

2009-10 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 202 (S.L. 2009-451), “2009 Appropriations Act,” and House Bill 836, which makes technical, clarifying, and other modifications to the 2009 Appropriations Act. By statute, the Board is directed to allocate such funds in accordance with its 2009-10 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 August 3, 2009. In addition to the appropriations for the 2009-10 Budget Priorities, the General Assembly made a number of special appropriations for designated programs in University Operations and reductions to Aid to Private Institutions.

It is recommended that the proposed Allocations for Current Operations appropriations for 2009-10 be approved. It is further recommended that President be authorized to make refinements in the interest of accuracy and completeness.

Note: As supplementary information, a Comparative Worksheet showing the Senate, House, and Final Budgets is attached to this item.

Reductions and Other Adjustments to the University's Budget by the 2009 Session

Due to the economic crisis and resulting decreases in state revenues, the 2009 General Assembly made a number of reductions to the University's base (continuation) budget.

Funds that had been provided by the Governor to cover continuation increases (to adjust for increases in the cost of providing ongoing services) were reduced by \$127,671,825. These reductions included appropriations to fund staff benefits and other personnel costs; operating costs for new facilities; utility service rate increases; replacement of worn or outdated equipment, vehicles, and supplies; library books and materials; and other adjustments (accreditation expenses, fuel, etc.).

The General Assembly also reduced the number of free courses that UNC faculty and staff can take per year from three to two, resulting in a reduction to the University's budget of \$700,000. The tuition waivers granted to citizens over the age of 65 and the special talent waivers for athletes were also eliminated, resulting in additional reductions of \$300,000 each. Amounts by campus are shown on page 6. The related special provisions are shown below:

REDUCE NUMBER OF COURSES UNC FACULTY AND STAFF MAY TAKE TUITION-FREE

SECTION 9.21. G.S. 116-143(d) reads as rewritten:

"(d) Notwithstanding the above provision relating to the abolition of free tuition, the Board of Governors of The University of North Carolina may, in its discretion, provide regulations under which a full-time faculty member of the rank of full-time instructor or above, and any full-time staff member of The University of North Carolina may during the period of normal employment enroll for not more than ~~three~~ two courses per year in The University of North Carolina free of charge for tuition, provided such enrollment does not interfere with normal employment obligations and further provided that such enrollments are not counted for the purpose of receiving general fund appropriations."

ELIMINATE SOME TUITION WAIVERS

SECTION 8.11.(a) G.S. 115B-2(a)(1) is repealed.

SECTION 8.11.(b) G.S. 115B-2.1 is repealed.

SECTION 8.11.(c) G.S. 115B-5(a) is repealed.

NO SPECIAL TALENT TUITION WAIVERS FOR STUDENT ATHLETES

SECTION 9.22.(a) G.S. 116-143(c) reads as rewritten:

"(c) Inasmuch as the giving of tuition and fee waivers, or especially reduced rates, represent in effect a variety of scholarship awards, the said practice is hereby prohibited except when expressly authorized by statute or by the Board of Governors of The University of North Carolina; and, furthermore, it is hereby directed and required that all budgeted funds expended for scholarships of any type must be clearly identified in budget reports. The Board of Governors of The University of North Carolina shall not authorize a reduced rate of tuition for the special talent of athletics."

SECTION 9.22.(b) No policy adopted by the Board of Governors to authorize a special tuition rate for students who have athletics as a special talent shall be implemented.

In addition to the previously mentioned reductions, the General Assembly made the following targeted reductions:

Program	Amount	R/NR	Institution
Abolish Legislators' Schools for Leadership Development	(\$ 500,000)	R	Split between ECU, Acad. Affairs and WCU
Summer Term Teacher Education Pilot Programs	(350,000)	R	Split between FSU & UNCW
Teacher Recruitment and Retention (STEM)	(350,000)	R	Split between NCSU & UNC-CH
Horticultural Program in Eastern NC	(24,000)	R	NCSU, Ag Research
NC Judicial College	(150,000)	R	UNC-Chapel Hill, Academic
NC Botanical Garden	(145,462)	R	UNC-Chapel Hill, Academic
A+ Schools	(50,000)	R	UNC Greensboro
NC Center for the Advancement of Teaching	(6,956,740)	R	Transfer from WCU to DPI
Center for Alcohol Studies	(537,455)	R	UNC-CH, Health Affairs
NC Center for International Understanding	(108,789)	R	UNC-GA, Operating
NC Model Teacher Education Consortium	(450,000)	R	UNC-GA, Operating
CFNC Teacher Recruitment Module	(25,000)	R	UNC-GA, Operating
Gateway Technology Center	(17,700)	R	UNC-GA, Institutional Prog.
Reserve for Distance Education	(225,872)	R	UNC-GA, Institutional Prog.
Reserve for Information Technology	(150,000)	R	UNC-GA, Institutional Prog.
Strategic Initiatives Reserve	(1,000,000)	NR	UNC-GA, Institutional Prog.
Focused Growth Reserve	(1,343,002)	R	UNC-GA, Institutional Prog.
UNC-NCCS 2+2 Learning Initiative	(250,000)	R	UNC-GA, Institutional Prog.
Academic Summer Bridge Retention Pilot Prog.	(119,300)	R	UNC-GA, Institutional Prog.
NC LIVE	(145,440)	R	UNC-GA, Institutional Prog.
Future Teachers Scholarship-Loan Prog.	(1,267,500)	R	UNC-GA, Related Educ. Prog.
UNC Hospitals	(2,000,000)	R	UNC Hospitals
Aid to Private Institutions (see page 20)	(3,644,400)	R	UNC-GA, Aid to Private Inst.
TOTAL	(19,810,660)		

University Centers and Institutes were a particular focus of budget reductions during the 2009 Session of the General Assembly. The General Assembly called for reductions in Centers and Institutes totaling \$12,000,000 in 2009-10, leaving the specific Centers and Institutes to be determined at the discretion of the university, but specifying the minimum reductions that must occur by campus (see Appendix A). The General Assembly further budgeted a management flexibility reduction of \$72,866,184 for 2009-10 and \$100,000,000 for 2010-11. Combining the undesignated allocations in 2009-10 results in total "flexible" reductions of \$84,866,184 for the University, with the President and the Chancellors responsible for ensuring that the minimum amounts required to be reduced from campus Centers and Institutes are met. The special provision outlining the management flexibility reduction follows:

UNC MANAGEMENT FLEXIBILITY REDUCTION

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 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.

Both the Board of Governors and legislators have indicated that budget reductions assigned to the university for the current year should not be allocated to the campuses through the historic across-the-board method. In contrast to previous years, the percentage that state appropriations will be reduced will vary from campus to campus. In calculating the amount of the management flexibility reduction for each campus, the following key principles have been 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.

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

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, The 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 Appendix B for a listing) 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. Academic and administrative budgets were adjusted separately to reflect whether the performance measure was an academic or an administrative measure.

The following chart shows all the reductions made for 2009-10, including estimated reductions for the management flexibility cuts. In July, the Chancellors each submitted to the President a 2009-10 budget reduction plan. Each campus has proposed reductions of 10% of their 2009-10 base budget. In addition to the permanent reductions on the following chart, it is estimated that the Governor, as Director of the State Budget, will require a holdback, as done in 2008-09, of 3% to 5% for 2009-10. The Chancellors' plans address both the permanent reductions made by the legislature, and the nonrecurring reductions anticipated during the fiscal year. It is recommended that the reductions be allocated as presented, with the President authorized to make further adjustments consistent with the budget reduction plans submitted by the Chancellors.

Budget Code	Institution	Continuation Budget Items ¹	Tuition Waivers ²	Other Targeted Reductions ³	Management Flex Reduction and Centers & Inst. Amounts
16080	ASU	(3,247,323)	(62,106)	—	(4,539,155)
16065	ECU, Academic Affairs	(8,893,355)	(204,392)	(250,000)	(7,550,504)
16066	ECU, Health Affairs	(719,568)	—	—	(1,523,262)
16086	ECSU	(551,880)	(3,821)	—	(1,166,413)
16088	FSU	(1,967,555)	(25,379)	(175,000)	(1,991,366)
16070	NCA&T	(3,883,150)	(39,732)	—	(3,473,815)
16090	NCCU	(1,015,416)	(32,141)	—	(3,029,590)
16030	NCSU, Acad. Affairs	(11,407,577)	(253,799)	(175,000)	(13,177,354)
16031	NCSU, Ag Research	(2,133,578)	—	(24,000)	(1,827,133)
16032	NCSU, Coop. Ext.	(943,647)	—	—	(1,402,987)
16055	UNCA	(896,602)	(19,943)	—	(1,280,449)
16020	UNC-CH, Acad. Affairs	(12,266,759)	(207,937)	(470,462)	(9,835,867)
16021	UNC-CH, Health Affairs	(7,011,146)	—	(537,455)	(7,181,479)
16022	UNC-CH, AHEC	(257,831)	—	—	(1,514,343)
16050	UNCC	(6,562,650)	(116,678)	—	(5,989,760)
16040	UNCG	(1,414,062)	(123,054)	(50,000)	(5,371,080)
16082	UNCP	(1,669,780)	(28,703)	—	(2,010,594)
16060	UNCW	(1,525,574)	(107,795)	(175,000)	(3,196,986)
16092	UNCSA	(1,840,672)	(967)	—	(840,587)
16075	WCU	(2,063,340)	(59,202)	(7,206,740)	(2,853,280)
16084	WSSU	(1,914,168)	(14,351)	—	(2,342,946)
16094	NCSSM	(663,207)	—	—	(586,783)
16010	UNC-GA (Operating)	(797,682)	—	(583,789)	(2,180,451)
16011	UNC-GA (Instit. Prog.)	(10,061,507) ⁴	—	(3,251,314)	—
Subtotal		(83,708,029)	(1,300,000)	(12,898,760)	(84,866,184)
16012	UNC-GA (Related Ed)	(43,963,796)	—	(1,267,500)	—
16095	UNC Hospitals	—	—	(2,000,000)	—
16015	Aid to Private Colleges	—	—	(3,644,400)	—
Total		(127,671,825)	(1,300,000)	(19,810,660)	(84,866,184)

¹ Budgets were reduced to a level at or below FY 2008-09 authorized budget levels. Funds for operations of new facilities, utilities rate increases, inflation for library materials, personnel adjustments & other cost increases were removed.

² Includes Reduction to Faculty/Staff Tuition Waiver, Elimination of Senior Citizen Tuition Waiver, and Elimination of the Special Talent Tuition Waiver for Athletes.

³ Detailed Listing of Other Targeted Reductions is shown in table on Page 3.

⁴ Continuation reduction to UNC-GA (Institutional Programs) includes a reduction to the UNC Cancer Research Fund.

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 \$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. The special provision from S.L. 2009-451 and amended by House Bill 836 is shown below:

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS APPROPRIATED

SECTION 6.6C.(a) Findings and Purpose. – The General Assembly finds that State government must serve as a facilitator in assisting local governments, communities, families, workers and other individuals, and businesses in accessing 2009 federal recovery and reinvestment funds. The purpose of this section is to fulfill the General Assembly's constitutional duty to appropriate all funds, including federal funding from the American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5, and to direct the use of those funds in a manner that responsibly provides for the economic well-being of the State.

SECTION 6.6C.(b) Appropriation of ARRA Funds. – Funds received from ARRA grants and receipts not specified in this act are hereby appropriated in the amounts provided in the notification of award from the federal government or any entity acting on behalf of the federal government to administer federal ARRA funds. Prior to allocation of funds not expressly delineated in this act, the OSBM and affected state agencies shall consult with the Joint Legislative Commission on Governmental Operations.

SECTION 6.6C.(c) Use of ARRA Funds. – Notwithstanding G.S. 143C-5-2 and G.S. 143C-6-4, or any other provision of law to the contrary, State agencies may, with approval of the Director of the Budget and in consultation with the North Carolina Office of Economic Recovery and Investment, spend State funds as defined in G.S. 143C-1-1(25) and, in accordance with subsection (b) of this section, funds received from federal receipts and federal grants resulting from enactment of the ARRA and awarded during the 2008-2009 State fiscal year. State agencies may not allocate or otherwise obligate any ARRA funds prior to enactment of this act, except that a State agency, as defined in G.S. 143C-1-1(24), may allocate or otherwise obligate federal funds under this section if the federal government has issued rules or formal guidance stipulating that a state's lack of allocation or obligation would otherwise jeopardize its receipt of federal ARRA funds. Under these limited circumstances, the State may allocate or obligate those funds for the 2008-2009 fiscal year only.

SECTION 6.6C.(d) Guidance. – The Office of State Budget and Management shall work with the recipient State agencies to budget federal receipts awarded according to the annual program needs and within the parameters of the respective granting entities and to incorporate federal funds into the certified budgets of the recipient State agency. State agencies shall not use federal ARRA funds for recurring purposes unless provided for in this act. However, depending on the nature of the award, additional State personnel may be employed on a temporary or time-limited basis. Nothing in this subsection shall be construed to prohibit the use of federal ARRA funds to employ teachers and other school ~~personnel~~ personnel, and faculty and other university personnel for the ~~2009-2010 school year, 2009-11 fiscal~~ biennium.

SECTION 6.6C.(e) The State Office of Economic Investment and Recovery may use up to one million dollars (\$1,000,000) during fiscal year 2009-2010 for operating expenses.

SECTION 6.6C.(f) Effective Date. – This section is effective when it becomes law.

In addition to the ARRA funds for State Fiscal Stabilization, as designated above, another \$300,000 in nonrecurring ARRA funds will be allocated to the University of North Carolina to continue the coastal sounds wind energy study from Section 9.12 of S.L. 2008-107. The related special provision is shown on page 23. It is recommended that these funds be allocated to UNC-Chapel Hill, Academic Affairs, and pursuant to the authority granted to the University of North Carolina in Section 9.14(e) of S.L. 2009-451, the University of North Carolina delegates to UNC-Chapel Hill all authority to negotiate, enter into contracts, and take all other actions necessary to fulfill the requirements of Section 9.14 of S.L. 2009-451.

Tuition Increases

The General Assembly made no changes to the rates for tuition and fees authorized by the Board of Governors for 2009-10. These amounts will continue to be allowed as approved by the Board of Governors in February 2009. For 2010-11, the General Assembly's budget increases annual tuition by the lesser of \$200 or 8% at all UNC institutions. This tuition increase for 2010-11 will apply to both resident and nonresident students at both the undergraduate and graduate levels. The related special provision follows:

CAMPUS-INITIATED TUITION INCREASES

SECTION 9.23.(a) Notwithstanding any other provision of law, no campus-initiated tuition increase for students who are North Carolina residents shall be approved by the Board of Governors of The University of North Carolina or implemented for the 2010-2011 academic year except as provided otherwise by this section.

SECTION 9.23.(b) Any campus-initiated increases for the professional and graduate programs for the 2010-2011 academic year that were approved by the Board of Governors of The University of North Carolina between February 2007 and February 2009 for the graduate and professional schools may be implemented for the 2010-2011 academic year.

Additional Adjustments to the University's Budget

The 2009 General Assembly made additional changes to programs that affect the University's budget. The budget reduces 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. The special provision follows:

THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND REDUCE/ MAXIMUM GRANT AWARDS FOR 2009-2010 FISCAL YEAR AND REPEAL EARN SCHOLARS FUND IN 2010-2011 FISCAL YEAR.

SECTION 9.2.(a) Of the funds appropriated by this act from the General Fund to the State Education Assistance Authority the sum of sixteen million two hundred twenty-five thousand dollars (\$16,225,000) for the 2009-2010 fiscal year shall be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(b) There is appropriated from the Escheat Fund to the State Education Assistance Authority the sum of thirty-seven million four hundred eighty-nine thousand dollars (\$37,489,000) for the 2009-2010 fiscal year to be allocated to EARN.

SECTION 9.2.(c) The funds appropriated in subsections (a) and (b) of this section shall be used only to fund EARN grants for the 2009-2010 academic year.

SECTION 9.2.(d) Notwithstanding G.S. 116-209.26(d), the maximum grant for which a student is eligible for an EARN Scholarship shall be two thousand dollars (\$2,000) for the 2009-2010 academic year. The State Education Assistance Authority shall pay the full amount of the grants awarded pursuant to this section in the 2009-2010 fall academic semester.

SECTION 9.2.(e) Effective July 1, 2010, G.S. 116-209.26 is repealed.

SECTION 9.2.(f) The campus financial aid offices at each eligible postsecondary institution as defined in G.S. 116-209.26 are encouraged to work with EARN recipients to secure replacement financial aid for the 2010-2011 academic year and appropriate subsequent academic years.

The General Assembly also increased from 25% to 50%, effective 2010-11, the tuition surcharge for students who exceed 140 student credit hours from a baccalaureate degree in a four-year program or 110% of credit hours needed for a five-year baccalaureate degree. The special provision follows:

CODIFY AND INCREASE UNC UNDERGRADUATE TUITION SURCHARGE

SECTION 9.10.(a) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-143.7. Tuition surcharge.

(a) The Board of Governors of The University of North Carolina shall impose a twenty-five percent (25%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (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. Courses and credit hours taken include those taken at a constituent institution or accepted for transfer. In calculating the number of degree credit hours taken:

(1) Included are courses that a student:

- a. Fails.
- b. Does not complete unless the course was officially dropped by the student pursuant to the academic policy of the appropriate constituent institution.

(2) Excluded are credit hours earned through:

- a. The College Board's Advanced Placement Program, CLEP examinations, or similar programs.
- b. Institutional advanced placement, course validation, or any similar procedure for awarding course credit.
- c. Summer term or extension programs.

(b) No surcharge shall be imposed on any student who exceeds the degree credit hour limits within the equivalent of four academic years of regular term enrollment or within five academic years of regular term enrollment in a degree program officially designated by the Board of Governors as a five-year program.

(c) Upon application by a student, the tuition surcharge shall be waived if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors shall establish the appropriate procedures to implement the waiver provided by this subsection."

SECTION 9.10.(b) G.S. 116-143.7(a), as enacted by subsection (a) of this section, reads as rewritten:

"(a) The Board of Governors of The University of North Carolina shall impose a ~~twenty-five percent (25%)~~ fifty percent (50%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (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. Courses and credit hours taken include those taken at that constituent institution or accepted for transfer. In calculating the number of degree credit hours taken:

(1) Included are courses that a student:

- a. Fails.
- b. Does not complete unless the course was officially dropped by the student pursuant to the academic policy of the appropriate constituent institution.

(2) Excluded are credit hours earned through:

- a. The College Board's Advanced Placement Program, CLEP examinations, or similar programs.
- b. Institutional advanced placement, course validation, or any similar procedure for awarding course credit.
- c. Summer term or extension programs."

SECTION 9.10.(c) Subsection (a) of this section is effective beginning with the 2009-2010 academic year; subsection (b) of this section is effective beginning with the 2010-2011 academic year.

2009-10 Allocations for Enrollment Changes

The General Assembly fully funded the Board's request for enrollment funds of \$44,197,776 for 2009-10. In accordance with the Board of Governors' Priorities, this appropriation includes \$4,946,722 to "hold harmless" three institutions that would otherwise have been reduced in 2009-10 (NCA&T-\$3,118,099; NCCU-\$1,241,047; & UNCA-\$587,576).

The allocation for the 2009-10 enrollment changes for 2009-10 is as follows:

Institution	Total Allocations
Appalachian State University	\$ 9,710,470
East Carolina University	8,090,258
Elizabeth City State University	747,859
Fayetteville State University	27,469
North Carolina A & T State University	—
North Carolina Central University	—
North Carolina State University	5,912,773
University of North Carolina at Asheville	—
University of North Carolina at Chapel Hill	5,026,614
University of North Carolina at Charlotte	6,454,571
University of North Carolina at Greensboro	2,821,590
University of North Carolina at Pembroke	1,998,310
University of North Carolina School of the Arts	—
University of North Carolina at Wilmington	1,482,375
Western Carolina University	308
Winston-Salem State University	1,649,054
North Carolina School of Science & Mathematics	276,125
TOTAL	\$44,197,776

The budgeted enrollments for the constituent institutions of the University for 2009-10 are established as follows:

Institution	Budgeted Student Credit Hours
Appalachian State University	456,801
East Carolina University	656,930
Elizabeth City State University	89,085
Fayetteville State University	163,173
North Carolina A & T State University	308,653
North Carolina Central University	189,919
North Carolina State University	786,487
University of North Carolina at Asheville	95,930
University of North Carolina at Chapel Hill	611,824
University of North Carolina at Charlotte	543,547
University of North Carolina at Greensboro	444,343
University of North Carolina at Pembroke	158,151
University of North Carolina School of the Arts	—
University of North Carolina at Wilmington	322,268
Western Carolina University	220,742
Winston-Salem State University	176,900
North Carolina School of Science & Mathematics	—
TOTAL	5,224,753

The enrollment change request and allocations were based on the 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	600
North Carolina School of Science & Mathematics	670
North Carolina State University Veterinary Medicine	352
UNC-Chapel Hill Law, Medicine, Dentistry and Pharmacy	4,217
University of North Carolina School of the Arts	1,117
TOTAL	7,256

In addition to the \$44,197,776 for 2009-10 enrollment change funding, the General Assembly appropriated \$53,432,226 for 2010-11, which will be allocated by the Board in 2010.

Allocations of Expansion Budget Priorities Funded by the 2009 General Assembly

The expansion budget priorities of the UNC Board of Governors as set out in the *2009-11 Budget Priorities* funded by the 2009 legislature are allocated as shown on the following chart. The priorities were aligned with the major findings and recommendations of the UNC Tomorrow Commission's Final Report issued in December 2007.

	2009-10	
	Budget Priorities	Recom. Allocation
Campus Safety	\$ 5,700,000 R	—
	8,500,000 NR	—
Our Citizens & Their Future: Access to Higher Education	26,995,765	23,475,700
UNC Need-Based Financial Aid Program	23,397,311	11,000,000 R
		12,000,000 NR
Regional Partnerships		
Hickory Partnership	424,804	—
Onslow County Partnership	400,000	—
Rocky Mount Partnership	281,250	—
NCCU University College	300,000	—
Increase Access for Underrepresented Populations and Non-traditional Students (FSU, UNCA, UNC-CH, & WSSU)	2,192,400	475,700 ¹
Increase Efforts to Recruit & Retain High-Quality Faculty	66,737,000	2,000,000
Competitive Salaries for Faculty – 80th Percentile of Peers	14,471,000	—
EPA Merit-Based Increases (2%)	38,435,000	—
Distinguished Professorships – Match Spangler Challenge	6,831,000 R	—
Grants and Reduce Backlog	5,000,000 NR	—
Faculty Recruiting & Retention Fund	2,000,000	2,000,000
Efficient Use of Available Resources & Continue Efforts to Establish Accountability & Performance Measures	3,000,000	—
Fiscal Integrity		
Our Global Readiness	2,646,700	300,000
21st Century Job Skills for UNC and High School Students (FSU, NCCU, WSSU)	516,300	—
Improve Academic & Student Support Services (UNC-CH, UNCG, UNCP)	2,130,400	300,000 ²
Our University's Outreach & Engagement	1,076,500	251,500
FSU Military One-stop Center & BRAC Outreach	251,500	251,500
UNCC Summer Bridge Program & 49er Leadership Academy	300,000	—
UNC-TV Statewide Public Affairs & Informational Program	325,000	—
UNC Press Online & Multi-format Content	200,000	—

¹ Funding was appropriated only for the WSSU program.

² Funding was appropriated only for the UNCP program.

NR = nonrecurring

	2009-10	
	Budget	Recom.
	Priorities	Allocation
Our Communities & Their Economic Transformation	29,791,000	14,500,000
NC Research Campus (Kannapolis)	10,000,000	3,000,000
NC Research Competitiveness & Commercialization Gap Funding	3,000,000	—
Graduate Student Recruitment & Retention	2,000,000	—
UNCC Energy Production Infrastructure Center (EPIC)	2,000,000	2,000,000
NCA&T College of Engineering, including ERC match	2,000,000	2,000,000
NCSU College of Engineering	5,000,000	5,000,000
NCA&T and UNCG Joint School of Nanoscience and Nanoengineering	3,241,000	1,000,000
UNCSA School of Filmmaking	500,000 R	500,000 R
	500,000 NR	500,000 NR
WCU Forensic Science Program	500,000 R	—
	100,000 NR	—
ECSU School of Aviation	300,000 R	300,000 R
	150,000 NR	—
WCU Rapid Product Realization	200,000	200,000
NC Arboretum – Bent Creek Institute – Natural Products	300,000	—
Our Children & Their Future: Improving Public Education	5,273,770	—
Recurring Funds for Principals' Executive Program (PEP)	1,266,170	—
New Teacher Support and Mentoring Aimed at Retention - UNC Schools of Education	900,000	—
MSEN Pre-College Programs (ECU & WCU) and add ASU, UNCP, & UNCW in 2nd year	450,000	—
University-School Programs Network	0	—
System-wide STEM Initiative, focused on Mathematics	0	—
UNC-CH – Increase Production of Science Teachers	1,207,600	—
NCSU STEM Teachers Initiative	500,000	—
NCSSM Online & Diversity Initiative	250,000	—
NCCAT New Teacher Retention	400,000	—
NC Center for International Understanding (NCCIU) – K-12 Global Education	300,000	—
Our Health	16,610,800	5,835,000
ECU Indigent Care	3,000,000	2,000,000
UNC Hospitals Indigent Care	2,000,000	—
ECU School of Dentistry and Clinics	6,000,000	3,000,000
UNC-CH Area Health Education Center (AHEC) in Elizabeth City	500,000	—
Nursing Program Expansion (NCCU & UNC-CH)	835,000	835,000
Health & Wellness/Allied Professions (ASU, UNCA, UNCW)	1,250,000 R	—
	200,000 NR	—
Medical School Expansions (ECU & UNC-CH)	2,000,000	—
UNCW Memory Science Research	193,900	—
UNCP Native American Health	331,900	—
ECU Heart Institute	300,000	—
Our Environment	1,675,000	—
ASU Energy Initiatives	250,000 R	—
	250,000 NR	—
NCSU Bioenergy Technologies	500,000	—
UNC-CH Energy and Environmental Programs	350,000	—
Coastal Studies Institute	325,000	—
Total – recurring	153,306,535	33,862,200
Total – nonrecurring	14,700,000	12,500,000
Total 2009-10 Expansion Budget	168,006,535	46,362,200

The allocations, as applicable, meet all of the directives cited in the Appropriations Act of 2009 (S.L. 2009-451) and the related Joint Conference Committee Report of August 3, 2009.

Campus Safety

There were no appropriations for Campus Safety in response to the Board's request of \$5.7 million in recurring funds and \$8.5 million in nonrecurring funds.

Our Citizens and Their Future: Access to Higher Education

In response to the Board's request of \$26,995,765 for Our Citizens and Their Future: Access to Higher Education, the General Assembly appropriated \$23,475,700 (\$11,475,700 in recurring funds and \$12,000,000 in nonrecurring funds) for the following items:

UNC Need-Based Financial Aid Program

The Board requested additional funding of \$23,397,311 to fully fund the Need-Based Student Financial Aid Plan for all eligible undergraduate resident students. In response, the General Assembly appropriated \$11 million in recurring funds and \$12 million in nonrecurring funds. 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.

Increase Access for Underrepresented Populations and Non-traditional Students (FSU, UNCA, UNC-CH, and WSSU)

In response to the Board's request of \$2,192,400, the General Assembly appropriated \$475,700 in recurring funds for a joint admissions program between Winston-Salem State University and Forsyth Technical Community College. Funds are to be used to add advising center staff focused on community college students and to create a Gateway Program to assist working adults, including military members and veterans with the transition to college. In accordance with the Joint Conference Committee Report, it is recommended that these funds be allocated to Winston-Salem State University.

There were no appropriations in response to the Board's request for Regional Partnerships and NCCU University College.

Increased Efforts to Recruit and Retain High Quality Faculty

The Board of Governors' Expansion Budget priorities included a request for \$66,737,000 for Increased Efforts to Recruit and Retain High Quality Faculty. This item included requests for Competitive Salaries for Faculty- 80th Percentile of Peers, EPA Merit-Based Increases (2%), Distinguished Professorships, and a request for the Faculty Recruiting and Retention Fund.

The General Assembly appropriated \$2,000,000 for the following item:

Faculty Recruiting and Retention Fund

The General Assembly fully funded the Board's request of \$2,000,000 in recurring funds for the Faculty Recruiting and Retention Fund that was initiated in 2006-07. The President uses the Fund to offer salary increases to recruit and retain faculty members. 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 to the campuses, based on legislative intent.

Although no expansion funds were appropriated for the Distinguished Professorships Endowment Trust Fund, a special provision in the Conference Budget shown below mandates that the funds in the continuation budget first be used to match the C.D. Spangler Foundation grants. Any remaining balance can then be used to address the backlog of professorships awaiting funding.

DISTINGUISHED PROFESSOR ENDOWMENT TRUST FUND/PRIORITIZE USE OF FUNDS

SECTION 9.16. Notwithstanding Part 4A of Article 1 of Chapter 116 of the General Statutes, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Distinguished Professors Endowment Trust Fund established in G.S. 116-41.14, the sum of eight million dollars (\$8,000,000) for the 2009-2010 fiscal year and the sum of eight million dollars (\$8,000,000) for the 2010-2011 fiscal year shall first be used to match the grant from the C.D. Spangler Foundation. The balance of funds remaining from each appropriation of eight million dollars (\$8,000,000), if any, after matching the grant from the C.D. Spangler Foundation, shall be used to address the backlog of professorships awaiting State matching funds.

There were also no appropriations in response to the Board's request for Competitive Salaries for Faculty – 80th Percentile of Peers and EPA Merit-Based Salary Increases.

By special provision, the General Assembly directed that the salaries of public employees, including employees of the University of North Carolina, in effect June 30, 2009, or the last day in pay status during the 2008-09 fiscal year if earlier, remain in effect for the 2009-10 and 2010-11 fiscal years, except as provided in the provision below from House Bill 836 (technical corrections bill).

SECTION 21. Section 26.1A.(a) 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 faculty as otherwise provided by the Faculty Recruiting and Retention Fund or Fund, the Distinguished Professors Endowment Fund, Fund, or retention adjustments funded from available non-State funding sources.
- (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 and Continue Efforts to Establish Accountability and Performance Measures

The General Assembly did not appropriate any funds in response to the Board's request of \$3,000,000.

Our Global Readiness

In response to the Board's request of \$2,646,700 for Our Global Readiness, the General Assembly appropriated \$300,000 for the following item:

Improve Academic and Student Support Services (UNC-CH, UNCG, UNCP)

In response to the Board's request of \$2,130,400 to Improve Academic and Student Support Services, the General Assembly appropriated \$300,000 in recurring funds to UNC Pembroke. Funds are to be used for additional student support positions, such as academic counselors, financial aid counselors, and writing center staff. In accordance with the Conference Committee Report, it is recommended that these funds be allocated to UNC Pembroke.

There were no appropriations in response to the Board's request for 21st Century Job Skills for UNC and High School Students.

University's Outreach and Engagement

In response to the Board's request of \$1,076,500 for Our University's Outreach and Engagement, the General Assembly appropriated \$251,500 for the following item:

FSU Military One-stop Center and BRAC Outreach

The General Assembly fully funded the Board's request of \$251,500 in recurring funds for a Military One-stop Center and BRAC Outreach for Fayetteville State University. Funds are to be used for academic counselors to provide higher education assistance to military personnel and their dependents. It is recommended that these funds be allocated to Fayetteville State University.

There were no appropriations in response to the Board's request for UNCC Summer Bridge Program and the 49er Leadership Academy, UNC-TV Statewide Public Affairs and Informational Program Services, and UNC Press Online and Multi-format Content.

Communities and Their Economic Transformation

In response to the Board's request of \$29,791,000 for Our Communities and Their Economic Transformation, the General Assembly appropriated \$14,500,000 for the following items:

North Carolina Research Campus (Kannapolis)

In response to the Board's request of \$10,000,000, the General Assembly appropriated \$3,000,000 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.

UNCC Energy Production Infrastructure Center (EPIC)

The General Assembly fully funded the Board's request of \$2,000,000 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.

NCA&T College of Engineering, including Engineering Research Center (ERC) match

The General Assembly fully funded the Board's request of \$2,000,000 in recurring funds for the NC A&T College of Engineering. Funds will be used for post-doctoral and faculty positions, SPA staff support, laboratory supplies, equipment upgrades and maintenance. A portion of these funds may be used to match NC A&T's portion of an \$18.5 million five-year National Science Foundation Engineering Research Center grant, the first ERC grant awarded to a HBCU. It is recommended that the funds be allocated to North Carolina A & T State University.

NCSU College of Engineering

The General Assembly fully funded the Board's request of \$5,000,000 in recurring funds for the NCSU College of Engineering. Funds will be used for hiring additional faculty in interdisciplinary areas that respond to state and national needs. A portion of the funds may be used to match external grants for Electric Vehicle Research in the NCSU Advanced Transportation Energy Center. It is recommended that the funds be allocated to North Carolina State University, Academic Affairs.

NCA&T and UNCG Joint School of Nanosciences and Nanoengineering

In response to the Board's request of \$3,241,000, 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.

UNCSA School of Filmmaking

The General Assembly fully funded the Board's request of \$500,000 in recurring funds and \$500,000 in nonrecurring funds for the School of Filmmaking at the UNC School of the Arts. These funds will be used for additional faculty, staff, equipment and upgrades to the theatre at the School's Sound Stage in High Point and the film archives building on the main campus. It is recommended that these funds be allocated to UNC School of the Arts.

ECSU School of Aviation

In response to the Board's request of \$300,000 in recurring funds and \$150,000 in nonrecurring funds for the School of Aviation at Elizabeth City State University, the General Assembly appropriated \$300,000 in recurring funds. These funds will provide operating support for the newly established flight school. It is recommended that these funds be allocated to Elizabeth City State University.

WCU Rapid Product Realization

The General Assembly fully funded the Board's request of \$200,000 for WCU's Rapid Product Realization. These recurring funds will be used for additional faculty and staff to enable the Center for Rapid Product Realization to link the academic programs of the School of Construction Management and Technology to regional businesses. It is recommended that these funds be allocated to Western Carolina University.

There were no appropriations in response to the Board's request for NC Research Competitiveness and Commercialization Gap Funding, Graduate Student Recruitment and Retention, WCU Forensic Science Program, and NC Arboretum – Bent Creek Institute – Natural Products.

Children and Their Future: Improving Public Education

There were no appropriations in response to the Board's request of \$5,273,770 for Our Children and Their Future: Improving Public Education, which included the following programs: Principals' Executive Program (PEP), New Teacher Support and Mentoring Aimed at Retention for UNC Schools of Education, MSEN Pre-College Programs (ECU & WCU), University-School Programs Network, System-wide STEM Initiative, focused on Mathematics, Increase production of Science Teachers (UNC-CH), NCSU STEM Teachers Initiative, NCSSM Online and Diversity Initiative, NCCAT New Teacher Retention, and NC Center for International Understanding (NCCIU) – K-12 Global Education.

Health

In response to the Board's request of \$16,610,800 for Our Health, the General Assembly provided \$5,835,000 for the following programs:

ECU Indigent Care

In response to the Board's request of \$3,000,000 for ECU Indigent Care, the General Assembly appropriated \$2,000,000 in recurring funds. These funds will offset a portion of the annual uncompensated patient care at the Brody School of Medicine. It is recommended that these funds be allocated to East Carolina University, Health Affairs.

ECU School of Dentistry and Clinics

In response to the Board's request of \$6,000,000 for the ECU School of Dentistry and Clinics, the General Assembly appropriated \$3,000,000 in recurring funds. These funds will be used to hire the additional new faculty, to develop the curriculum in preparation of program accreditation, and to establish the location of dental service learning centers throughout the state where faculty and students will see patients. It is recommended that these funds be allocated to East Carolina University, Health Affairs.

Nursing Program Expansion (NCCU & UNC-CH)

The General Assembly fully funded the Board's request of \$835,000 in recurring funds for the Nursing Program Expansion at North Carolina Central University and UNC-Chapel Hill. At NCCU, the funds will provide for the establishment of an accelerated baccalaureate nursing program that will produce highly skilled nursing personnel in a shorter time period and will have a specific focus on recruiting students from medically underserved populations within North Carolina. At UNC-Chapel Hill, an increase of 80 students will be funded, with an emphasis on increasing the number of pre-licensure graduates and providing increased access to baccalaureate nursing education to college graduates. In accordance with the Joint Conference Committee Report, it is recommended that \$500,000 be allocated to North Carolina Central University and \$335,000 to UNC-Chapel Hill, Health Affairs.

There were no appropriations in response to the Board's request for the UNC Hospitals Indigent Care, UNC-CH AHEC in Elizabeth City, Health & Wellness/Allied Professions (ASU, UNCA, UNCW), Medical School Expansions (ECU and UNC-CH), UNCW Memory Science Research, UNCP Native American Health, and ECU Heart Institute.

Environment

There were no appropriations in response to the Board's request of \$1,675,000 for Our Environment, which included the following items: ASU Energy Initiatives, NCSU Bioenergy Technologies, UNC-CH Energy and Environmental Programs, and Coastal Studies Institute.

Special Appropriations for University Operations

Several special appropriations in 2009-10 to the Board of Governors totaling \$5,751,493 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
Vet Med Clinical Teaching & Research Fund	\$ 250,000	NR	NCSU, Academic Affairs
Special Focus Universities	2,000,000	R	\$1M each to UNCA & UNCSA
Cancer Research Fund	3,400,000	R	UNC-GA (Institutional Programs)
Correction to UNC-GA Utility Budget	101,493	R	UNC-GA (Operating)

In addition to the allocation recommendations presented in this item, the Joint Conference Committee Report directed that \$1 million of the Nurse Educators of Tomorrow scholarship – loan program fund balance revert to the General Fund. The related special provision follows:

**GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION/REVERT
PART OF FUND BALANCE**

SECTION 9.9. The sum of one million dollars (\$1,000,000) is transferred from the fund balance of the Graduate Nurse Scholarship Program for Faculty Production (also known as Nurse Educators of Tomorrow Scholarship Loan) to the General Fund.

Aid to Private Institutions

The General Assembly's appropriation changes (net reduction of \$3,644,400) for Aid to Private Institutions as outlined in the Joint Conference Committee Report are shown below:

- Legislative Tuition Grant appropriation reduction of \$3,180,000 (from \$1,950 per student to \$1,850) in 2009-10;
- Reduction of Religious College Grant of (\$17,400); and
- Reduction of Aid to Private Medical Schools of (\$447,000).

Other UNC Budget-Related Special Provisions

USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of one hundred twenty-three million six hundred forty-one thousand forty dollars (\$123,641,040) for each of fiscal years 2009-2010 and 2010-2011, 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 each of fiscal years 2009-2010 and 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars (\$6,520,964) for each of fiscal years 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in 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 required in G.S. 116B-6(f). If any funds appropriated under this section remain uncommitted for need-based financial aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

The General Assembly encourages the State Education Assistance Authority to try not to reduce the Escheat Fund principal below the sum of two hundred million dollars (\$200,000,000) in complying with this section, but also acknowledges that current economic factors may not make that feasible. All limitations on asset allocation of Escheat Funds invested by the State Treasurer shall be calculated at the time of investment.

SECTION 9.1.(b) The State Education Assistance Authority 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. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, 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 9.1.(c) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of one million one hundred fifty-seven thousand dollars (\$1,157,000) for the 2010-2011 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, Page 54 S202 [Ratified] the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.1.(d) The State Education Assistance Authority shall transfer to the Escheat Fund the balance of any monies appropriated by this section that are not disbursed for need-based financial aid; however, the State Education Assistance Authority may retain the interest on those monies that is paid to the State Education Assistance Authority at the beginning of the 2009-2010 fiscal year and at the beginning of the 2010-11 fiscal year.

TRANSFERS OF CASH BALANCES TO THE GENERAL FUND

SECTION 9.3.(a) Notwithstanding any other provision of law, the unencumbered cash balance remaining in the Future Teachers Financial Aid fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

SECTION 9.3.(b) Notwithstanding any other provision of law, the unencumbered cash balance of the General Fund appropriation remaining in the Education Access Rewards North Carolina (EARN) Scholars fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

TRANSFER FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

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. The Roanoke Island Commission may use these funds 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.

UNC CENTER FOR ALCOHOL STUDIES

SECTION 9.5.(a) G.S. 20-7(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than ~~G.S. 20-17(2)~~, G.S. 20-17(a)(2) shall pay a restoration fee of fifty dollars (\$50.00). A person whose drivers license has been revoked under ~~G.S. 20-17(2)~~ G.S. 20-17(a)(2) shall pay a restoration fee of ~~seventy-five dollars (\$75.00) until the end of the fiscal year in which the cumulative total amount of fees deposited under this subsection in the General Fund exceeds ten million dollars (\$10,000,000), and shall pay a restoration fee of fifty dollars (\$50.00) thereafter.~~ seventy-five dollars (\$75.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The fifty-dollar (\$50.00) fee, and the first fifty dollars (\$50.00) of the seventy-five-dollar (\$75.00) fee, shall be deposited in the Highway Fund. The remaining twenty-five dollars (\$25.00) of the seventy-five-dollar (\$75.00) fee shall be deposited in the General Fund of the State. The Office of State Budget and Management ~~shall certify to the Department of Transportation and the General Assembly when the cumulative total amount of fees deposited in the General Fund under this subsection exceeds ten million dollars (\$10,000,000), and shall annually report to the General Assembly the amount of fees deposited in the General Fund under this subsection. It is the intent of the General Assembly to annually appropriate from the funds deposited in the General Fund under this subsection~~ the sum of five hundred thirty-seven thousand four hundred fifty-five dollars (\$537,455) to the Board of Governors of The University of North Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies Endowment at The University of North Carolina at Chapel Hill, but not to exceed this cumulative total of ten million dollars (\$10,000,000). Hill."

SECTION 9.5.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina the sum of five hundred thirty-seven thousand four hundred fifty-five dollars (\$537,455) for the 2009-2010 fiscal year and the sum of five hundred thirty-seven thousand four hundred fifty-five dollars (\$537,455) for the 2010-2011 fiscal year shall be used for the operating expenses of the Bowles Center for Alcohol Studies at the University of North Carolina at Chapel Hill.

REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE UNIVERSITY

SECTION 9.6.(a) G.S. 116-238.1(a) reads as rewritten:

"(a) There is granted to each State resident who graduates from the North Carolina School of Science and Mathematics and who enrolls as a full-time student in a constituent institution of The University of North Carolina a sum to be determined by the General Assembly as a tuition grant. The tuition grant shall be for four consecutive academic years and shall cover the tuition cost at the constituent institution in which the student is enrolled. The tuition grant shall be distributed to the student as provided by this section. The grant provided by this section is only available to a student enrolled at the North Carolina School of Science and Mathematics for the 2008-2009 academic year or earlier."

SECTION 9.6.(b) Effective July 1, 2014, G.S. 116-238.1, as amended by this section, is repealed.

CLOSING THE ACHIEVEMENT GAP/GRANTS

SECTION 9.7.(a) Funds appropriated by this act for the 2009-2010 fiscal year and for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina and allocated to the North Carolina Historically Minority Colleges and Universities Consortium (HMCUC) for "Closing the Achievement Gap" shall be used for the sole purpose of supporting the operations and program activities of the HMCUC. These funds shall be used by the HMCUC members for the public purposes of developing and implementing after-school programs designed to close the academic achievement gap and improving the academic performance of youth at risk of academic failure and school dropout; provided, however, that the HMCUC may use up to one hundred thousand dollars (\$100,000) each fiscal year to cover the cost of administering the grants. The HMCUC also may allocate funds to a community-based and faith-based organization that is located in close proximity to the HMCUC member institution for the public purposes stated in this section.

SECTION 9.7.(b) The North Carolina Historically Minority Colleges and Universities Consortium shall report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division by May 1 of each year regarding the number of programs funded by the Consortium to Close the Achievement Gap, the location and program structure of the programs, the amount allocated to the programs, and purposes for which the funds were awarded, the cost of administering and managing the funds, and any other information requested by the Committee or Fiscal Research Division. The grants awarded pursuant to this section also shall include as a term of the grant that the recipient of the grant report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division regarding the amount of the grant received, the program and purposes for which the grant was requested, the methodology used to implement the grant program and purposes, the results of the program funded by the grant, and any other information requested by the Joint Legislative Education Oversight Committee and the Fiscal Research Division.

ENROLLMENT GROWTH REPORTING

SECTION 9.11. G.S. 116-30.7 reads as rewritten:

"§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.

By ~~September 4~~ October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), ~~first-year first~~ professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b)."

COASTAL DEMONSTRATION WIND TURBINES

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 up to three demonstration turbines and necessary support facilities in the sounds or off the coast of North Carolina by September 1, 2010.

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.(b) With respect to the demonstration wind turbines 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. If Senate Bill 1068, 2009 Regular Session, becomes law, the provisions of Part 12 of Article 21 of Chapter 143 of the General Statutes as enacted by that act shall not apply to the facilities authorized by this section. 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.

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.

SECTION 9.14.(d) The energy generated by the wind turbines constructed pursuant to this act shall be allocated between The University of North Carolina and a third party with which The University enters into a contract pursuant to subsection (a) of this section. The allocation shall be determined by written agreement between the parties. For the purposes of this demonstration project, for every 1 megawatt-hour (MWh) generated by the project, The University shall receive one renewable energy certificate (REC), including all environmental attributes, benefits, and credits. The third party described in subsection (a) of this section shall be deemed to have received 3.0 RECs for every 1 MWh of electricity generated by the project solely in order to meet the obligations of the NC Renewable Energy and Energy Efficiency Portfolio Standard (REPS) of G.S. 62-133.8(b) and shall not be subject to the provisions of G.S. 62.133.8(h).

SECTION 9.14.(e) The University of North Carolina is authorized to delegate its responsibilities herein to a constituent institution which shall, in turn, receive the RECs.

ESTABLISH JOINT LEGISLATIVE STUDY COMMITTEE ON STATE FUNDED STUDENT FINANCIAL AID

SECTION 9.24.(a) In order to ensure all North Carolinians have access to attend undergraduate, graduate, and professional degree programs at institutions of higher education there is created the Joint Legislative Study Committee on State Funded Student Financial Aid. The Committee shall consist of 10 members. The Speaker of the House of Representatives shall appoint five members, and the President Pro Tempore of the Senate shall appoint five members. The State Treasurer, The University of North Carolina, the North Carolina Community College System, and the North Carolina State Education Assistance Authority shall cooperate with this study. The State's private colleges and universities and the North Carolina Independent Colleges and Universities are also encouraged to cooperate with the study.

The Speaker of the House of Representatives and the President Pro Tempore of the Senate each shall appoint a cochair for the Committee. The Committee may meet at any time upon the joint call of the cochairs. Vacancies on the Committee shall be filled by the same appointing authority as made the initial appointment.

The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

Subject to the approval of the Legislative Services Commission, the Committee may meet in the Legislative Building or the Legislative Office Building. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The House of Representatives' and the Senate's Director of Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 9.24.(b) The Committee shall study all of the following:

- (1) How best to use State funds to provide grants, loans, and scholarships to students for the purpose of attending undergraduate, graduate, and professional degree programs at institutions of higher education within North Carolina. As part of its study, the Committee shall also examine the availability and sustainability of existing State, federal, and private funding sources for student grants, loans, and scholarships.
- (2) How best to administer State funded student financial aid. As part of its study the Committee shall review any action or pending action by the federal government regarding the federal funding that supports the administration of student financial aid in the State. The Committee shall also examine the sustainability and efficiency of the current governance structure for awarding student financial aid at the State level and the linkage of that governance structure to federal student loan programs and to student loan programs funded through escheats.
- (3) The current governance of the North Carolina State Education Assistance Authority (NCSEAA).
- (4) The feasibility of consolidating scholarship, loan, and grant programs for North Carolinians including all programs for which eligibility is based on the Free Application for Federal Student Aid (FAFSA).
- (5) The feasibility of consolidating loans, grants, and scholarships available for teacher education students.
- (6) The qualifications for each loan, scholarship, and grant administered by the North Carolina State Education Assistance Authority, the purpose for which the aid is awarded, and any other criteria that make the scholarship and grant either similar to other scholarships in the same category or that make the scholarship unique from others in its category.
- (7) Marketing strategies for grant, loans, and scholarships and how to make the information more transparent, understandable, and accessible to the general public and to the students who may be interested in applying for financial aid.
- (8) Any other issues the Committee deems relevant to this study.

SECTION 9.24.(c) The Committee may make an interim report of its findings and recommendations, including any legislative recommendations, to the 2009 General Assembly, 2010 Regular Session, and shall submit a final report of its findings and recommendations, including any legislative recommendations, to the 2011 General Assembly. The Committee shall terminate upon filing its final report or upon the convening of the 2011 General Assembly, whichever is earlier.

SECTION 9.24.(d) From the funds appropriated by this act to the General Assembly for the 2009-2010 fiscal year and for the 2010-2011 fiscal year, the Legislative Services Commission may allocate monies to fund the work of the Committee.

UNC BOARD OF GOVERNORS REVIEW SEPARATION AND TRANSITION POLICY FOR UNC ADMINISTRATORS

SECTION 9.25. The Board of Governors of The University of North Carolina shall review its current policies regarding the salary payments and other payments made to its top administrators (from the level of President of The University of North Carolina through dean level) as part of a transition and separation package when any of these administrators voluntarily or involuntarily terminates employment in the administrative position and moves down to a lesser position of employment on either a permanent or temporary basis within The University of North Carolina. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by April 1, 2010, its findings and recommendations for changes to the policies, if any.

Budget Code	Institution	Minimum Reductions Req'd in Centers & Institutes
16080	ASU	(276,010)
16065	ECU, Academic Affairs	(1,080,833)
16066	ECU, Health Affairs	(62,612)
16086	ECSU	(21,818)
16090	NCCU	(73,904)
16030	NCSU, Academic Affairs	(1,776,189)
16031	NCSU, Ag Research	(312,189)
16020	UNC-CH, Academic Affairs	(4,552,785)
16021	UNC-CH, Health Affairs	(1,236,134)
16050	UNCC	(390,428)
16040	UNCG	(227,738)
16082	UNCP	(8,645)
16092	UNCSA	(100,000)
16075	WCU	(79,154)
16084	WSSU	(55,409)
Remaining amount to be allocated		(1,746,152)
Total		(12,000,000)

In addition to the minimum amounts listed here, the President and Chancellors will identify another \$1,746,152 in 2009-10 reductions for Centers & Institutes.

Summary of Performance Measures

	Performance Measure	Description	Comparison Group
1	Freshman to Sophomore Retention Rate	Retention rate for the FY 07 Cohort compared to the US Average for the Carnegie Classification	UNC System
2	4-yr Graduation Rate	4-yr Graduation rate for the FY 04 Cohort compared to the US Average for the Carnegie Classification	UNC System
3	6-yr Graduation Rate	6-yr Graduation Rate for the FY 02 Cohort compared to the US Average for the Carnegie Classification	UNC System
4	4-yr Graduation Rate of Comm. College Transfers	2007-08 graduation rate for Community College Transfers	UNC System
5	Community College Transfers	2006-07 number of transfers with an associates degree or at least 24 semester hours	UNC System
6	Distance Learning	2006-07 distance learning student credit hours	Carnegie Classification within UNC System
7	Entering SAT - 25th percentile	2008 Entering SAT at the 25th percentile	BOG Public Peers
8	Entering SAT - 75th percentile	2008 Entering SAT at the 75th percentile	BOG Public Peers
9	Entering GPA	Fall 2008 average entering Grade Point Average (GPA)	Carnegie Classification within UNC System
10	Teacher Production	2007-08 Teacher Production (Traditional Graduates) compared to campus goals	UNC System
11	Teacher Production in High Need Areas	2007-08 Teacher Production in High Need Areas (Math and Science) compared to campus goals	UNC System
12	Nursing	2007-08 over 2002-03 % share of UNC System total increase in nursing students passing NCLEX Exam	UNC System
13	Classroom Utilization	2006-07 percent of student station utilization	UNC System
14	Laboratory Utilization	2006-07 percent of student station utilization	UNC System
15	Research	Federal Research & Development Expenditures per FTE student	BOG Public Peers
16	Financial Aid	Percent of first-time full-time undergraduates receiving federal grants	BOG Public Peers
17	Student Faculty Ratio	Budgeted student FTEs divided by budgeted teaching positions	UNC System
18	Faculty Productivity	2006 actual faculty productivity compared to BOG standards	UNC System
19	Diversity of Faculty	2008 percentage of faculty that are minority	UNC System
20	Diversity of Student Population	2009 percentage of students that are minority	UNC System
21	Condition of Facilities	Ratio of the dollar value of facilities deficiencies (FCAP) to the replacement value of facilities	UNC System
22	Audit Findings and Investigative Audits	Number of audit findings and investigative audits	UNC System
23	Classroom Budget as a % of total Gen. Fund Budget	Classroom budget divided by the total General Fund budget	Carnegie Classification within UNC System
24	Student / Administrator Ratio	Number of students divided by the number of administrators	BOG Public Peers
25	Faculty / Administrator Ratio	Number of faculty divided by the number of administrators	BOG Public Peers
26	Size of Campus / Economies of Scale	Student FTE enrollment compared to BOG public peers	BOG Public Peers
27	Funding per Degree	Appropriations + Tuition + Fees per Degree compared to BOG public peers	BOG Public Peers
28	Funding per Student	Appropriations + Tuition + Fees per Student compared to BOG public peers	BOG Public Peers
29	Value of Endowment	Endowment value as of June 30, 2007 compared to BOG public peers	BOG Public Peers

APPENDIX K

The University of North Carolina
Budget Comparison
2009-11

	2009-10			2010-11		
	Senate Budget	House Budget	Conference Budget	Senate Budget	House Budget	Conference Budget
Authorized Continuation Budget	2,894,709,782	2,894,709,782	2,894,709,782	2,894,709,782	2,894,709,782	2,894,709,782
Enrollment *	44,197,776	44,197,776	44,197,776	97,630,002	97,630,002	97,630,002
EARN Scholars (restore NR reduction)	43,775,000	43,775,000	43,775,000	43,775,000	43,775,000	43,775,000
Adjustments for Staff Benefits & Continuing Personnel Costs	17,941,178	17,941,178	17,941,178	18,321,298	18,321,298	18,321,298
Operating Reserves for New Facilities	11,206,113	11,206,113	11,206,113	28,791,675	28,791,675	28,791,675
Utilities	18,805,346	18,805,346	18,805,346	20,260,593	20,260,593	20,260,593
Replacement of Vehicles, Equipment, & Supplies	2,233,785	2,233,785	2,233,785	(1,228,952)	(1,228,952)	(1,228,952)
Inflationary Increases – Library Books & Materials	14,129,584	14,129,584	14,129,584	18,411,905	18,411,905	18,411,905
Remove Nonrecurring Appropriations	(20,272,991)	(20,272,991)	(20,272,991)	(19,451,898)	(19,451,898)	(19,451,898)
Other Adjustments (services, accreditation expenses, fuel, etc.)	(540,318)	(540,318)	(540,318)	(347,830)	(347,830)	(347,830)
Total Continuation Budget Increases	131,475,473	131,475,473	131,475,473	206,161,793	206,161,793	206,161,793
Total Continuing Operations	3,026,185,255	3,026,185,255	3,026,185,255	3,100,871,575	3,100,871,575	3,100,871,575
<u>Reductions :</u>						
Reductions to Continuation Budget (see note)	—	(127,671,825)	(127,671,825) *	—	(149,161,151)	(149,161,151) *
No enrollment increase funding in 2010-11 (House only)	—	—	—	—	(53,432,226)	—
Management flex reduction – UNC-GA	included in campus amt.	included in campus amt.	included in campus amt.	included in campus amt.	included in campus amt.	included in campus amt.
Management flex reduction – UNC campuses	(70,066,227) R (5,370,571) NR	(72,866,184) ¹ R	(72,866,184) ¹ R	(72,866,184)	(134,497,403) ¹ R	(100,000,000) ¹ R
Education Stabilization Fund (offset state appro. with federal funds)	—	(64,151,313) NR	(137,815,944) NR	—	(64,151,313) NR	(144,202,648) NR
Tuition Increase – the lesser of 8% or \$200 (implemented in 2010-11; with BOG-approved increases for 2009-10)	—	(34,776,301)	BOG plan (Sec. 9.23)	—	(34,776,301)	(34,776,301)
EARN Scholarship – Reduction from \$4,000 to \$2,000 in 2009-10, eliminates in 2010-11	—	—	—	—	(16,225,000)	(16,225,000)
Resident Tuition for Nonresident Students (Full Scholarship Provision)	—	(13,880,000)	—	—	(13,880,000)	—
UNC Centers & Institutes Reduction (some detailed, others to be designated later)	—	(13,047,190)	(12,000,000)	—	(13,047,190)	(14,000,000)
Reduce NC Ctr for International Understanding		included in amt. above	(108,789)		included in amt. above	(108,789)
Gateway Technology Center		included in amt. above	(17,700)		included in amt. above	(17,700)
UNC-CH Botanical Garden		included in amt. above	(145,462)		included in amt. above	(145,462)

* NOTE: Based on the Conference Budget, no funds would be made available for building reserves, utility rate increases, inflation for library purchases, or other inflationary items needed to maintain continuing operations.

¹ Based on the Conference Budget (Sec. 9.19), the flex reduction shall not be allocated on an across-the-board basis to constituent institutions by the BOG. The following categories must be considered for reductions: senior and middle management positions, centers and institutes, low enrollment degree programs, faculty workload, speaker series, and institutional trust fund balances.

NR = nonrecurring

APPENDIX K

	Senate Budget	2009-10 House Budget	Conference Budget	Senate Budget	2010-11 House Budget	Conference Budget
<u>Reductions (continued) :</u>						
Building Reserve Completion Dates Adjustment	(2,692,333)	NR	in Cont. Budget adj.	(2,256,597)	NR	in Cont. Budget adj.
Reduce 2009-11 Building Reserves (reduce remaining costs by 25%; eliminate NR costs)	—		in Cont. Budget adj.	—		in Cont. Budget adj.
Remove 2009-11 Inflationary Increases for Library Books	(14,129,584)		in Cont. Budget adj.	(18,411,905)		in Cont. Budget adj.
Reduce 2009-11 Inflationary Increases for Utilities	—		in Cont. Budget adj.	—		in Cont. Budget adj.
Reduce transfer from GF to UNC Hospitals	—	(10,000,000)	R	—	(10,000,000)	(2,000,000)
Reduce GF appro. for UNC Cancer Research Fund	(561,179)	—	—	(592,890)	—	—
Reduce recurring reserve for online/distance education	(112,936)	(225,872)	(225,872)	(112,936)	(225,872)	(225,872)
Reduce recurring reserve for information technology	(90,592)	(150,000)	(150,000)	(90,592)	(150,000)	(150,000)
Reduce NC LIVE by 10%	—	(145,440)	(145,440)	—	(145,440)	(145,440)
Reduce the Strategic Initiatives Reserve	(1,000,000)	NR	(1,000,000) NR	(1,000,000) NR	(1,000,000) NR	(1,000,000) NR
Abolish ECU & WCU Legislators' Schools	(500,000)	R	(500,000) R	(500,000)	(500,000)	(500,000)
Reduce state funding for UNC Center for Alcohol Studies	(500,000)	(537,455)	(537,455)	(500,000)	(537,455)	(537,455)
Eliminate residual Focused Growth Reserves	(1,343,002)	(1,343,002)	(1,343,002)	(1,343,002)	(1,343,002)	(1,343,002)
Phase out tuition waiver for NCSSM graduates (UNC students currently receiving the waiver & NCSSM students graduating in 2009 and 2010 would receive the waiver until college graduation)	—	Special provision eliminating waiver going forward, but grandfathering in current juniors & seniors		(1,000,000)	Special provision eliminating waiver going forward, but grandfathering in current juniors & seniors	
Salary Related Reduc. (remove OSBM increases for overtime & premium pay, unemployment & workers comp. & disability benefits)	(7,757,661)	in Cont. Budget adjustments	in Cont. Budget adjustments	(7,741,169)	in Cont. Budget adjustments	in Cont. Budget adjustments
Fuel Oil Inflation Adjustment (reduces inflationary increases for utilities at ECSU, NCA&T, NCCU, UNCW, & WCU due to a decline in the price of residual fuel oil & restores a utility cut to GA made in error)	(1,302,965)	in Cont. Budget adjustments	in Cont. Budget adjustments	(1,061,665)	in Cont. Budget adjustments	in Cont. Budget adjustments
Abolish Future Teachers Scholarship-Loan Program after graduation of currently enrolled juniors & seniors (Sec. 9.18)	(1,000,000)	(1,267,500)	(1,267,500)	(1,000,000)	(1,495,000)	(1,495,000)
Deletes OSBM error in SPA salary line item for NCCU	—	—	—	(36,000)	in Cont. Budget adj.	—
Nurse Educators of Tomorrow - Fund Balance Reduced (non-add item)	reverts \$1M from fund balance in Nurse Educators of Tomorrow scholarship-loan prog.			reverts \$1M from fund balance in Nurse Educators of Tomorrow scholarship-loan prog.		
Tuition Surcharge – increase from 25% to 50% in 2010-11	—	—	—	—	(1,000,000)	(1,000,000)
Faculty/Staff Tuition Waiver - (reduce to 2 courses from 3)	—	(700,000)	(700,000)	—	(700,000)	(700,000)
Eliminate Senior Citizen Tuition Waiver	—	(300,000)	(300,000)	—	(300,000)	(300,000)
Eliminate Special Talent Tuition Waiver for Athletics	—	(300,000)	(300,000)	—	(300,000)	(300,000)
Reduce NC Ctr for Advancement of Teaching (NCCAT)/ transfer to State Board of Educ. (Sec. 9.13)	—	(1,043,511)	(6,956,740)	—	(1,043,511)	(6,956,740)

NR = nonrecurring

APPENDIX K

	Senate Budget	2009-10 House Budget	Conference Budget		Senate Budget	2010-11 House Budget	Conference Budget
<u>Reductions (continued) :</u>							
Reduce NC Judicial College at UNC-CH School of Gov't	—	(250,000)	(150,000)		—	(250,000)	(150,000)
Reduce UNC-CH Translational Medicine Program	—	(250,000)	—		—	(250,000)	—
Reduce UNG A+ Schools Program	—	(100,000)	(50,000)		—	(100,000)	(50,000)
Reduce UNC-CH School of Law	—	(500,000)	—		—	(500,000)	—
Eliminate State Funds for CFNC Teacher Recruitment Module	—	(25,000)	(25,000)		—	(25,000)	(25,000)
Reduce NC Model Teacher Education Consortium	—	(400,000)	(450,000)		—	(400,000)	(450,000)
Reduce UNC-NCCCS 2+2 E-Learning Initiative	—	(250,000)	(250,000)		—	(250,000)	(250,000)
Reduce NCSU Horticultural Program in Eastern NC	—	(200,000)	(24,000)		—	(200,000)	(24,000)
Reduce Academic Summer Bridge Program funding	—	(238,600)	(119,300)		—	(238,600)	(119,300)
Reduce Summer Term Teacher Ed. Programs (FSU & UNCW)	—	(150,000)	(350,000)		—	(150,000)	(350,000)
Reduce NCSU & UNC-CH funds for teacher recruitment & retention	—	(350,000)	(350,000)		—	(350,000)	(350,000)
UNCSA summer performances on Roanoke Island (transfer \$461,646 to Roanoke Island Commission)	—	(482,338)	Sec. 9.4		—	(482,338)	Sec. 9.4
Reduce funds for UNC Coastal Studies Inst. by 20%	—	(132,800)	Ctrs & Inst #		—	(132,800)	Ctrs & Inst. #
Reduce Millennium Seminars/Public Safety Leadership Ctr (NCSU)	—	(105,000)	Ctrs & Inst #		—	(105,000)	Ctrs & Inst. #
Total Reductions	(106,427,050)	(347,339,331)	(367,820,213)		(108,512,940)	(501,344,602)	(477,058,860)

In addition to the items shown on the previous pages, the Conference Budget also includes the transfer of \$18.2M in civil penalties (parking fines) held in escrow at UNC campuses to the public schools and transfer of \$1M to the General Fund from the fund balance of the Graduate Nurse Scholarship Program for Faculty Production.

Expansion Items :

Campus Safety	5,000,000	R	0	0	5,000,000	R	0	0
Our Citizens & Their Future: Access to Higher Education	23,873,011		23,397,311	23,475,700	23,873,011		23,397,311	11,475,700
Need-Based Financial Aid	23,397,311		23,397,311	11,000,000 R	23,397,311		23,397,311	11,000,000 R
				12,000,000 NR				—
Regional Partnerships (Hickory, Onslow Co., Rocky Mount)	—		see page 5	—	—		see page 5	—
Increase Access for Underrepresented Populations & Non-traditional Students – FSU, UNCA, UNC-CH, WSSU (\$475,700 for WSSU only)	475,700		—	475,700	475,700		—	475,700

NR = nonrecurring

APPENDIX K

	Senate Budget	2009-10 House Budget	Conference Budget		Senate Budget	2010-11 House Budget	Conference Budget
Increase Efforts to Recruit & Retain High Quality Faculty	8,800,000	0	2,000,000		8,800,000	0	2,000,000
Distinguished Professorships – Match Spangler Challenge Grants	6,800,000	R –	Sec. 9.16		6,800,000	R –	Sec. 9.16
Faculty Recruiting & Retention Fund	2,000,000	–	2,000,000		2,000,000	–	2,000,000
<i>NOTE: See Sec. 26.1A for restrictions on allowable salary increases for UNC faculty and staff.</i>							
Efficient Use of Available Resources and Continue Efforts to Establish Accountability & Performance Measures	0	0	0		0	0	0
Our Global Readiness	300,000	0	300,000		300,000	0	300,000
Improve Academic & Student Support Services – UNC-CH, UNCG, UNCP (\$300K to UNCP only)	300,000	–	300,000		300,000	–	300,000
Our University's Outreach & Engagement	251,500	0	251,500		251,500	0	251,500
FSU Military One-stop Center & BRAC Outreach	251,500	–	251,500		251,500	–	251,500
Our Communities & Their Economic Transformation	19,500,000	0	14,500,000		22,500,000	0	14,500,000
NC Research Campus (Kannapolis)	3,000,000	–	3,000,000		3,000,000	–	3,000,000
NC Research Competitiveness & Commercialization Gap Funding	3,000,000	–	–		3,000,000	–	–
Graduate Student Recruitment & Retention	2,000,000	–	–		2,000,000	–	–
UNCC Energy Production Infrastructure Center (EPIC)	2,000,000	–	2,000,000		5,000,000	–	2,000,000
NCA&T College of Engineering, including ERC match	2,000,000	\$1.5M from flex	2,000,000		2,000,000	\$1.5M from flex	2,000,000
NCSU College of Engineering	5,000,000	–	5,000,000		5,000,000	–	5,000,000
NCA&T & UNCG Joint School of Nanoscience and Nanoengineering	1,000,000	\$1.5M NR from flex	1,000,000		1,000,000	–	1,000,000
UNCSA School of Filmmaking	500,000	R –	500,000	R	500,000	R –	500,000
	500,000	NR –	500,000	NR	500,000	NR –	500,000
ECSU School of Aviation	300,000	–	300,000		300,000	–	300,000
WCU Rapid Product Realization	200,000	use existing resources	200,000		200,000	use existing resources	200,000
Our Children & Their Future: Improving Public Education	200,000	0	0		200,000	0	0
NCSSM Online & Diversity Initiative	200,000	–	–		200,000	–	–

NR = nonrecurring

APPENDIX K

	2009-10			2010-11		
	Senate Budget	House Budget	Conference Budget	Senate Budget	House Budget	Conference Budget
Our Health	11,105,000	0	5,835,000	8,485,000	0	5,835,000
ECU Indigent Care	2,000,000	—	2,000,000	2,000,000	—	2,000,000
UNC Hospitals Indigent Care	2,000,000	—	(cut on p. 1 reduced)	2,000,000	—	(cut on p. 1 reduced)
ECU School of Dentistry and Clinics	3,000,000	\$3M from flex	3,000,000	3,000,000	\$3M from flex	3,000,000
Nursing Program Expansion (NCCU & UNC-CH)	835,000	—	835,000	835,000	—	835,000
Health & Wellness/Allied Professions (ASU, UNCA, UNCW)	650,000	use existing resources	—	650,000	use existing resources	—
Medical School Expansions – ECU & UNC-CH	2,620,000	NR	—	—	—	—
Our Environment	0	0	0	0	0	0
Other UNC Items	2,250,000	250,000	5,751,493	2,000,000	250,000	2,021,493
Centralize public 4-year higher education offerings in Hickory by combining the Hickory Metro Higher Educ. Ctr (HMHC) at Catawba Valley Community College with the NC Center for Engineering & Technology. Funding for the directors of the HMHC is transferred from NCCCS to ASU.	—	250,000	—	—	250,000	—
Vet Medicine Clinical Teaching & Research Fund	250,000	NR	250,000	—	—	—
Special Focus Universities (UNCA & UNCSA)	2,000,000	—	2,000,000	2,000,000	—	2,000,000
Cancer Research Fund (to bring fund to \$50M)			3,400,000			(80,000)
Correction to UNC GA Utility Budget			101,493			101,493
<i>In addition to the items shown on the previous pages, the Conference Budget also designates that \$300,000 of nonrecurring funds from the American Recovery and Reinvestment ACT (ARRA) shall be allocated to UNC to continue the Coastal Sounds Wind Energy Study (Sec. 9.14).</i>						
Aid to Private Colleges	0	(4,658,400)	(3,644,400)	0	(4,663,400)	(3,644,400)
Reduce Legislative Tuition Grant (Conference: from \$1,950 to \$1,850)	—	(3,180,000)	(3,180,000)	—	(3,180,000)	(3,180,000)
Reduce Religious College Grant	—	(17,400)	(17,400)	—	(17,400)	(17,400)
Reduce Aid to Private Medical Schools	—	(1,461,000)	(447,000)	—	(1,466,000)	(447,000)
Recurring budget amounts	(29,454,533)	(263,199,005)	(193,284,976)	(34,346,730)	(417,209,276)	(299,616,919)
Nonrecurring budget amounts	(5,692,904)	(65,151,313)	(126,065,944)	(2,756,597)	(65,151,313)	(144,702,648)
Recom. UNC Operating Budget Changes	(35,147,437)	(328,350,318) *	(319,350,920) *	(37,103,327)	(482,360,589) *	(444,319,567) *
Total Recom. UNC Operating Budget – State Funds	2,991,037,818	2,697,834,937	2,706,834,335	3,063,768,248	2,618,510,986	2,656,552,008
Add In Federal Funds for Education Stabilization (see page 1)		64,151,313 *	137,815,944 *		64,151,313 *	144,202,648 *
State Funds + Federal Education Stabilization Funds		2,761,986,250	2,844,650,279		2,682,662,299	2,800,754,656

NR = nonrecurring

APPENDIX K

**The University of North Carolina
Budget Comparison
2009-11 Capital Improvements**

1. The General Assembly changed previously approved capital projects to reduce total budgets to reflect lower estimated levels of inflation.
Changes are shown below:

	2007 & 2008 COPS Original Amt.	Revised Amount	2009-11 Reduction	% Change in G.F. Debt Authorization
Capital Budget (nonrecurring)	\$1,117,047,225	\$1,013,437,773	\$(103,609,452)	(9.28%)
ECU School of Dentistry	69,000,000	61,599,369	(7,400,631)	(10.73%)
ECU New Family Medicine/Geriatric Center	36,800,000	35,198,537	(1,601,463)	(4.35%)
Coastal Studies Institute	32,500,000	31,357,684	(1,142,316)	(3.51%)
ECSU School of Education Building	18,000,000	16,689,507	(1,310,493)	(7.28%)
FSU Science & Technology Complex	22,587,000	20,999,216	(1,587,784)	(7.03%)
NCA&T General Classroom Instructional Facility	20,490,000	19,049,628	(1,440,372)	(7.03%)
NCA&T/UNCG Nanoscience & Nanoengineering Building	53,000,000	49,274,294	(3,725,706)	(7.03%)
NCCU School of Nursing Building	24,500,000	22,536,039	(1,963,961)	(8.02%)
NCSU Centennial Campus Library	109,100,000	98,341,186	(10,758,814)	(9.86%)
NCSU College of Engineering Facilities, Phase I	34,000,000	31,609,924	(2,390,076)	(7.03%)
UNCA Rhoades Hall	8,687,000	8,449,786	(237,214)	(2.73%)
UNC-CH Biomedical Research Imaging Center (BRIC) *	260,000,000	223,000,000	(37,000,000)	(14.23%)
UNC-CH Dental Sciences Teaching and Learning Building	69,000,000	61,599,369	(7,400,631)	(10.73%)
UNC-CH Genomics Science Building	119,608,225	111,200,204	(8,408,021)	(7.03%)
UNCC Energy Production Infrastructure Center	57,218,000	52,494,149	(4,723,851)	(8.26%)
UNCP Nursing and Allied Health Building	19,000,000	18,308,351	(691,649)	(3.64%)
UNCW Teaching Laboratory	34,525,000	32,899,699	(1,625,301)	(4.71%)
UNCSA Central Storage Facility	11,100,000	10,237,116	(862,884)	(7.77%)
UNCSA Library	24,920,000	23,043,890	(1,876,110)	(7.53%)
UNCSA Film School Production Facility	12,900,000	11,543,828	(1,356,172)	(10.51%)
WCU Health & Gerontological Science Building	41,605,000	37,687,800	(3,917,200)	(9.42%)
WCU NC Center for Health and Aging (with UNCA and MAHEC)	10,000,000	9,279,037	(720,963)	(7.21%)
WSSU Student Activities Center	28,507,000	27,039,160	(1,467,840)	(5.15%)

2. The Board of Governors is required to identify and transfer to the General Fund \$2,482,183 from the uncommitted cash balances of previously authorized projects.

3. Repair and Renovations - \$62,000,000 has been allocated to the State R&R Reserve, of which UNC would receive 50% (\$31,000,000) as requested by the Board of Governors.

* Previously approved budget appropriations for the construction of BRIC have been eliminated. Construction of BRIC will now be funded with bonds to be repaid by the state.