollars (\$500,000) raised from private sources; or
- (2) On the basis of one two hundred fifty thousand dollar (\$250,000) challenge grant for each two hundred fifty thousand dollars (\$250,000) raised from private ~~sources.~~ sources; or
- (3) On the basis of one challenge grant of up to one million dollars (\$1,000,000) for funds raised from private sources in the same amount as the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1)~~ (1), subdivision ~~(2)~~ (2), or subdivision ~~(3)~~ (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on a one to one basis. ~~the basis of one dollar of private funds for every dollar of State funds.~~

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust Fund, and shall

maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created."

**SECTION 9.21.(b)** G.S. 116-41.16 reads as rewritten:

**"§ 116-41.16. Distinguished Professors Endowment Trust Fund; contribution commitments.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

- (1) A commitment to make a donation of at least six hundred sixty-six thousand dollars (\$666,000), as prescribed by G.S. 143-31.4, and an initial payment of one hundred eleven thousand dollars (\$111,000) to receive a grant described in G.S. 116-41.15(a)(1); or
- (2) A commitment to make a donation of at least three hundred thirty-three thousand dollars (\$333,000), as prescribed by G.S. 143-31.4, and an initial payment of fifty-five thousand five hundred dollars (\$55,500) to receive a grant described in G.S. 116-41.15(a)(~~2~~);(2); or
- (3) A commitment to make a donation in excess of six hundred sixty-six thousand dollars (\$666,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(a)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair.

(b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

- (1) A commitment to make a donation of at least five hundred thousand dollars (\$500,000), as prescribed by G.S. 143-31.4, and an initial payment of eighty-three thousand three hundred dollars (\$83,300) to receive a grant described in G.S. 116-41.5(b)(1); or
- (2) A commitment to make a donation of at least two hundred fifty thousand dollars (\$250,000), as prescribed by G.S. 143-31.4, and an initial payment of forty-one thousand six hundred dollars (\$41,600) to receive a grant described in G.S. 116-41.15(b)(~~2~~);(2); or
- (3) A commitment to make a donation in excess of five hundred thousand dollars (\$500,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(b)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair."

**SECTION 9.21.(c)** G.S. 116-41.17 reads as rewritten:

**"§ 116-41.17. Distinguished Professors Endowment Trust Fund; establishment of chairs.**

When the sum of the challenge grant and matching funds in the ~~Scholars'~~Distinguished Professors Endowment Trust Fund reaches:

- (1) One million dollars (\$1,000,000), if the sum of funds described in ~~G.S. 116-41.15(1); or G.S. 116-41.15(a)(1) or G.S. 116-41.15(b)(1); or~~
- (2) Five hundred thousand dollars (\$500,000), if the sum of funds described in ~~G.S. 116-41.15(2); G.S. 116-41.15(a)(2) or G.S. 116-41.15(b)(2); or~~
- (3) An amount up to two million dollars (\$2,000,000), if the sum of funds described in G.S. 116-41.15(a)(3) or G.S. 116-41.15(b)(3);

the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs. The Board, in considering whether to approve the recommendation, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees."

**UNC MAY ENCOURAGE THE ESTABLISHMENT OF PRIVATE, NONPROFIT CORPORATIONS TO SUPPORT THE UNIVERSITY SYSTEM AND ASSIGN UNC EMPLOYEES TO ASSIST WITH THOSE CORPORATIONS**

**SECTION 9.22.** Article 1 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 2B. Private, Nonprofit Corporations.

**"§ 116-30.20. Establishment of private, nonprofit corporations.**

The Board of Governors of The University of North Carolina shall encourage the establishment of private, nonprofit corporations to support the constituent institutions of The University of North Carolina and The University System. The President of The University of North Carolina and the chancellors of the constituent institutions may assign employees to assist with the establishment and operation of a nonprofit corporation and may make available to the corporation office space, equipment, supplies, and other related resources; provided, the sole purpose of the corporation is to support The University of North Carolina or one or more of its constituent institutions.

The board of directors of each such private, nonprofit corporation shall secure and pay for the services of The University System's internal auditors or employ a certified public accountant to conduct an audit of the financial accounts of the corporation. The board of directors shall transmit to the Board of Governors a copy of the annual financial audit report of the private, nonprofit corporation."

**ELIMINATE REPORTING REQUIREMENT FOR SCHOOL ADMINISTRATOR TRAINING PROGRAMS**

**SECTION 9.23.** G.S. 116-74.21 reads as rewritten:

**"§ 116-74.21. Establishment of a competitive proposal process for school administrator programs.**

(a) The Board of Governors shall develop and implement a competitive proposal process and criteria for assessing proposals to establish school administrator training programs within the constituent institutions of The University of North Carolina. To facilitate the development of the programs, program criteria, and the proposal process, the Board of Governors may convene a panel of national school administrator program experts and other professional training program experts to assist it in designing the program, the proposal process, and criteria for assessing the proposals.

(b) No more than 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites.

(c) The Board of Governors shall study the issue of supply and demand of school administrators to determine the number of school administrators to be trained in the programs in each year of each biennium. ~~The Board of Governors shall report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1, 1994, and annually thereafter the biennium and report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1 annually.~~

(d) The Board of Governors shall develop a budget for the programs established under subsection (a) of this section that reflects the resources necessary to establish and operate school

administrator programs that meet the vision of the report submitted to the 1993 General Assembly by the Educational Leadership Task Force.

~~(e) The Board of Governors shall report annually on the implementation of the act no later than December 1 of each year."~~

#### **CONTINUE ACADEMIC COMMON MARKET PROGRAM**

**SECTION 9.24.** Part 5 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

**"§ 116-43.10. Academic Common Market program.**

(a) The Southern Regional Education Board operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs provides a cost-effective means of offering educational access for North Carolina residents. North Carolinians are able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State avoids the cost associated with the development of new academic programs.

(b) The Board of Governors of The University of North Carolina may continue participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina System and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina.

(c) Once a student is enrolled in The University of North Carolina System under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. The Board of Governors shall provide a report on the Academic Common Market program to the Joint Legislative Education Oversight Committee by September 2007 and each biennium thereafter."

#### **TUITION WAIVER PROGRAM EXPANSION**

**SECTION 9.25.(a)** G.S. 116-143.1 is amended by adding a new subsection to read:

"(m) Notwithstanding subsection (b) of this section, a person who is a full-time employee of The University of North Carolina, or is the spouse or dependent child of a full-time employee of The University of North Carolina, and who is a legal resident of North Carolina, qualifies as a resident for tuition purposes without having maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes."

**SECTION 9.25.(b)** The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall study the feasibility of a tuition waiver exchange program under which full-time employees of The University of North Carolina would be allowed to take a specified number of courses at a community college without paying tuition, and full-time employees of a community college would be allowed to take a specified number of courses at a constituent institution of The University of North Carolina without paying tuition. The Boards shall report the results of this study to the Joint Legislative Education Oversight Committee by April 1, 2006.

#### **SCHOLARSHIP STUDENT**

**SECTION 9.27.(a)** Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

**"§ 116-143.6. Full scholarship students attending constituent institutions.**

(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full scholarships to the institution from entities recognized by the institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The

University of North Carolina.

(b) The following definitions apply in this section:

(1) 'Full scholarship' means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(2) 'Full cost' means an amount calculated by the constituent institution that is no less than the sum of tuition, required fees, and on-campus room and board.

(c) This section shall not be applied in any manner that violates federal law.

(d) This section shall be administered by the electing constituent institution so as to have no fiscal impact.

(e) In administering this section, the electing constituent institution shall maintain at least the current number of North Carolina residents admitted to that constituent institution."

**SECTION 9.27.(b)** This section applies to students who accept admission on or after July 1, 2005, to a constituent institution.

### **ENHANCE NUTRITION IN UNIVERSITY AND COMMUNITY COLLEGE FOOD PROGRAMS**

**SECTION 9.28.(a)** For nutritional purposes, the Board of Governors of The University of North Carolina and the State Board of Community Colleges shall adopt policies governing any food programs operated by the constituent institutions or local community colleges that prohibit: (i) the use of cooking oils in those food programs that contain trans-fatty acids, or (ii) the sale of processed foods containing trans-fatty acids that were formed during the commercial processing of the foods.

**SECTION 9.28.(b)** The policies adopted in compliance with this section shall be implemented by August 1, 2006, and shall apply to all contracts entered into or renewed on or after that date.

### **WAIVE TUITION FOR A PERSON OF A CERTAIN AGE WHO IS OR WAS A WARD OF THE STATE AND WHO ATTENDS CLASSES AT ANY CONSTITUENT INSTITUTION OF THE UNIVERSITY OF NORTH CAROLINA OR ANY COMMUNITY COLLEGE**

**SECTION 9.30.(a).** G.S. 115B-2(a) is amended by adding a new subdivision to read:

"(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student."

**SECTION 9.30.(b)** G.S. 115B-5 is amended by adding a new subsection to read:

"(c) The officials of the institutions charged with administration of this chapter may require proof to verify that a person applying to the institution under G.S. 115B-2(5) is eligible for the benefits provided by this Chapter."

### **NURSING SCHOLARS PROGRAM**

**SECTION 9.33.** G.S. 90-171.61 is amended by adding a new subsection to read:

"(b1) If a recipient is awarded a scholarship loan under this program and is enrolled, or accepted for enrollment, in a baccalaureate nursing program, but is unable to pursue the course of study in nursing for a semester due to limited faculty resources at the institution for that semester, then the recipient shall continue to receive the scholarship loan for that semester and shall not be required to forfeit or repay the scholarship loan for that semester provided that the recipient remains otherwise eligible for the program. This waiver shall be valid for only one semester of study and may extend a recipient's eligibility for funding under the program by no more than one semester."

### **PROFESSIONAL DEVELOPMENT PROGRAMS FOR PUBLIC SCHOOL EMPLOYEES**

**SECTION 9.34.(a)** G.S. 115C-12(26) reads as rewritten:

**"§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

- ...
- (26) ~~Duty to Monitor and Make Recommendations Regarding Professional Development Programs. – The State Board of Education shall identify State and local needs for professional development for professional public school employees based upon the State's educational priorities for improving student achievement. The State Board also shall recommend strategies for addressing these needs. The strategies must be research based, proven in practice, and designed for data driven evaluation. The State Board shall report its findings and recommendations to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Board of Governors of The University of North Carolina prior to January 15, 2002, and shall review, revise, and resubmit those findings and recommendations annually thereafter. The State Board shall evaluate the reports submitted by the Board of Governors under G.S. 116-11(12a) to determine whether the programs for professional development provided by the Center for School Leadership Development address the State and local needs identified by the State Board and whether the programs are using the strategies recommended by the State Board. Prior to January 15th of each year, the State Board shall report the results of its analysis to the Board of Governors and to the Joint Legislative Education Oversight Committee. Education, in collaboration with the Board of Governors of The University of North Carolina, shall identify and make recommendations regarding meaningful professional development programs for professional public school employees. The programs shall be aligned with State education goals and directed toward improving student academic achievement. The State Board shall annually evaluate and, after consultation with the Board of Governors, make recommendations regarding professional development programs based upon reports submitted by the Board of Governors under G.S. 116-11(12a)."~~

**SECTION 9.34.(b)** G.S. 116-11(12a) reads as rewritten:

**"§ 116-11. Powers and duties generally.**

The powers and duties of the Board of Governors shall include the following:

- ...
- (12a) ~~Notwithstanding any other law, the~~The Board of Governors of The University of North Carolina shall implement, administer, and revise programs for meaningful professional development for professional public school employees ~~in accordance with~~ based upon the evaluations and recommendations made by the State Board of Education under G.S. 115C-12(26). The programs shall be aligned with State education goals and directed toward improving student academic achievement. ~~The Board of Governors shall submit to the State Board of Education an annual written report that uses data to assess and evaluate the effectiveness of the programs for professional development offered by the Center for School Leadership Development. The report shall clearly document how the programs address the State needs identified by the State Board of Education and whether the programs are utilizing the strategies recommended by the State Board. The Board of Governors also shall submit this report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives prior to September 15th of each year.~~The Board of Governors shall submit to the State Board of Education an annual report evaluating the professional development programs administered by the Board of Governors."

**STUDY IN-STATE TEACHER TUITION BENEFIT**

**SECTION 9.35.** The Joint Legislative Education Oversight Committee shall 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. In its study, the Committee shall consider the difficulty some teachers have in establishing North Carolina as their domicile, the fact

that school systems on the borders of the State often recruit nonresidents who commute from their homes to teach in the North Carolina public school system and so are unable to establish this State as their domicile and any other relevant issues. The Committee shall make an interim report regarding its findings and recommendations to the 2005 General Assembly by May 30, 2007, and shall make a final report of its findings and recommendations to the 2007 General Assembly.

**REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL REPRESENTATION**

**SECTION 15.4.** The Department of Justice shall be reimbursed by the Board of Governors of The University of North Carolina for two Attorney III positions to provide legal representation to The University of North Carolina System.

**University of North Carolina**

	Senate		House		Conference	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
<b>University Adjusted Continuation Budget</b>	<b>\$2,024,322,442</b>	<b>\$2,052,608,147</b>	<b>\$2,024,322,442</b>	<b>\$2,052,608,147</b>	<b>\$2,024,322,442</b>	<b>\$2,052,608,147</b>
<u>Expansion:</u>						
Enrollment Growth (UNC & NCSSM)	72,953,678	72,953,678			72,953,678	72,953,678
Enrollment Growth - Full Funding for UNC Regular Term (no funding for NCSSM)			41,912,537	41,912,537		
Enrollment Growth - Partial Funding Distance Educ.			18,087,463	18,087,463		
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 (ECSU, FSU, NCA&T, NCCU, UNCP, WCU, and WSSU)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
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 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

	Senate		House		Conference	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
<b>Expansion (continued):</b>						
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 Health Care System)	-	-	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
<b>Sub-Total Expansion Increases</b>	<b>116,107,907</b>	<b>126,498,525</b>	<b>104,835,132</b>	<b>99,883,132</b>	<b>128,024,889</b>	<b>132,470,507</b>
<b>Reductions:</b>						
.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%; Conference - 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 Dates	(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 Teaching 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.						
*** Conference 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.						

	Senate		House		Conference	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
<b>Reductions (continued):</b>						
Juvenile Justice Institute	(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)
<b>Sub-Total Reductions</b>	<b>(68,006,146)</b>	<b>(69,532,445)</b>	<b>(70,788,861)</b>	<b>(70,175,993)</b>	<b>(66,294,441)</b>	<b>(65,681,573)</b>
<b>Revised UNC Budget</b>	<b>2,072,424,203</b>	<b>2,109,574,227</b>	<b>2,058,368,713</b>	<b>2,082,315,286</b>	<b>2,086,052,890</b>	<b>2,119,397,081</b>
Reduction to UNC General Administration to Fund Legislative Study of Distance Education (special provision)	-	-	(150,000) NR	-	-	-
<b>Revised UNC Budget</b>	<b>2,072,424,203</b>	<b>2,109,574,227</b>	<b>2,058,218,713</b>	<b>2,082,315,286</b>	<b>2,086,052,890</b>	<b>2,119,397,081</b>
<b>Salary Adjustments:</b>						
EPA Salary Increases <sup>1</sup> 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						
Conference – greater of \$850 or 2%						
SPA Salary Increases <sup>1</sup> 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						
Conference – 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
<b>UNC Capital Appropriations (all nonrecurring):</b>						
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	-
<sup>1</sup> 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
						8/12/05