

2010-11 Allocations – Current Operations

While most of the funding for the Current Operations Budget of each institution comes in the continuation budgets as approved by the General Assembly, funds for expansions and improvements are appropriated to the Board of Governors for allocation to the institutions. These appropriations are included in Senate Bill 897 (S.L. 2010-31), “2010 Appropriations Act,” and Senate Bill 1202 (S.L. 2010-123), which makes technical, clarifying, and other modifications to the 2010 Appropriations Act. By statute, the Board is directed to allocate such funds in accordance with its 2010-11 Budget Priorities and in accordance with any specifications in the Appropriations Act and the *Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets*, dated June 28, 2010. In addition to the appropriations for the 2010-11 Budget Priorities, the General Assembly made a number of special appropriations for designated programs in University Operations and Aid to Private Institutions.

It is recommended that the proposed Allocations for Current Operations appropriations for 2010-11 be approved. It is further recommended that the President be authorized to make refinements in the interest of accuracy and completeness.

Note: As supplementary information, a Comparative Worksheet showing the BOG Priorities, the Governor’s Budget, the Senate, House, and Final Budgets is attached to this item.

Allocations of Board of Governors' Budget Priorities Funded by the 2010 General Assembly

The 2010-11 Budget Priorities of the Board of Governors and the associated funding made available by the 2010 General Assembly are shown in the following table.

	2010-11	
	Budget Priorities	Recom. Allocation
Tuition – BOG Proposal instead of 2009 General Assembly	\$ 34,776,301	\$ 34,776,301
Enrollment	5,636,814	5,636,814
<i>The 2009 General Assembly appropriated \$53,432,226. The 2010 General Assembly appropriated \$5,636,814 to fund additional enrollment growth.</i>		
Operating Reserves for New Facilities	20,121,501 R	19,176,683 R
	5,051,806 NR	4,828,459 NR
Campus Safety	5,700,000 R	—
	8,500,000 NR	—
Our Citizens & Their Future: Access to Higher Education		
UNC Need-Based Financial Aid Program	34,856,563	8,195,517 NR
<i>The GF appropriation of \$8,195,517 plus nonrecurring lottery receipts of \$26,661,046 equals the additional \$34,856,563 needed in 2010-11</i>		
		26,661,046 * <i>lottery receipts</i>
Regional Partnerships	1,306,054	—
NCCU University College	300,000	—
Increase Access for Underrepresented Populations and Non-traditional Students (FSU, UNCA, UNC-CH, & WSSU)	2,016,700	—
Increase Efforts to Recruit & Retain High-Quality Faculty		
Competitive Salaries for Faculty – 80th Percentile of Peers	15,010,000	—
EPA Merit-Based Increases (2%)	39,168,000	—
Distinguished Professorships – Match Spangler Challenge	6,831,000 R	—
Grants and Reduce Backlog	5,000,000 NR	3,500,000 NR
Faculty Recruiting & Retention Fund	2,000,000	—
Efficient Use of Available Resources & Continue Efforts to Establish Accountability & Performance Measures		
Fiscal Integrity	5,000,000	—
Our Global Readiness		
21st Century Job Skills for UNC and High School Students (FSU, NCCU, WSSU)	516,300	—
Improve Academic & Student Support Services (UNC-CH, UNCG, UNCP)	1,830,400	—
Our University's Outreach & Engagement		
FSU Military One-stop Center & BRAC Outreach	354,750	—
UNCC Summer Bridge Program & 49er Leadership Academy	600,000	—
UNC-TV Statewide Public Affairs & Informational Program	650,000	—
UNC Press Online & Multi-format Content	200,000	—
Create Center for Applied Policy Research	250,000	—

* Non-add item – transfer from lottery receipts

NR = nonrecurring

	2010-11	
	Budget Priorities	Recom. Allocation
Our Communities & Their Economic Transformation		
NC Research Campus (Kannapolis)	7,000,000	1,000,000
NC Research Competitiveness & Commercialization Gap Funding	6,000,000	—
Graduate Student Recruitment & Retention	4,000,000	—
UNCC Energy Production Infrastructure Center (EPIC)	3,000,000	3,000,000
NCSU College of Engineering	5,000,000	3,000,000
NCA&T and UNCG Joint School of Nanoscience and Nanoengineering	3,392,000	1,000,000
UNCSA School of Filmmaking	500,000 R	—
	500,000 NR	—
WCU Forensic Science Program	750,000 R	—
	250,000 NR	—
ECSU School of Aviation	300,000 R	—
	150,000 NR	—
WCU Rapid Product Realization	200,000	—
NC Arboretum – Bent Creek Institute – Natural Products	300,000	—
Our Children & Their Future: Improving Public Education		
New Teacher Support and Mentoring Aimed at Retention - UNC Schools of Education	2,700,000	—
MSEN Pre-College Programs (ECU & WCU) and add ASU, UNCP, & UNCW in 2nd year	1,125,000	—
University-School Programs Network	500,000	—
System-wide STEM Initiative, focused on Mathematics	500,000	—
UNC-CH – Increase Production of Science Teachers	1,207,600	—
NCSU STEM Teachers Initiative	500,000	—
NCSSM Online & Diversity Initiative	500,000	—
NC Center for International Understanding (NCCIU) – K-12 Global Education	300,000	—
Our Health		
ECU Indigent Care	3,000,000	—
UNC Hospitals Indigent Care	4,000,000	—
ECU School of Dentistry and Clinics	11,000,000	6,000,000
UNC-CH Area Health Education Center (AHEC) in Elizabeth City	750,000	—
Nursing Program Expansion (NCCU & UNC-CH)	407,300	—
Health & Wellness/Allied Professions (ASU, UNCA, UNCW)	1,500,000 R	500,000
<i>Conf. Committee Report recommends that \$500K be allocated to ASU.</i>	400,000 NR	—
Medical School Expansions (ECU & UNC-CH)	4,000,000	—
UNCW Memory Science Research	193,900	—
UNCP Native American Health	331,900	—
ECU Heart Institute	300,000	—
Our Environment		
ASU Energy Initiatives	500,000 R	—
	250,000 NR	—
NCSU Bioenergy Technologies	500,000	—
UNC-CH Energy and Environmental Programs	900,000	—
Coastal Studies Institute	325,000	—
Total – recurring	242,607,083	74,089,798
Total – nonrecurring	20,101,806	16,523,976
Total 2010-11 Expansion Budget	262,708,889	90,613,774 **

** This amount does not include reductions or other budget adjustments.

NR = nonrecurring

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 Budget Priorities.

The allocations, as applicable, meet all of the directives cited in the Appropriations Act of 2010 (S.L. 2010-31), the technical corrections bill (S.L. 2010-123) and the related Joint Conference Committee Report of June 28, 2010.

Reductions & Other Adjustments to the University's Budget by the 2010 Session

The 2009 General Assembly directed additional Management Flexibility reductions of \$27,133,816 and \$2,000,000 for Centers and Institutes to take effect in 2010-11. The 2010 General Assembly mandated another \$70,000,000 in management flexibility reductions, for a total of \$99,133,816 in "flexible reductions" to be implemented in 2010-11.

Furthermore, the 2010 General Assembly instituted an advertising budget reduction of \$2,500,000, and repealed the nonresident athletic full scholarship tuition waiver (enacted in 2005) — a reduction of \$9,432,978. Additional targeted reductions of \$9,653,193 are shown in further detail on page 7.

For 2009-10 and 2010-11, both the Board of Governors and the legislature indicated that the flexible budget reductions assigned to the University should not be allocated to the campuses through an across-the-board method. In calculating the amount of the recommended reduction for each institution, the following key principles were followed.

- To the extent possible, protect the university's academic core;
- First, look to reduce administrative expenses - percentage reductions in administrative budgets will be disproportionately larger than those of instructional budgets;
- Recognize the difference in economies of scale - the administrative budgets at schools with less than 3,500 students will not be disproportionately impacted;
- Activities not central to the academic mission will receive disproportionately larger budget reductions in determining the percentage of total reductions for a campus;
- Student financial aid will not be reduced; and
- Take into account institutional performance on key measures.

The methodology for allocating the flexible budget reductions is based on weighting components of campus budgets to reflect these principles, then further adjusting those weights to reflect campus performance as measured by 29 metrics.

Within UNC, funds are budgeted and expended by their principal function: instructional activities; academic support activities; general institutional support and physical plant activities; specific programs (AHEC, Health Affairs, and Veterinary Medicine); programs that are not a part of the academic core (UNC-TV, North Carolina Arboretum); and student financial aid. Components of campus budgets were weighted for the purpose of allocating reductions as follows:

- Academic budgets were weighted 10% lower to protect the academic core.
- Administrative budgets for most institutions were weighted 25% higher to result in increased budget reductions. The four institutions with less than 3,500 students (ECSU, UNCA, UNCSA, NCSSM), were not assigned higher administrative reductions.
- Those activities not central to the academic core were weighted 90% higher than other budgets.
- No budget reductions were assigned to student financial aid budgets.

After adjusting for budget function, a series of 29 performance measures (see below) were factored into the reduction methodology. Through the use of the measures, campuses that performed well were rewarded through lower budget reductions and those that performed less satisfactorily received larger reductions. For each measure, campuses were evaluated either relative to each other, to Carnegie peers nationwide, to similar institutions within the UNC system, or to established BOG goals – the comparative group varied with and was dependent upon the specific measure. The percentages utilized in the first part of this analysis were adjusted upwards or downwards to reflect the 29 performance measures.

Listing of Performance Measures

- Freshman to Sophomore Retention Rate
- 4-yr Graduation Rate
- 6-yr Graduation Rate
- 4-yr Graduation Rate of Community College Transfers
- Community College Transfers
- Distance Learning Student Credit Hours
- Entering SAT 25th Percentile
- Entering SAT 75th Percentile
- Entering GPA
- Teacher Production
- Teacher Production in High Need Areas (Math & Science)
- Nursing – Student Success on NCLEX Exam
- Classroom Utilization
- Laboratory Utilization
- Research – Federal Research & Development Expenditures
- Financial Aid - % of Students receiving Federal Grants
- Student Faculty Ratio
- Faculty Productivity
- Diversity of Faculty
- Diversity of Student Population
- Condition of Facilities
- Number of Audit Findings and Investigative Audits
- Classroom Budget as a % of Total General Fund Budget
- Student / Administrator Ratio
- Faculty / Administrator Ratio

- Size of Campus / Economies of Scale
- Funding per Degree
- Funding per Student
- Value of Endowment

The previous description is applicable to flexible reductions for 2009-10 and 2010-11. In 2010-11, further adjustments have been made to the methodology to place more emphasis on certain components. Additional emphasis was placed on performance on freshman to sophomore retention rates, campus size / economies of scale, and financial aid. Also, two adjustments were made to recognize the disproportionate impact budget reductions have on small campuses. First, administrative budgets for small campuses (ECSU, UNCA, UNCSA, NCSSM) were weighted 25% less and second, the weighting of the entire budgets for UNCSA and NCSSM was reduced further by 10% in recognition that in-state high school students do not pay tuition and therefore cannot offset reductions through the supplemental tuition increase. Further adjustments were made for NCSSM due to its unique designation as a residential high school, which does not charge students to attend.

A special provision, as amended by the technical corrections bill (SB 1202), includes authority for the campuses to increase tuition by a supplemental amount up to \$750 (in addition to previously BOG-approved rates) to offset budget reductions. See tuition-related information on pages 19 and 20.

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 3.4.(a) Section 9.19 of S.L. 2009-451, reads as rewritten by Section 9.13 of S.L. 2010-31, reads as rewritten:

"SECTION 9.19. The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but in a manner that recognizes the importance of the academic mission and differences among The University of North Carolina entities. Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider reducing budgets for senior and middle management personnel, centers and institutes, low enrollment degree programs, speaker series, and nonacademic activities. The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of ~~the~~ The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification. Budget reductions shall not be considered in funding available for need-based financial aid.

Notwithstanding any other provision of law, ~~for the 2010-2011 fiscal year only~~, the constituent institutions may, with the approval of the President of The University of North Carolina, increase tuition by up to seven hundred fifty dollars ~~(\$750.00) per academic year. (\$750.00), and may implement the increase over the 2010-11 and 2011-12 academic years.~~ This increase shall be in addition to other increases authorized for the ~~fiscal year 2010-2011 and 2011-2012 fiscal years.~~ At least twenty percent (20%) of these funds shall be used to provide need-based financial aid to students. The remaining balance of these ~~funds shall be used only to offset the institutions' management flexibility reductions funds:~~

- (1) Shall be used to offset the institutions' management flexibility reductions.
- (2) May, if it is necessary to implement an additional one percent (1%) management flexibility reduction pursuant to Section 2.3 of this act to backfill enhanced FMAP funds, also be used to offset the additional one percent (1%) management flexibility reduction and to meet reversion requirements."

The management flexibility reductions (including centers and institutes) were reviewed at a meeting of the Board of Governors on July 13, 2010, during which the President consulted with the Board on supplemental tuition increases being sought by the campuses. The revenue for the increases could only be used to offset budget reductions required by the 2010-11 General Assembly and to increase the availability of need-based financial aid. In reviewing the allocation of budget reductions, the Board requested that reductions proposed to the School of Science and Mathematics be reduced to recognize that the School does not charge tuition and therefore cannot increase revenues to offset cuts. Consistent with Board guidance, the budget reductions to the North Carolina School of Science and Mathematics have been reduced. Based on the allocations discussed with the Board, the President has authorized corresponding increases in tuition. This meeting fixed the amount of the flexibility reductions as shown in the chart on page 8.

The General Assembly also reduced the General Fund advertising budgets of the campuses by \$2,500,000. It is recommended that the advertising reduction be allocated as shown on the following table, which was calculated on the basis of advertising expenditures by each campus in 2008-09.

In addition, the General Assembly eliminated in-state tuition for nonresident athletic scholarships. The reductions in state funds, by campus, are shown on the following table. The related special provision follows:

ELIMINATE IN-STATE TUITION FOR NON-RESIDENT ATHLETIC SCHOLARSHIPS

SECTION 9.25. G.S. 116-143.6(a) reads as rewritten:

"(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~~ scholarships, unless the scholarship is for athletics, 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."

Other targeted reductions are shown below:

Program	Amount	R/NR	Institution
Historically Minority Colleges and Universities Consortium (HMCUC) Closing the Achievement Gap Funds Transfer	(\$ 527,212)	R	From NCCU to DPI
Distance Education Reserve Eliminated	(651,483)	R	UNC-GA, Institutional Programs
UNC-TV Utilities Reduction	(410,863)	R	UNC-GA, Operating
Aid to UNC Hospitals Reduced	(8,000,000)	NR	UNC Hospitals
Professional Development Grants Eliminated	(63,635)	R	UNC-GA, Aid to Private Inst.
TOTAL	(9,653,193)		

The following chart shows all the reductions for 2010-11, including amounts for the management flexibility cuts. It is recommended that the reductions be allocated as presented.

Institution	2009 & 2010	UNC Advertising Reduction	Eliminate Nonresident Athletic Full Scholarship	Other Targeted Reductions**
	General Assembly Management Flex Reduction + Ctrs & Institutes*			
ASU	(5,525,000)	(42,256)	(1,131,526)	—
ECU (Acad. & Health)	(10,850,000)	(375,122)	(841,120)	—
ECSU	(1,100,000)	(28,615)	(196,117)	—
FSU	(2,200,000)	(129,390)	—	—
NCA&T	(4,025,000)	(73,873)	(94,420)	—
NCCU	(3,515,000)	(73,812)	(389,760)	(527,212)
NCSU	(19,650,000)	(409,362)	(1,873,934)	—
UNCA	(1,200,000)	(6,690)	(489,015)	—
UNC-CH (Acad. & Health)	(19,950,000)	(263,853)	(2,461,032)	—
UNC-CH, AHEC	(1,800,000)	—	—	—
UNCC	(7,040,000)	(165,830)	(437,304)	—
UNCG	(6,440,000)	(177,277)	(439,904)	—
UNCP	(2,500,000)	(508,227)	(46,035)	—
UNCW	(3,715,000)	(45,264)	(414,473)	—
UNCSA	(725,000)	(63,977)	—	—
WCU	(3,115,000)	(53,395)	(618,338)	—
WSSU	(2,800,000)	(71,947)	—	—
NCSSM	(275,000)	—	—	—
UNC-GA (Operating)	(2,508,816)	(11,110)	—	(410,863)
UNC-GA (Instit. Prog.)	—	—	—	(651,483)
Subtotal	(98,933,816)	(2,500,000)	(9,432,978)	(1,589,558)
UNC-GA (Related Ed)	—	—	—	—
NC Arboretum (UNCA)	(200,000)	—	—	—
UNC Hospitals	—	—	—	(8,000,000) NR
Aid to Private Colleges	—	—	—	(63,635)
Total	(99,133,816)	(2,500,000)	(9,432,978)	(9,653,193)

Note: A special provision (Sec. 3.4) of Senate Bill 1202 gave the campuses authority to increase tuition by a supplemental amount up to \$750 to offset budget reductions.

** Combined "flexible" reductions include remaining allocations of items from the 2009 General Assembly (\$2M Centers & Institutes + \$27,133,816 Management Flex) and the 2010 General Assembly's additional \$70M management flex cut.*

*** Detailed Listing of Other Targeted Reductions is shown in table on the following page.*

In addition, a special provision was enacted to allow the President to implement furloughs of university employees or delegate furlough authority to the Chancellors to offset the UNC Management Flexibility Reduction.

FURLOUGHS AUTHORIZED/UNC

SECTION 29.4.(a) Findings. – The General Assembly finds that:

- (1) North Carolina's citizens and businesses are suffering from the effects of a significant State financial crisis.
- (2) The financial crisis has resulted in large reductions in revenues projected to be available to fund the State's budget for the 2010-2011 fiscal year.
- (3) The University of North Carolina and its constituent institutions are required to reduce their budgets and should attempt to protect university employees when possible.
- (4) The implementation of furloughs may be necessary to balance The University of North Carolina's and its constituent institutions' budgets for the 2010-2011 fiscal year.

SECTION 29.4.(b) The President of The University of North Carolina may implement furloughs of university employees or delegate furlough authority to a chancellor of a constituent institution to offset the UNC Management Flexibility Reduction. Savings realized as a result of a furlough shall be used in accordance with the policies adopted pursuant to subdivision (f)(5) of this section.

SECTION 29.4.(c) Definitions. – The following definitions apply in this section:

- (1) Furlough. – A temporary period of leave from employment without pay that (i) is ordered by the President of The University of North Carolina or a chancellor when delegated and (ii) is not in connection with a demotion or other disciplinary action.
- (2) University employee. – Any permanent full-time, permanent part-time, or time-limited employee of The University of North Carolina, including employees exempt from the State Personnel Act under G.S. 126-5(c), 126-5(c1), 126-5(c7), and 126-5(c8). The term includes public officers.

SECTION 29.4.(d) Compensation and Benefits. – The provisions of Section 26.14E(b) and (c) of S.L. 2009-451 apply to university employees furloughed pursuant to the section.

SECTION 29.4.(e) Cooperation with The University of North Carolina – General Administration. – Constituent institutions shall cooperate with UNC General Administration in the implementation of furloughs, if required.

SECTION 29.4.(f) As soon as practicable, and no more than 30 calendar days from the effective date of this section, the Board of Governors of The University of North Carolina shall adopt policies for the implementation of this section to remain in effect until the expiration of this section. These policies shall be applied by the President and the constituent institutions in implementing a furlough of university employees. These policies shall provide, at a minimum, that:

- (1) The President may establish a salary threshold below which university employees shall not be subject to furlough. In no event may any full-time university employee, prorated for any part-time employee, earning an annual salary of thirty-two thousand dollars (\$32,000) or less be subject to furlough.
- (2) The scheduling of any furlough period shall be at the discretion of the President or the chancellor of the constituent institution when delegated.
- (3) Paid leave shall not be used to offset all or any portion of a furlough.
- (4) If a holiday falls during the mandatory furlough period, the university employee must be paid for the holiday.
- (5) All savings realized as a result of a furlough shall be used to offset the Management Flexibility Reduction for The University of North Carolina. furlough:
 - a. Shall be used to offset the Management Flexibility Reduction for The University of North Carolina.
 - b. May, if it is necessary to implement an additional one percent (1%) Management Flexibility Reduction pursuant to Section 2.3 of this act to backfill enhanced FMAP

funds, also be used to offset the additional 1% Management Flexibility Reduction and to meet reversion requirements.”

SECTION 29.4.(g) Reporting Requirements. – The provisions of Section 26.14E(e) of S.L. 2009-451 apply to furloughs under this section.

SECTION 29.4.(h) Upon delegation of furlough authority to a chancellor, the constituent institution shall develop a furlough plan to be approved by the President consistent with the policies adopted by the UNC Board of Governors. Access to approved furlough plans shall be provided to all affected employees.

SECTION 29.4.(i) Effective Date. – This section is effective when it becomes law and expires June 30, 2011.

2010-11 Allocations for Enrollment Changes

The enrollment change funding for 2010-11 totals \$59,069,040. The 2009 Session of the General Assembly appropriated \$53,432,226 and an additional \$5,636,814 was provided by the 2010 Session of the General Assembly. In accordance with the Board of Governors’ Priorities, this appropriation includes funds to “hold harmless” two institutions (\$1,130,934 – FSU and \$4,637,122 – NCA&T) that would otherwise have been reduced.

The enrollment change request and proposed allocations as listed below were based on the University’s semester-credit-hour (SCH) funding model. The allocations are based on the funding model that was in place when the projections for 2010-11 were done by General Administration and the campuses. Future enrollment allocations will be based on a revised SCH enrollment change funding model that takes into account performance relative to student retention and graduation goals. It is recommended that the funds for 2010-11 enrollment changes be allocated as follows:

Institution	Total Allocations
Appalachian State University	\$ 790,392
East Carolina University	12,308,763
Elizabeth City State University	853,687
Fayetteville State University	–
North Carolina A & T State University	–
North Carolina Central University	2,906,914
North Carolina State University	9,973,723
University of North Carolina at Asheville	1,042,098
University of North Carolina at Chapel Hill	7,266,430
University of North Carolina at Charlotte	9,295,731
University of North Carolina at Greensboro	3,634,545
University of North Carolina at Pembroke	2,186,177
University of North Carolina at Wilmington	3,574,752
University of North Carolina School of the Arts	–
Western Carolina University	1,955,099
Winston-Salem State University	3,007,783
North Carolina School of Science & Mathematics	272,946
TOTAL	\$59,069,040

The budgeted enrollments for the constituent institutions of the University for 2010-11 are established as follows:

Institution	Budgeted Student Credit Hours
Appalachian State University	463,267
East Carolina University	669,081
Elizabeth City State University	94,109
Fayetteville State University	163,173
North Carolina A & T State University	308,653
North Carolina Central University	197,527
North Carolina State University	794,262
University of North Carolina at Asheville	97,948
University of North Carolina at Chapel Hill	621,860
University of North Carolina at Charlotte	572,525
University of North Carolina at Greensboro	466,265
University of North Carolina at Pembroke	169,574
University of North Carolina School of the Arts	—
University of North Carolina at Wilmington	334,043
Western Carolina University	229,664
Winston-Salem State University	177,224
North Carolina School of Science & Mathematics	—
TOTAL	5,359,175

The enrollment change request and allocations were based on the University's semester-credit-hour funding model except for the following components that remain on the FTE funding model. For these programs, the budgeted enrollments are as follows:

FTE Funding Model	Budgeted Full-Time Equivalent Students
East Carolina University Medical School	300
North Carolina Central University Law School	601
North Carolina School of Science & Mathematics	680
North Carolina State University Veterinary Medicine	355
UNC-Chapel Hill Law, Medicine, Dentistry and Pharmacy	4,153
University of North Carolina School of the Arts	1,117
TOTAL	7,206

A special provision related to enrollment growth funding for 2011-13 is shown below:

UNC ENROLLMENT GROWTH

SECTION 9.22. In considering potential increases in enrollment growth for The University of North Carolina for the 2011-2013 fiscal biennium, the Board of Governors shall consider all of the following items:

- (1) The general economic conditions of the State as reported by the Office of State Budget and Management and the Fiscal Research Division.

- (2) The possible increases and decreases in the State's revenue, particularly General Fund revenue as reported by the Office of State Budget and Management and the Fiscal Research Division.
- (3) Any other non-State revenue resources available to The University of North Carolina that may be used to assist with the recurring costs of enrollment growth.

Campus Safety

There were no appropriations for Campus Safety in response to the Board's request of \$5,700,000 in recurring funds and \$8,500,000 in nonrecurring funds.

Our Citizens and Their Future: Access to Higher Education

In response to the Board's request of \$38,479,317 for Our Citizens and Their Future: Access to Higher Education, the General Assembly provided \$34,856,563 for the following item:

UNC Need-Based Financial Aid Program

The Board requested additional funding of \$34,856,563 to fully fund the Need-Based Student Financial Aid Plan for all eligible undergraduate resident students. In response, the General Assembly appropriated \$8,195,517 in nonrecurring funds and covered the remaining balance of \$26,661,046 from nonrecurring lottery receipts. These funds will allow for an increase in the number of resident undergraduate students receiving aid and help to cover increases in students' cost of education.

It is recommended that these funds be allocated to UNC-General Administration (Related Educational Programs) for administration by the State Education Assistance Authority (SEAA). SEAA administers the fund so that grant funding follows eligible students to the institution where they enroll.

There were no appropriations in response to the Board's request for Regional Partnerships, NCCU University College, and Increase Access for Underrepresented Populations and Non-traditional Students.

Increased Efforts to Recruit and Retain High Quality Faculty

In response to the Board's request of \$68,009,000 for Increased Efforts to Recruit and Retain High Quality Faculty, the General Assembly appropriated \$3,500,000 for the following item.

Distinguished Professorships – Match Spangler Challenge Grants and Reduce Backlog

In response to the Board's request of \$6,831,000 in recurring funds and \$5,000,000 in nonrecurring funds for the Distinguished Professors' Endowment Trust Fund, the General Assembly appropriated \$3,500,000 in nonrecurring funds. These funds will provide the state matching funds for a generous private Challenge Grant Initiative established by the Spangler Foundation and the current backlog of professorships in the queue. It is recommended that these funds be allocated to UNC-General Administration, Related Educational Programs and that the President be authorized to make further allocations based on legislative intent.

A special provision (Sec. 9.16) included in the 2009 Appropriations Act (S.L. 2009-451) mandates that the funds in the continuation budget must first be used to match the C.D. Spangler Foundation grants for 2010-11. Any remaining balance can then be used to address the backlog of professorships awaiting funding.

There were no appropriations in response to the Board's request for Competitive Salaries for Faculty – 80th Percentile of Peers, EPA Merit-Based Salary Increases, and Faculty Recruiting and Retention Fund. This continues to be an area of concern as institutions from other states are actively recruiting UNC faculty and the lack of salary increases is a major concern.

The General Assembly directed that the salaries of public employees, including employees of the University of North Carolina, in effect June 30, 2009, shall remain in effect for the 2010-11 fiscal year, except as provided in the special provision (Senate Bill 1202) shown below:

SECTION 9.2. Section 26.1A of S.L. 2009-451, as amended by S.L. 2009-575 and by Section 29.7(c) of S.L. 2010-31, reads as rewritten:

"SECTION 26.1A.(a) The salaries of those officers and employees, whose salaries for the 2008-2009 fiscal year were set or increased in Sections 26.1, 26.2, 26.3, 26.4, 26.5, 26.6, 26.7, 26.8, 26.9, 26.10, 26.11, 26.11A, 26.12, 26.12D, 26.13, 26.14, 26.18, and 26.19 of Session Law 2008-107, and in effect on June 30, 2009, or the last date in pay status during the 2008-2009 fiscal year if earlier, shall remain in effect and shall not increase for the 2009-2010 and 2010-2011 fiscal years, except:

- (1) As provided for by Section 29.20A of S.L. 2005-276.
- (2) For Community College faculty as otherwise provided in Section 8.1 of this act.
- (3) For University of North Carolina (i) faculty as otherwise provided by using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund and (ii) faculty, nonfaculty, and other employee retention adjustments funded from non-state funding sources.
- (3a) For Judicial Department employees for local supplementation as authorized under G.S. 7A-300.1.
- (4) Salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this subsection. All other salary increases are prohibited."

Efficient Use of Available Resources & Continue Efforts to Establish Accountability Performance Measures

There were no appropriations in response to the Board's request of \$5,000,000 for Fiscal Integrity. These funds are needed for the continuance of the UNC FIT program that provides key operating performance indicators for campus and University leadership. That program is currently being funded from nonrecurring funds.

Our Global Readiness

There were no appropriations in response to the Board's request of \$2,346,700 for Our Global Readiness, which included the following programs: 21st Century Job Skills for UNC & High School Students and Improve Academic & Student Support Services.

Our University's Outreach & Engagement

There were no appropriations in response to the Board's request of \$2,054,750 for Our University's Outreach & Engagement, which included the following programs: FSU Military One-stop Center & BRAC Outreach, UNCC Summer Bridge Program & 49er Leadership Academy, UNC-TV Statewide Public Affairs & Informational Program Services, UNC Press Online & Multi-format Content, and Create Center for Applied Policy Research.

Our Communities and Their Economic Transformation

In response to the Board's request of \$31,342,000 for Our Communities and Their Economic Transformation, the General Assembly appropriated \$8,000,000 for the following items:

North Carolina Research Campus (Kannapolis)

In response to the Board's request of \$7,000,000, the General Assembly appropriated \$1,000,000 in recurring funds for the North Carolina Research Campus (NCRC) at Kannapolis. UNC institutions participating in the Kannapolis Research Campus are NCA&T, NCCU, NCSU, UNC-CH, UNCC, and UNCG. These funds will be used to pay lease costs, hire faculty and staff, and purchase equipment and supplies for UNC programs located at the NCRC. It is recommended that these funds be allocated to UNC-GA (Institutional Programs), and that the President be authorized to make further allocations.

To date, the General Assembly has appropriated \$23.5 million for the ongoing operating budget needs to fund the UNC efforts on the North Carolina Research Campus. The scientific plan and the MOU with Castle and Cooke were structured around a recurring budget of \$29.5 million. The existing funds are used for rent, utilities, other operational costs and personnel. Future allocations will be used almost entirely for scientific personnel. The remaining \$6 million that has not been funded is approximately one third of the personnel budget, so it is critical in enabling the hiring of faculty and staff to complete the scientific objectives formed there and making use of tens of millions in equipment already in place.

UNCC Energy Production Infrastructure Center (EPIC)

The General Assembly fully funded the Board's request of \$3,000,000 in recurring funds for the Energy Production Infrastructure Center at UNC Charlotte. Funds will be used to hire initial staff to develop programs in the following areas: electrical power (including alternative energy), power plant engineering, and power system infrastructure. This Center will help meet the increasing demand for engineers in the energy field created by an aging workforce and industry growth. It is recommended that the funds be allocated to UNC Charlotte.

NCSU College of Engineering

In response to the Board's request of \$5,000,000, the General Assembly appropriated \$3,000,000 in recurring funds for NCSU's College of Engineering. These recurring funds will be used for additional faculty, equipment replacement and maintenance, and support of academic programs. It is recommended that the \$3,000,000 be allocated to North Carolina State University.

NCA&T and UNCG Joint School of Nanosciences and Nanoengineering

In response to the Board's request of \$3,392,000, the General Assembly appropriated \$1,000,000 in recurring funds for the Joint School in Nanosciences and Nanoengineering at North Carolina A & T State University and UNC Greensboro's Millennial Campus. These funds will be used to continue the phase-in of faculty and staff for the Joint School of Nanoscience and Nanotechnology (JSNN) located at the Gateway University Research Park in Greensboro. The program will conduct research in areas such as drug design and delivery, nanobioengineering, and genetic screening. It is recommended that these funds be allocated to UNC-GA (Institutional Programs) and that the President be authorized to make further allocations.

There were no appropriations in response to the Board's request for NC Research Competitiveness & Commercialization Gap Funding, Graduate Student Recruitment & Retention, UNCSA School of Filmmaking, WCU Forensic Science Program, ECSU School of Aviation, WCU Rapid Product Realization and NC Arboretum – Bent Creek Institute – Natural Products.

Our Children & Their Future: Improving Public Education

There were no appropriations in response to the Board's request of \$7,332,600 for Our Children and Their Future: Improving Public Education, which included the following programs: New Teacher Support and Mentoring Aimed at Retention for UNC Schools of Education, MSEN Pre-College Programs, University-School Programs Network, System-wide STEM Initiative focused on Mathematics, Increase production of Science Teachers, STEM Teachers Initiative, NCSSM Online and Diversity Initiative, NCCAT New Teacher Retention, and NC Center for International Understanding – K-12 Global Education.

Health

In response to the Board's request of \$25,883,100 for Our Health, the General Assembly provided \$6,500,000 for the following programs:

ECU School of Dentistry and Clinics

In response to the Board's request of \$11,000,000 for the ECU School of Dentistry and Clinics, the General Assembly appropriated \$6,000,000 in recurring funds. These funds will be used for additional faculty and operating needs and to develop the curriculum in preparation of program accreditation. It is recommended that these funds be allocated to East Carolina University, Health Affairs.

Health & Wellness/Allied Professions (ASU, UNCA, UNCW)

In response to the Board's request of \$1,900,000 (\$1,500,000 in recurring funds and \$400,000 in nonrecurring funds) for the Health & Wellness/Allied Professions, the General Assembly appropriated \$500,000 in recurring funds. In accordance with the Joint Conference Committee Report, these funds will be used for operating and staffing needs of ASU's newly established College of Health Sciences and Allied Professions. It is recommended that these funds be allocated to Appalachian State University.

There were no appropriations in response to the Board's request for the ECU Indigent Care, UNC Hospitals Indigent Care, UNC-CH AHEC in Elizabeth City, Nursing Program Expansion at NCCU and UNC-CH, Medical School Expansion at ECU and UNC-CH, UNCW Memory Science Research, UNCP Native American Health, and ECU Heart Institute. The medical school and health care expansions are critical areas for discussion of priority as the new budget requests are developed and prioritized.

Our Environment

There were no appropriations in response to the Board's request of \$2,475,000 for Our Environment, which included the following items: ASU Energy Initiatives, NCSU Bioenergy Technologies, UNC-CH Energy and Environmental Programs, and Coastal Studies Institute.

Other Adjustments Made by the 2010 General Assembly

In addition to the allocations previously cited, the Current Operations and Capital Improvements Appropriations Act of 2010 (S.L. 2010-31) and the technical corrections bill (S.L. 2010-123) direct the Board of Governors to:

- Transfer the Institute for Outdoor Drama from UNC-CH to ECU and fund the operating expenses for 2010-11 (\$150,000); and
- Fund the recruitment of students of pharmacy in collaboration with UNC-CH, UNCA, and ECSU (\$44,000).

Since no additional funds were appropriated for these actions, it is recommended that a one-time payment of \$194,000 be transferred from UNC-Chapel Hill to fund these items for 2010-11 only.

- Complete the North Carolina East Project, which is a project conducted jointly by the UNC Program on Public Life and North Carolina's Eastern Region partnership (\$33,850)

In accordance with S.L. 2010-123, these funds will be transferred from East Carolina University to the North Carolina East Project.

The related special provisions follow:

INSTITUTE OF OUTDOOR DRAMA

SECTION 9.14.(a) The Institute of Outdoor Drama shall be transferred from the University of North Carolina at Chapel Hill to East Carolina University. Any unexpended balances of General Fund appropriations or other funds for the Institute of Outdoor Drama shall also be transferred from the University of North Carolina at Chapel Hill to East Carolina University.

SECTION 9.14.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2010-2011 fiscal year, the sum of one hundred fifty thousand dollars (\$150,000) shall be used for the Institute of Outdoor Drama at East Carolina University.

SECTION 9.14.(c) It is the intent of the General Assembly that the Institute for Outdoor Drama at East Carolina University become receipt supported by the 2011-2012 fiscal year.

RECRUITMENT OF PHARMACY STUDENTS

SECTION 9.15.(a) The University of North Carolina at Chapel Hill shall collaborate with the University of North Carolina at Asheville and Elizabeth City State University regarding the recruitment of students of pharmacy. The universities shall develop and institute a plan in which potential pharmacy

students are informed of the pharmacy programs at each of the public universities in an effort to recruit those students to State schools.

SECTION 9.15.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2010-2011 fiscal year, the Board of Governors shall use forty-four thousand dollars (\$44,000) for the recruitment and academic support of pharmacy students at the University of North Carolina at Asheville and Elizabeth City State University.

SECTION 3.5. S.L. 2010-31 is amended by adding a new section to read:
"UNC/FUNDS TO COMPLETE NC EAST PROJECT

SECTION 9.26A. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to East Carolina University for the 2010-2011 fiscal year, the sum of thirty-three thousand eight hundred fifty dollars (\$33,850) shall be used to complete the North Carolina East Project. The North Carolina East Project is a project conducted jointly by the UNC Program on Public Life and North Carolina's Eastern Region partnership. The purpose of the project is: (i) to consider economic development opportunities in Eastern North Carolina from a metropolitan perspective rather than a traditional rural perspective, and (ii) to determine what steps the region should take to attract and retain young professionals. The costs to complete the project include the following:

- (1) Printing, postage, and related expenses.
- (2) Report design and map-making.
- (3) Support for multiple listening sessions, meetings with key decision makers, and consultations.
- (4) Support for collaboration with faculty members and graduate students at East Carolina University.
- (5) Support for faculty and professional non-faculty research and engagement at UNC-Chapel Hill.
- (6) Support to enable two graduate students from UNC-Chapel Hill to be employed as summer interns by the project.
- (7) Travel and related expenses."

Special Appropriations for University Operations

Several special appropriations in 2010-11 to the Board of Governors totaling \$6,803,831 were directed to program areas not included in the Board's Expansion Budget Priorities. These appropriations and recommended allocations follow.

Program	Amount	R/NR	Institution
UNC High Schools	\$ 282,016	R	UNC-SA – \$201,165 & NCSSM – \$80,851
NCSU Emerging Issues Institute	309,000	NR	NCSU, Academic
UNC-CH Ctr. for Acquisition of Spoken Language through Listening Enrichment (CASTLE)	550,000	R	UNC-CH, Health Affairs
NCA&T College of Engineering	1,000,000	R	NCA&T
Coastal Wave Energy Research	2,000,000	R	ECU (fiscal agent for Coastal Studies Institute)
NCSU Vet Med Clinical Teaching & Research Fund	200,000	R	NCSU, Academic
National Guard Tuition Assistance Program Transfer	1,862,815	R	UNC-GA, Related Educ. Prog.
University Cancer Research Fund	600,000	R	UNC-GA, Institutional Programs

Other Items for Which No Board Action is Required

American Recovery and Reinvestment Act (ARRA)

The federal government's 2009 American Recovery and Reinvestment Act (stimulus) made funds available to the State of North Carolina to assist in stabilizing education budgets. The General Assembly used \$137,815,944 of federal ARRA funds to offset the University's regular state appropriations in the 2009-10 budget and anticipate using \$144,202,648 to offset the University's state appropriations in 2010-11. In accordance with the Conference Committee Report, funds are appropriated from the federal Education Stabilization Fund for allowable expenditures under Sec. 14004 of the ARRA. A related special provision (Sec. 6.6C) in the 2009 Appropriations Act provides more detailed information (S.L. 2009-451).

In addition, the General Assembly's 2010 budget included the following special provision:

STATE FISCAL STABILIZATION FUND APPROPRIATION

SECTION 7.3. In order to ensure compliance with the requirements of Title XIV of the American Recovery and Reinvestment Act of 2009 and notwithstanding any other provision of law, the Office of State Budget and Management shall adjust the State Fiscal Stabilization Fund appropriation amounts, including any associated budget reductions, between the State Public School Fund and The University of North Carolina budget to align with the requirements of the North Carolina State Fiscal Stabilization Fund application as amended for 2010-2011. If associated budget reductions are required within the State Public School Fund, the Office of State Budget and Management shall first adjust the Classroom Materials/Instructional Supplies/Equipment allotment prior to adjusting any other allotments within the State Public School Fund.

Since ARRA funds do not either increase or decrease the University's spending authority, no BOG action is required.

Additional 2010-11 Adjustments to the University's Budget Made by the 2009 General Assembly

The 2009 General Assembly made additional changes to programs that affect the University's 2010-11 budget. Section 9.2 of S.L. 2009-451 reduced the **Education Access Rewards North Carolina (EARN) Scholarship Program** from \$4,000 per year (for families at 200% of the federal poverty level) to \$2,000 per year in 2009-10, and completely eliminates the program in 2010-11.

Section 9.10 of S.L. 2009-451 mandated that effective with the 2010-11 academic year, the **tuition surcharge** shall increase to 50% for students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than 110% of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program.

Tuition Increases

In 2009, the General Assembly set tuition rates for 2010-11 by the lesser of \$200 or 8% at all UNC institutions with the revenues reverting to the General Fund. In February 2010, the Board of Governors submitted an alternative tuition plan to the General Assembly for approval. The 2010 General Assembly allowed UNC to implement the BOG proposal and the resulting tuition revenues of \$34,776,301 will remain on the campuses. A related special provision directs each campus to expend at least 25% on need-based student financial aid.

CAMPUS INITIATED TUITION INCREASES/TWENTY-FIVE PERCENT FOR STUDENT FINANCIAL AID

SECTION 9.20.(a) Section 9.23 of S.L. 2009-451 is repealed.

SECTION 9.20.(b) All campus initiated tuition increases approved by the Board of Governors of The University of North Carolina may be implemented; however, each campus that implements the tuition increase shall expend at least twenty-five percent (25%) of the increase on need-based student financial aid and may use as much of the remaining tuition income as needed to fully meet need-based student financial aid needs on that campus.

A special provision (Sec. 3.4) of Senate Bill 1202 includes authority for the campuses to increase tuition by a supplemental amount up to \$750 (in addition to previously BOG-approved rates) to offset budget reductions (see page 6). The rates, as approved by the President, are as follows for undergraduate and graduate students:

Institution	Resident Undergraduate				Nonresident Undergraduate		
	2010-11	2011-12	Total		2010-11	2011-12	Total
ASU	\$467.74		\$467.74		\$467.74		\$467.74
ECU	300.00	263.00	563.00		750.00		750.00
ECSU	414.28		414.28		414.28		414.28
FSU	100.00	150.00	250.00		100.00	150.00	250.00
NCA&T	517.00		517.00		517.00		517.00
NCCU	435.00		435.00		435.00		435.00
NCSU	750.00		750.00		750.00		750.00
UNCA	82.00	346.80	428.80		375.00	375.00	750.00
UNC-CH	750.00		750.00		750.00		750.00
UNCC	425.00		425.00		425.00		425.00
UNCG	485.00		485.00		485.00		485.00
UNCP	250.00	218.00	468.00		250.00	218.00	468.00
UNCW	411.50		411.50		411.50		411.50
UNCSA	750.00		750.00		750.00		750.00
WCU	572.80		572.80		572.80		572.80
WSSU	390.00	233.00	623.00		550.00	200.00	750.00

Institution	Resident Graduate				Nonresident Graduate		
	2010-11	2011-12	Total		2010-11	2011-12	Total
ASU	\$467.74		\$467.74		\$467.74		\$467.74
ECU	27.00	387.00	414.00		27.00	387.00	414.00
ECSU	414.31		414.31		415.00		415.00
FSU	100.00	150.00	250.00		100.00	150.00	250.00
NCA&T	517.00		517.00		517.00		517.00
NCCU	435.00		435.00		435.00		435.00
NCSU	750.00		750.00		750.00		750.00
UNCA	95.00	346.80	441.80		375.00	375.00	750.00
UNC-CH	750.00		750.00		750.00		750.00
UNCC	425.00		425.00		425.00		425.00
UNCG	485.00		485.00		485.00		485.00
UNCP	250.00	218.00	468.00		250.00	218.00	468.00
UNCW	412.60		412.60		412.60		412.60
UNCSA	750.00		750.00		750.00		750.00
WCU	572.80		572.80		572.80		572.80
WSSU	500.00	140.00	640.00		600.00	150.00	750.00

Building Operations Funding Restored

The General Assembly restored most of the funds for the operation of new buildings that were cut in the 2009 Session including those that were deemed as critical, were academic in focus, or could not be supported by fees. These funds (\$19,176,683 in recurring and \$4,828,459 in nonrecurring) will pay for the operating costs of 40 new or renovated buildings completed in the 2009-11 biennium, including housekeeping, maintenance, and security requirements for the added building square footage. The related special provision is shown below:

UNC BUILDING RESERVE/ALLOCATION OF FUNDS AMONG CONSTITUENT INSTITUTIONS AND UNC AFFILIATED INSTITUTIONS

SECTION 9.27. Funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2010-2011 fiscal year for the Building Reserve shall be allocated among the following constituent institutions and affiliate institutions of The University of North Carolina for the projects listed below in the amounts indicated:

(1)	Appalachian State University					
	Beasley Broadcast Complex	\$ 30,711	R	\$ 56,770	NR	
	College of Education Bldg.	102,884	R	291,753	NR	
(2)	East Carolina University					
	Heart Center	112,678	R	0	NR	
	Family Medicine Center	1,785,786	R	290,258	NR	
(3)	Elizabeth City State University					
	School of Pharmacy	532,046	R	2,308	NR	
(4)	Fayetteville State University					
	Lilly Gym	91,326	R	0	NR	
	Nursing Education Building	416,570	R	99,424	NR	
(5)	NCA&T State University					
	Barnes Hall Renovation	128,106	R	109,808	NR	
	Cherry Hall Minor Addition	121,344	R	31,483	NR	
	Cherry Hall Renovation	250,404	R	136,706	NR	
(6)	North Carolina Central University					
	Pearson Cafeteria Culinary Arts					
	Teaching Lab	66,924	R	9,659	NR	

(7)	North Carolina State University				
	Math and Statistics Bldg.	581,612	R	13,776	NR
	Council Building	323,858	R	122,974	NR
	Engineering Complex III	3,443,092	R	687,096	NR
	Terry Animal Medical Center	958,765	R	738,556	NR
	Avent Ferry Administration Center	398,384	R	0	NR
	CBC Substation Infrastructure	110,266	R	0	NR
	CVM Finger Barns HVAC	84,132	R	0	NR
	Parks Shops Renovation	383,551	R	58,813	NR
	Hunt Library Infrastructure	258,846	R	0	NR
	Terry Center Infrastructure	176,204	R	0	NR
	Yarborough Steam Plant Infrastructure	105,811	R	0	NR
	Engineering Complex III Infrastructure	246,100	R	0	NR
	Eastern 4-H Conference Center	222,215	R	0	NR
(8)	UNC Asheville				
	Res NC Center for Health & Wellness	304,599	R	246,664	NR
	Rhoades Hall and Tower Renovations	85,593	R	40,104	NR
(9)	UNC-Chapel Hill, Academic				
	Arts Common – Phase I	218,703	R	5,048	NR
	Duke Energy Building	242,105	R	51,481	NR
	Science Complex Phase II – “New Venable”	1,730,537	R	246,277	NR
(10)	UNC-Chapel Hill, Health				
	Berryhill Renovation	125,319	R	0	NR
(11)	UNC Charlotte				
	Bioinformatics Building	2,206,350	R	317,637	NR
	Center City Building	358,240	R	490,355	NR
	Cone Center	607,668	R	91,374	NR
	Memorial Hall	123,297	R	47,733	NR
(12)	UNC Greensboro				
	New Classroom and Office	373,105	R	218,800	NR
(13)	UNC Pembroke				
	Magnolia Property Purchase	22,100	R	27,055	NR
(14)	UNC School of the Arts				
	172 Waightown Street	72,993	R	26,882	NR
(15)	UNC Wilmington				
	School of Nursing	1,158,587	R	197,475	NR
	Oyster Hatchery Research Lab	225,296	R	62,978	NR
(16)	Western Carolina University				
	Campus Recreation Center	390,576	R	109,212	NR

Aid to Private Institutions

The General Assembly’s 2010-11 appropriation changes of \$4,488,129 for Aid to Private Institutions as outlined in the Joint Conference Committee Report are shown below:

- Appropriation of \$2,713,176 for the Legislative Tuition Grant and \$1,838,588 for the State Contractual Scholarship Fund to accommodate an increase in the enrollment of NC residents attending the State’s private colleges; and
- Professional Development Grants eliminated (\$63,635) at Salem College and Wake Forest University.

Transfers in Continuation Budgets by the 2010 Session

The Appropriations Act of 2010 enacted the following special provisions related to transfers between UNC and other state agencies.

PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.6. Section 9.4 of S.L. 2009-451 reads as rewritten:

"**SECTION 9.4.** The General Assembly finds that in order to expand opportunities for students involved in the performing arts, existing funding for the Summer Institute on Roanoke Island should not be allocated to one specific University of North Carolina institution but instead be allocated directly to the Roanoke Island Commission, so that any interested University of North Carolina institution may have the opportunity to participate in summer arts enrichment and education programs. Therefore, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Summer Institute of the University of North Carolina School of the Arts on Roanoke Island program for the 2009-2011 fiscal biennium, the sum of four hundred sixty-one thousand six hundred forty-six dollars (\$461,646) shall be transferred for the 2009-2010 fiscal year to the Roanoke Island Commission, and the ~~sum of four hundred sixty-one thousand six hundred forty-six dollars (\$461,646) shall be transferred for the 2010-2011 fiscal year to the Roanoke Island Commission.~~ recurring funds appropriated for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the University of North Carolina School of the Arts for the Summer Institute on Roanoke Island program shall be permanently transferred to the Department of Cultural Resources and allocated to the Roanoke Island Commission. The amount to be transferred shall be equal to the amount of the appropriation remaining after all reductions, prior to and included in the act, are incorporated. The Roanoke Island Commission may use these funds to purchase equipment and to contract with any of the constituent institutions of The University of North Carolina System to provide music and drama students an education in a professional performing environment while providing a public service to the State. Any available funds may be used to contract with community-based or nonprofit performing arts groups or other performing arts groups supported with State or local funds to provide music and drama on Roanoke Island."

TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 9.8. The A+ Schools program is transferred from the University of North Carolina at Greensboro to the North Carolina Arts Council in the Department of Cultural Resources, as if by a Type I transfer as defined in G.S. 143A-6, with all the elements of such a transfer. The program transfer shall include the sum of fifty-eight thousand six hundred thirty-eight dollars (\$58,638).

Other UNC Budget-Related Special Provisions

In addition to the special provisions in the 2010 Appropriations Act, which were previously cited, the following are noted for information.

GENERAL FUND AVAILABILITY STATEMENT

SECTION 1.2.(c) Section 2.2(j) of S.L. 2010-31 reads as rewritten:

"**SECTION 2.2.(j)** The Brody School of Medicine (formerly known as the East Carolina University School of Medicine) shall transfer the sum of ~~two million dollars (\$2,000,000)~~ one million dollars (\$1,000,000) from Budget Code 06067, Fund Code 0142, to the Office of State Controller for deposit to Nontax Budget Code 19978 (Intrastate Transfers) for the 2010-2011 fiscal year."

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.9. Section 9.14 of S.L. 2009-451 reads as rewritten:

"SECTION 9.14.(a) Of the funds received by the State and appropriated by United States Public Law 111-005, the American Recovery and Reinvestment Act of 2009, and appropriated in this act to the State Energy Office for the 2009-2010 fiscal year, the sum of three hundred thousand dollars (\$300,000) in nonrecurring funds shall be allocated to The University of North Carolina to continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107. The University shall contract with a third party by October 1, 2009, to design, permit, procure, construct, establish, ~~operate, and reclaim as appropriate at the end of their economic life~~ and operate up to three demonstration turbines and necessary support facilities in the sounds or off the coast of ~~North Carolina by September 1, 2010.~~ North Carolina. The contract shall provide for the reclamation and decommissioning of the project at the end of its economic life. The demonstration project shall commence operations as soon as practicable, and, in any event, no later than December 31, 2011.

Any contract entered into between The University and a third party pursuant to this section shall ensure that The University is provided appropriate access to the demonstration turbines and necessary support facilities for research purposes. The actual number and placement of the wind turbines and necessary support facilities shall be determined by the coastal sounds wind energy study in coordination with participating entities. The Director of the Budget shall ensure that any available federal funds are secured by the State to construct the demonstration turbines and necessary support facilities. The University may negotiate and execute any rights-of-way, easements, leases, and any other agreements necessary to construct, establish, and operate the demonstration turbines and supporting facilities, notwithstanding any other provisions of law governing such negotiation and execution of any rights-of-way, easements, leases, or other required agreements required for the facilities authorized under this section.

...
"SECTION 9.14.(c) The North Carolina Utilities Commission is directed to facilitate and expedite wind energy pilot projects developed pursuant to this act that come within its jurisdiction to the extent allowed by law and consistent with State statute. A wind turbine constructed pursuant to this section shall be exempt from the requirements of G.S. 62-110.1. For such wind turbines owned by a public utility, upon an application by the public utility seeking a rider to recover the costs of such project, the Utilities Commission shall establish an annual rider for the public utility to recover the just and reasonable costs, including the utility's cost of debt and equity, of such project upon completion. Should the project development and construction of the demonstration wind turbines be unreasonably delayed beyond the date set forth in subsection (a) of this section for reasons outside the control of the public utility, all just and reasonable costs incurred by the public utility during project development and construction shall nonetheless be recoverable through an annual rider under this subsection, provided that the public utility shall bear the burden of proving by a preponderance of the evidence that the reasons for the delay were beyond its control and its execution of the project was reasonable and prudent. Should the demonstration wind turbines be abandoned prior to completion, the capital costs and AFUDC related to the project, less any salvage value received, shall nonetheless be recoverable under this Article, provided that the utility shall bear the burden of proving by a preponderance of the evidence that the decision to abandon construction of the project was prudent.

...."

COASTAL WAVE ENERGY RESEARCH AND PROTOTYPE PROJECT

SECTION 9.10.(a) The General Assembly finds that strengthening research and development efforts on renewable energy sources is critical to North Carolina's environment and economy, and that recent events resulting from the British Petroleum oil spill amplify the need for North Carolina's innovators and scientists to enhance their efforts to develop sustainable energy sources and technologies that do not threaten the health and well-being of the State's waters, sensitive lands, and residents. In order to provide opportunities for research into tidal, wave, and other ocean-based sources of alternative energy, the University of North Carolina Coastal Studies Institute shall form a consortium with the Colleges of Engineering at North Carolina State University, North Carolina Agricultural and Technical State University, and the University of North Carolina at Charlotte to study the capture of energy from ocean waves. The Coastal Studies Institute shall be designated the lead agency in coordinating these

efforts. Funding appropriated by this act shall be used by university scientists to conceptualize, design, construct, operate, and market new and innovative technologies designed to harness and maximize the energy of the ocean in order to provide substantial power generation for the State. Funding may be used to leverage federal or private research funding for this purpose, but may not be used to purchase and utilize technology that has already been developed by others unless that technology is a critical component to North Carolina's research efforts. Wave energy technologies developed and used for this research may be attached to or staged from an existing State-owned structure located in the ocean waters of the State, and data generated by these technologies shall be available at this structure for public education and awareness. It is the intent of the General Assembly that North Carolina become the focal point for marine-based ocean research collaborations involving the nation's public and private universities.

SECTION 9.10.(b) With respect to the demonstration wave energy facility and necessary support facilities authorized by subsection (a) of this section, the facilities authorized under this act shall be constructed in accordance with the provisions of general law applicable to the construction of State facilities, except that the State Property Office shall expedite and grant all easements and use agreements required for construction of the facilities without payment of any fee, royalty, or other cost. Notwithstanding any other provision of law, construction of the facilities authorized by this section shall be exempt from the following statutes and rules implementing those statutes: G.S. 143-48 through 143-64, 143-128, 143-129, 143-132, 113A-1 through 113A-10, 113A-50 through 113A-66, and 113A-116 through 113A-128. With respect to any other environmental permits required for construction of the facilities, the Department of Environment and Natural Resources is directed to expedite permitting of the project to the extent allowed by law and shall waive any application fees that would be otherwise applicable to applications for permits required for the facilities and, where possible under applicable law, issue all permits within 40 days of receipt of a complete application.

NCSU/RESTORE MASTER GARDENER FUNDS

SECTION 9.24. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to North Carolina State University for the 2010-2011 fiscal year the sum of forty-eight thousand eight hundred seventy-eight dollars (\$48,878) shall be restored to the master gardener account.

MONITOR COMPLIANCE WITH FREEZE ON MOST SALARY INCREASES

SECTION 29.5.(a) The Office of State Budget and Management and the Office of State Personnel shall monitor jointly the compliance of the following units of government with the provisions of Section 26.1A of S.L. 2009-451, and beginning September 1, 2010, shall submit quarterly reports of their monitoring activities to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division: (i) State agencies, departments, and institutions, including authorities, boards, and commissions; (ii) the judicial branch; and (iii) The University of North Carolina and its constituent institutions.

The quarterly reports required by this section shall include the following information:

- (1) For agencies reporting through the BEACON HR/Payroll system, (i) a breakdown by action type (including promotion, reallocation, career progression, salary adjustment, and any similar actions increasing employee pay) of the number and annual amount of those increases and (ii) a breakdown by action reason (including in-range higher level, acting pay, trainee adjustment, and other similar action reasons) of the number and annual amount of those action types coded as salary adjustment.
- (2) For The University of North Carolina and its constituent institutions, a breakdown of the number and annual amount of those increases categorized by the university as promotions, changes in job duties or responsibilities, Distinguished Professorships, retention pay, career progression, and any similar actions increasing employee pay.
- (3) A summary of actions taken by the Office of State Budget and Management and the Office of State Personnel with respect to unauthorized salary increases.

SECTION 29.5.(b) Beginning September 1, 2010, and quarterly thereafter, the Legislative Services Officer shall report to the President Pro Tempore of the Senate and the Speaker of the House of Representatives on compliance with Section 26.1A of S.L. 2009-451.

In addition to the special provisions in the 2010 Appropriations Act (Senate Bill 897) that were previously cited, the following are noted for information. No Board actions are required.

Section	Special Provisions
9.1	Repeal Escheat Fund Appropriation for Millennium Teaching Scholarship Loan Program
9.2	Study Financial Aid Consolidation
9.3	Coordinate the Report Due Dates for Various Teacher Education Reports
9.4	Eliminate Biennial Distance Education Reports
9.5	Repeal Duplicate Study/State-Funded Student Financial Aid
9.7	Review of UNC Science, Technology, Engineering, and Mathematics (STEM) Programs
9.11	University of North Carolina Health Care System
9.12	University Cancer Research Fund
9.16	Success NC Report
9.19	Transfer Surplus in Legislative Tuition Grants and State Grants to Students at Certain Private Institutions of Higher Education to Contractual Scholarship Fund
9.26	Amend Tuition Waiver (<i>survivor of a law enforcement officer, volunteer firefighter, or rescue squad worked killed in the line of duty or a ward of the state</i>)

**The University of North Carolina
Budget Comparison
2010-11**

2010-11				
BOG Budget Priorities	Governor's Budget	Senate	House	FINAL
Reductions Authorized by 2009 General Assembly for Implementation in 2010-11				
Reductions to Continuation Budget Items	—	(21,489,326)	(21,489,326)	(21,489,326)
Additional Management Flexibility Reduction	—	(27,133,816)	(27,133,816)	(27,133,816)
Additional Reduction to Centers & Institutes	—	(2,000,000)	(2,000,000)	(2,000,000)
General Assembly Increase in Tuition	—	(34,776,301)	(34,776,301)	(34,776,301)
UNC Authorized Continuation Budget	2,555,273,493	2,555,273,493 *	2,555,273,493 *	2,555,273,493 *
<u>Reductions :</u>				
UNC Campuses Management Flexibility Reduction (see note 9 on page 6)	—	(98,969,117)	(50,000,000)	(70,000,000)
UNC-GA Management Flexibility Reduction	—	(1,036,983)	included in campus amt.	included in campus amt.
UNC Advertising Reduced	—	—	(2,500,000)	(2,500,000)
UNC Hospitals Reduction	—	(1,716,463)	(2,000,000)	(10,000,000) R
	—	—	(5,000,000) NR	(8,000,000) NR
UNC-TV Analog to Digital Transition	—	(632,140)	(632,140)	(410,863)
Eliminate recurring reserve for distance educ. & capacity enhancement	—	(651,483)	(651,483)	(651,483)
Eliminate recurring reserve for information technology	—	(755,917)	(755,917)	—
Eliminate Nonresident Full Scholarship (<i>athletic</i>)	—	—	(9,432,978)	(9,432,978)
Eliminate Nonresident Full Scholarship (<i>academic</i>)	—	—	(6,055,245)	—
NCCU Historically Minority Colleges & Universities Consortium (<i>abolishes the HMCUC & transfers some of the funds to DPI to be used for drop-out prevention</i>)	—	—	(527,212)	(527,212)
Administrative and Maintenance Reductions (NC TEACH, Principal Fellows, NC MSEN, UNC CSLD)	—	(104,884)	—	—
NC Research Education Network (NCREN) Network	—	(135,880)	—	—
ECU MRI Account Funds Transferred — \$1 million in funds from lease of MRI building & equipment shall be transferred to the General Fund	—	—	Special Provision 2.2(e)	see note
Total Reductions	—	(104,002,867)	(181,598,560)	(91,522,536)

NR = nonrecurring

APPENDIX D

	2010-11				
	BOG Budget Priorities	Governor's Budget	Senate	House	FINAL
<u>Expansion Items :</u>					
Tuition – BOG Proposal instead of 2009 General Assembly Proposal	34,776,301	34,776,301	34,776,301	34,776,301	34,776,301
<i>Replaces the tuition rates enacted in the 2009 Session & restores the associated 2010-11 appropriation reduction as well as allows the BOG plan in place of the legislative plan (revenues would remain on campuses). Included in the budget is a special provision that would allow the campuses, with the approval of the President, to increase tuition rates by up to an additional \$750 and may implement the increase over the 2010-11 & 2011-12 academic years. At least 20% must be set aside for need-based financial aid.</i>					
Enrollment	5,636,813	5,636,814	5,636,814	5,636,814	5,636,814
<i>The 2009 General Assembly appropriated \$53,432,226. The \$5,636,813 is requested to fund additional enrollment growth. Special provision also requires the Board of Governors to consider: 1) The general economic conditions of the State as reported by the Office of State Budget and Management (OSBM) and the Fiscal Research Division (FRD); 2) The possible increases and decreases in the State's revenue, particularly General Fund revenue as reported by OSBM & FRD; 3) Any other non-State revenue resources available to The University of North Carolina that may be used to assist with the recurring costs of enrollment growth.</i>					
Operating Reserves for New Facilities	20,121,501 R	12,220,902 R	—	12,220,902	19,176,683 R
Sec. 9.27 of Senate Bill 897	5,051,806 NR	1,922,058 NR	—	—	4,828,459 NR
Campus Safety	5,700,000 R	—	—	—	—
	8,500,000 NR	—	—	—	—
Our Citizens & Their Future: Access to Higher Education					
Need-Based Financial Aid	34,856,563	34,856,563	8,195,517 NR balance of \$26.6M funded from NR lottery receipts	12,000,000	8,195,517 NR balance of \$26.6M funded from NR lottery receipts
Regional Partnerships (Hickory, Onslow Co., Rocky Mount)	1,306,054	—	—	—	—
NCCU University College	300,000	—	—	—	—
Increase Access for Underrepresented Populations and Non-traditional Students (FSU, UNCA, UNC-CH, WSSU)	2,016,700	—	—	—	—
Increase Efforts to Recruit & Retain High Quality Faculty					
Competitive Salaries for Faculty – 80th percentile of Peers	15,010,000	—	—	—	—
EPA Salary Increases (estimate) – 2%	39,168,000	.5% one-time payback	—	—	—
Distinguished Professorships – Match Spangler Challenge	6,831,000 R	—	—	—	—
Grants and Reduce Backlog	5,000,000 NR	—	4,000,000 NR	—	3,500,000 NR
Faculty Recruiting & Retention Fund	2,000,000	1,000,000	—	—	—
Efficient Use of Available Resources & Continue Efforts to Establish Accountability & Performance Measures					
	5,000,000	—	—	—	—

NR = nonrecurring

APPENDIX D

2010-11					
	BOG Budget Priorities	Governor's Budget	Senate	House	FINAL
Our Global Readiness					
21st Century Job Skills for UNC and High School Students (FSU, NCCU, WSSU)	516,300	—	—	—	—
Improve Academic & Student Support Services (UNC-CH, UNCG, UNCP)	1,830,400	—	—	—	—
Our University's Outreach & Engagement					
FSU Military One-stop Center & BRAC Outreach	354,750	—	—	—	—
UNCC Summer Bridge Program & 49er Leadership Academy	600,000	—	—	—	—
UNC-TV Statewide Public Affairs & Informational Program Services	650,000	—	—	—	—
UNC Press Online & Multi-format Content	200,000	—	—	—	—
Create Center for Applied Policy Research	250,000	—	—	—	—
Our Communities & Their Economic Transformation					
NC Research Campus (Kannapolis)	7,000,000	—	—	500,000	1,000,000
NC Research Competitiveness & Commercialization Gap Funding	6,000,000	—	—	—	—
Graduate Student Recruitment & Retention	4,000,000	—	—	—	—
UNCC Energy Production Infrastructure Center (EPIC)	3,000,000	—	3,000,000	3,000,000	3,000,000
NCSU College of Engineering	5,000,000	—	—	—	3,000,000
NCA&T and UNCG Joint School of Nanoscience and Nanoengineering	3,392,000	—	—	1,000,000	1,000,000
UNCSA School of Filmmaking	500,000 R	—	—	—	—
	500,000 NR	—	—	—	—
WCU Forensic Science Program	750,000 R	—	—	—	—
	250,000 NR	—	—	—	—
ECSU School of Aviation	300,000 R	—	—	—	—
	150,000 NR	—	—	—	—
WCU Rapid Product Realization	200,000	—	—	—	—
NC Arboretum – Bent Creek Institute – Natural Products	300,000	—	—	—	—

NR = nonrecurring

APPENDIX D

2010-11					
BOG Budget Priorities	Governor's Budget	Senate	House	FINAL	
Our Children & Their Future: Improving Public Education					
New Teacher Support and Mentoring Aimed at Retention – UNC Schools of Education	2,700,000	–	–	–	–
MSEN Pre-College Programs – ECU & WCU and add ASU, UNCP, & UNCW	1,125,000	–	–	–	–
University-School Programs Network	500,000	–	–	–	–
System-wide STEM Initiative, focused on Mathematics	500,000	–	–	–	–
UNC-CH – Increase Production of Science Teachers	1,207,600	–	–	–	–
NCSU STEM Teachers Initiative	500,000	–	–	–	–
NCSSM Online & Diversity Initiative	500,000	–	–	–	–
NC Center for International Understanding (NCCIU) – K12 Global Education	300,000	–	–	–	–
Our Health					
ECU Indigent Care	3,000,000	–	–	–	–
UNC Hospitals Indigent Care	4,000,000	–	–	–	–
ECU School of Dentistry and Clinics – <i>General Assembly intends to appropriate an additional \$3.5M to be funded in 2011-12 and \$1.5M in 2012-13 (Sec. 9.18)</i>	11,000,000	1,000,000	6,000,000	6,000,000	6,000,000
UNC-CH Area Health Education Center in Elizabeth City	750,000	–	–	–	–
Nursing Program Expansion (NCCU & UNC-CH)	407,300	–	–	–	–
Health & Wellness/Allied Professions (ASU, UNCA, UNCW) <i>Final budget recommends \$500K be appropriated to ASU</i>	1,500,000 R 400,000 NR	–	500,000	special prov.	500,000
Medical School Expansions (ECU & UNC-CH)	4,000,000	–	–	–	–
UNCW Memory Science Research	193,900	–	–	–	–
UNCP Native American Health	331,900	–	–	–	–
ECU Heart Institute	300,000	–	–	–	–
Our Environment					
ASU Energy Initiatives	500,000 R 250,000 NR	–	–	–	–
NCSU Bioenergy Technologies	500,000	–	–	–	–
UNC-CH Energy and Environmental Programs	900,000	–	–	–	–
Coastal Studies Institute	325,000	–	–	–	–

NR = nonrecurring

APPENDIX D

	2010-11				
	BOG Budget Priorities	Governor's Budget	Senate	House	FINAL
Other UNC Items					
Adjustments for 2010-11 Federal Funds for State Fiscal Stabilization	—	54,658,931 NR*	— *	— *	— *
UNC High Schools (NCSSM & UNCSCA)	—	282,016	282,016	282,016	282,016
<i>Final budget recommends \$201,165 to UNCSCA & \$80,851 to NCSSM</i>					
NCSU Emerging Issues Institute	—	—	309,000 NR	—	309,000 NR
UNC-CH Center for Acquisition of Spoken Language through Listening Enrichment (CASTLE)	—	—	500,000 NR	575,000	550,000
NCA&T College of Engineering	—	—	—	1,000,000	1,000,000
Coastal Wave Energy Research					
<i>UNC shall form a consortium that includes the UNC Coastal Studies Institute and the Colleges of Engineering at NCA&T, NCSU, & UNCC (special provision 9.10.)</i>	—	—	2,000,000	—	2,000,000
NCSU Vet Med Clinical Teaching & Research Fund	—	—	250,000 NR	200,000	200,000
National Guard Tuition Assistance Program Transfer					
<i>(from Crime Control & Public Safety to SEAA)</i>	—	—	—	1,862,815	1,862,815
University Cancer Research Fund	—	—	see note	—	600,000

NR = nonrecurring

In addition to the amounts shown on the previous pages, the following items are included:

¹ The funds for Summer Inst. on Roanoke Island shall be permanently transferred from UNCSCA to the Dept. of Cultural Resources.

² The funds for the A+ Schools program shall be transferred from UNCG to the Dept. of Cultural Resources--\$58,638.

³ The Institute for Outdoor Drama shall be transferred from UNC-CH to ECU. Any unexpended balances of General Fund appropriations or other funds for the Institute for Outdoor Drama shall also be transferred. Of the funds appropriated to the Board of Governors of the University of NC for 2010-11, the sum of \$150,000 shall be used for the Institute for Outdoor Drama at ECU. It is the intent of the General Assembly that the Institute for Outdoor Drama at ECU become receipt-supported by the 2011-12 fiscal year.

⁴ Of the funds appropriated to the Board of Governors for 2010-11 and allocated to ECU, \$33,850 shall be used to complete the North Carolina East Project. The NC East Project is a project conducted jointly by the UNC Program on Public Life and NC's Eastern Region partnership.

⁵ \$600,000 adjustment in the continuation budget for the University Cancer Research Fund to account for a decline in revenues from the tax on tobacco products other than cigarettes. This adjustment maintains the legislative commitment of \$50M a year invested in this fund. With this adjustment, the GF appropriation will be \$16,020,000.

⁶ UNC-Chapel Hill shall collaborate with UNCA and ECSU regarding the recruitment of students of pharmacy. The universities shall develop and institute a plan in which potential pharmacy students are informed of the pharmacy programs at each of the public universities in an effort to recruit those students to State schools. Of the funds appropriated to the Board of Governors of The University of NC for 2010-11, the Board of Governors shall use \$44,000 for the recruitment and academic support of pharmacy students at UNCA and ECSU.

⁷ Special provision 9.24 states that of the funds allocated to NCSU for 2010-11, \$48,878 shall be restored to the master gardener acct.

APPENDIX D

2010-11				
BOG Budget Priorities	Governor's Budget	Senate	House	FINAL

⁸ Special provision 9.20 states that BOG campus-initiated tuition increases may be implemented; however, each campus that implements the CITI shall expend at least 25% on student financial aid and may use as much of the remaining tuition income as needed to fully meet student financial aid needs on that campus.

⁹ The management flexibility reduction for UNC shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but in a manner that recognizes the importance of the academic mission and differences among the UNC entities. Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider reducing budgets for senior and middle management personnel, centers and institutes, low enrollment degree programs, speaker series, and nonacademic activities. The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of UNC and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs before taking reductions in instructional budgets. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification. Budget reductions shall not be considered in funding for need-based aid. Notwithstanding any other provision of law, the constituent institutions may, with the approval of the President of the University of North Carolina, increase tuition by up to \$750, and may implement the increase over the 2010-11 and 2011-12 academic years. This increase shall be in addition to other increases authorized for the 2010-11 & 2011-12 fiscal years. At least 20% of these funds shall be used to provide need-based financial aid to students. The remaining balance of these funds (1) shall be used to offset the institutions' management flexibility reductions and (2) may, if it is necessary to implement an additional 1% management flexibility reduction pursuant to Sec. 2.3 of this act to backfill enhanced FMAP funds, also be used to offset the additional 1% management flexibility reduction and to meet reversion requirements. (Sec. 3.4 of SB 1202).

¹⁰ Sec. 2.3 of Senate Bill 897 identifies extraordinary measures to address the potential loss of federal funds if Congress does not authorize the extension of the enhanced federal Medical Assistance Percentage (FMAP), as initially authorized under the American Recovery and Reinvestment Act of 2009. If Congress does not act to authorize all or part of the enhanced FMAP funds prior to January 1, 2011, the General Assembly directs the Director of the Budget, in conjunction with the State Treasurer, State Controller, and other State officials, to effectuate the following extraordinary budget adjustments to the extent necessary to backfill the funds, in priority order shown below:

1) Transfer from the Disaster Relief Reserve Fund established in S.L. 2005-1; 2) Transfer of unclaimed lottery prize money and excess receipts; 3) Use of interest from all other funds; 4) Use of balance in General Fund Availability; 5) Reduction of Medicaid Provider rates; 6) Use of funds from the Savings Reserve Fund; 7) Reduction in Retirement System contributions; and 8) One percent (1%) Management Flexibility Reduction.

APPENDIX D

	2010-11				
	BOG Budget Priorities	Governor's Budget	Senate	House	FINAL
Recurring budget amounts	242,607,082	(14,230,271)	(1,094,409)	(97,544,712)	(2,937,907)
Nonrecurring budget amounts	20,101,806	56,580,989	12,504,517	(5,000,000)	8,832,976
Recommended UNC Operating Budget Changes	262,708,888	42,350,718	11,410,108	(102,544,712)	5,895,069
Total Recommended UNC Operating Budget	2,817,982,381	2,597,624,211 *	2,566,683,601 *	2,452,728,781 *	2,561,168,562 *
Aid to Private Colleges					
Authorized Continuation Budget	101,278,515	101,278,515	101,278,515	101,278,515	101,278,515
Legislative Tuition Grant	—	(1,172,542)	(1,500,000)	2,713,176	2,713,176
Soldier Institute for Regenerative Medicine (Wake Forest Univ.)	—	1,500,000 NR	—	—	—
Professional Development Grants Eliminated (Salem College & Wake Forest University)	—	—	—	(63,635)	(63,635)
State Contractual Scholarship Fund	—	—	—	1,838,588	1,838,588
Adjusted 2010-11 Budget	101,278,515	101,605,973	99,778,515	105,766,644	105,766,644

* In addition to the beginning UNC Authorized Continuation Budget showing State appropriations of \$2,555,273,493, the 2010-11 budget approved by the 2009 General Assembly provided \$144,202,648 to the University from Federal Funds for State Fiscal Stabilization (stimulus funds). In the final budget, stabilization funds will be \$144,202,648 unless an adjustment is required (per special provision, Sec. 7.3). Switching state appropriations for stabilization funds does not either increase or decrease the University's spending authority.

Per Section 29.4 of Senate Bill 897, the President may implement furloughs of university employees or delegate furlough authority to a chancellor to offset the UNC management flexibility reduction.

APPENDIX D

**The University of North Carolina
Budget Comparison
2010-11 Capital Improvements**

Institution	Capital Budget Needs	BOG Priorities	Governor's Budget	Senate	House	FINAL (COPS funding)
University-wide	Fire Safety Improvements – Student Residence Halls	27,180,000	–	–	–	–
ASU	College of Nursing & Health Sciences Building	58,200,000	–	2,400,000	–	–
ECU	Life Sciences and Biotechnology Building	151,600,000	–	6,100,000	–	–
ECSU	School of Aviation Complex *	17,000,000	–	533,778	–	–
FSU	Teacher Education & General Classroom Building	49,261,000	–	–	–	–
NCA&T	College of Engineering	121,189,900	–	SB 1378	–	–
NCCU	Student Services, Classrooms & Assembly Building	81,100,000	–	–	–	–
NCSSM	Discovery Ctr- Science Labs/Classrooms/Residence Hall *	78,563,000	–	–	–	–
NCSU	Engineering Complex and Renovations	465,855,400	–	SB 1378	–	–
UNCA	Replace Carmichael Hall & University Lecture Hall	26,801,000	–	–	–	–
UNC-CH	Law School at Carolina North	153,167,245	–	–	–	–
UNC-CH	Morehead Planetarium Renovation and Expansion	58,000,000	–	–	–	–
UNCC	Science Building	120,000,000	–	4,800,000	–	–
UNCG	Nursing/Classroom/Office Building	121,680,000	–	–	–	–
UNCP	Information Commons Building	59,450,000	–	–	–	–
UNCW	Allied Health and Human Sciences Building	46,313,000	–	1,900,000	–	–
UNCSA	Film School Post Production/Graduate Facility and Renovations	35,749,000	–	–	–	–
WCU	Education and Allied Professions Building	47,652,700	–	–	–	–
WSSU	Sciences Building *	33,638,547	–	1,400,000	–	–
University-wide	Land Acquisition	25,000,000	–	–	–	–
University-wide	Allocation from Repairs and Renovations Reserve <i>UNC will receive 50% of \$120M in COPS funding.</i>	218,000,000	–	SB 1378	35,000,000	60,000,000
Educ. Center	Upper Coastal Plain Higher Education Center	14,480,000	–	–	–	–
WCU	Mountain Area Health Education Center	–	–	1,300,000	–	–
UNC-CH	Innovation Center at Carolina North – Infrastructure Improvements	–	–	spec. prov.	–	–
University-wide	Teaching & Research Equipment (COPS funding) <i>Funds shall be used for equipment purchases in fields related to health, science, engineering & technology programs; Sec. 30.11 requires a report to Gov. Ops. on allocation of funds expended.</i>	–	–	–	–	22,000,000
Total – 2010-11 Capital Needs		2,009,880,792	–	18,433,778	35,000,000	82,000,000

* These projects received planning funds in 2007.

APPENDIX D

Sec. 30.4 of the final budget states that repair and renovation funds shall be allocated among the constituent institutions by the President, who shall consider the following factors when allocating those funds:

- 1) The safety and well-being of the residents of campus housing programs; 2) The current level of housing rents charged to students and how that compares to an institution's public peers and other UNC institutions; 3) The level of previous authorizations to constituent institutions for the construction or renovation of resident halls funded from the General Fund, or from bonds or COPs supported by the General Fund, since 1996;*
- 4) The financial status of each constituent institution's housing system, including debt capacity, debt coverage ratios, credit rankings, required reserves, the planned use of cash balances for other housing system improvements, and the constituent institution's ability to pay for the installation of fire sprinklers in all resident halls; and 5) The total cost of each proposed project, including the cost of installing fire sprinklers and the cost of other construction, such as asbestos removal and additional water supply needs.*

The final budget recommends amending a previous COPS authorization for UNCG's academic classroom and office building project (S.L. 2008-107). Per Section 30.6 of Senate Bill 897, UNCG may use proceeds to acquire real property for the development and construction of a new railroad underpass to connect the current central campus to West Lee Street.

A special provision (Sec. 30.9) in the final budget will statutorily define "increase in scope" to be more than 10% of the square footage authorized or the programming of new functions into the project.