

Current Status of 2010-11 Budget

The Senate has completed its 2010-11 budget, and the House is scheduled to hold a final vote on its budget by Friday, June 4. The conference process in which both sides will meet to resolve differences will begin on June 7. Both the House and Senate intend to have a final budget by the end of the fiscal year (June 30).

There are major differences between the Senate and House budgets. The Senate provided \$200 million more for total education (Department of Public Instruction, Community Colleges, and the University) spending than the House. Resolving the education spending levels will be a critical piece of the conference negotiations. Items of difference in the UNC budget include:

Reductions: The Senate proposed a management flexibility reduction of \$50M to the University and other cuts, which total \$54,039,540. The House budget has a UNC management flexibility reduction of \$147M and several line item reductions including: advertising (\$2.5M) and UNC Hospitals reduction (\$10M recurring and \$5M non-recurring), which total \$175,543,315. Please note that these reductions are in addition to the \$50.6M of cuts already incorporated in the 2010-11 budget during the last legislative session.

Enrollment: Both the House and Senate fully fund the University's enrollment adjustment of \$5.6 million; however, the House budget includes a provision that caps enrollment at UNC campuses.

Need-based Financial Aid: The Senate fully funded the University's need-based financial aid request; however, it is a \$34.8 million non-recurring appropriation. The House partially funded financial aid with \$12 million recurring funding.

Tuition: Both the House and Senate eliminated the legislatively mandated tuition increase in favor of the Board of Governors' recommended tuition increase, allowing the tuition funds to stay on the campuses. In addition to the BOG tuition proposal, the Senate included a provision that will allow the campuses to increase tuition by an additional \$750 for the 2010-11 academic year to offset budget reductions. The House did not include any additional tuition authority.

Capital: The Senate provided planning for seven UNC projects focusing on science and health totaling \$18.4M. The Senate is also considering a separate bill (SB 1378) that would provide the following through special indebtedness (COPs): \$130M in repairs and renovation funding, of which the University would receive 54% (\$70.2M); \$55M in teaching and research equipment in the fields of health, science, engineering, and technology, of which UNC would receive 40% (\$22M); \$104.3M for NCA&T College of Engineering; and \$161.4M for NCSU Engineering IV building.

The House budget provides \$70M (through COPS) for repairs and renovations with a 50/50 split between the university and state government. The House reduced the UNCG classroom building by \$4.5M (along with other statewide capital projects) to fund a State Highway Patrol station, the only capital project in the House budget.

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

	2010-11			
	BOG Budget Priorities	Governor's Budget	Senate	House Appro.
Reductions Authorized by 2009 General Assembly for Implementation in 2010-11				
Reductions to Continuation Budget Items	—	(21,489,326)	(21,489,326)	(21,489,326)
Additional Management Flexibility Reduction	—	(27,133,816)	(27,133,816)	(27,133,816)
Additional Reduction to Centers & Institutes	—	(2,000,000)	(2,000,000)	(2,000,000)
General Assembly Increase in Tuition	—	(34,776,301)	(34,776,301)	(34,776,301)
UNC Authorized Continuation Budget	2,555,273,493	2,555,273,493 *	2,555,273,493 *	2,555,273,493 *
<u>Reductions :</u>				
UNC-TV Analog to Digital Transition	—	(632,140)	(632,140)	(410,863)
Administrative and Maintenance Reductions (NC TEACH, Principal Fellows, NC MSEN, UNC CSLD)	—	(104,884)	—	—
NC Research Education Network (NCREN) Network	—	(135,880)	—	—
UNC Hospitals Reduction	—	(1,716,463)	(2,000,000)	(10,000,000) R (5,000,000) NR
Eliminate recurring reserve for distance educ. & capacity enhancement	—	(651,483)	(651,483)	(651,483)
Eliminate recurring reserve for information technology	—	(755,917)	(755,917)	—
UNC-GA Management Flexibility Reduction	—	(1,036,983)	included in campus amt.	included in campus amt.
UNC Campuses Management Flexibility Reduction	—	(98,969,117)	(50,000,000)	(147,020,779) R
Eliminate Nonresident Athletes Full Scholarship	—	—	—	(9,432,978)
NCCU Historically Minority Colleges & Universities Consortium – <i>abolishes the HMCUC & transfers some of the funds to DPI to be used for drop-out prevention</i>	—	—	—	(527,212)
UNC Advertising Reduced	—	—	—	(2,500,000)
ECU MRI Account Reverted - <i>funds from lease of MRI building & equipment shall revert to the General Fund (\$2M)</i>	—	—	—	see note
Total Reductions	—	(104,002,867)	(54,039,540)	(175,543,315)

NR = nonrecurring

2010-11				
BOG Budget Priorities	Governor's Budget	Senate	House Appro.	
<u>Expansion Items :</u>				
Tuition – BOG Proposal instead of 2009 General Assembly Proposal	34,776,301	34,776,301	34,776,301	34,776,301
<i>Replaces the tuition rates enacted in the 2009 Session & restores the associated 2010-11 appropriation reduction as well as allows the BOG plan in place of the legislative plan. Senate also recommends that, with the approval the President, campuses may increase tuition rates by up to an additional \$750 per year. Revenues would remain on the campuses.</i>				
Enrollment	5,636,813	5,636,814	5,636,814	5,636,814
<i>The 2009 General Assembly appropriated \$53,432,226. The \$5,636,813 is requested to fund additional enrollment growth; House Appro. special provision states that the General Assembly only intends to appropriate funds for a maximum of 1% growth in student credit hours in 2011-12. Furthermore, UNC projections for enrollment growth in a biennium shall not be increased in the 2nd year.</i>				
Operating Reserves for New Facilities	28,791,675	12,220,902 R	–	12,220,902
		1,922,058 NR	–	–
Campus Safety	5,700,000 R	–	–	–
	8,500,000 NR	–	–	–
Our Citizens & Their Future: Access to Higher Education				
Need-Based Financial Aid	34,856,563	34,856,563	8,195,517 NR	12,000,000
			balance of \$26.6M funded from NR lottery receipts	–
Regional Partnerships (Hickory, Onslow Co., Rocky Mount)	1,306,054	–	–	–
NCCU University College	300,000	–	–	–
Increase Access for Underrepresented Populations and Non-traditional Students (FSU, UNCA, UNC-CH, WSSU)	2,016,700	–	–	–
Increase Efforts to Recruit & Retain High Quality Faculty				
Competitive Salaries for Faculty – 80th percentile of Peers	15,010,000	–	–	–
EPA Salary Increases (estimate) – 2% (House Appro. provision states that UNC salaries including but not limited to constituent institutions, affiliated enterprises, and foundations as in effect on 6/30/10 shall remain in effect and shall not increase for 2010-11.	39,168,000	see note	–	–
Distinguished Professorships – Match Spangler Challenge	6,831,000 R	–	–	–
Grants and Reduce Backlog	5,000,000 NR	–	4,000,000 NR	–
Faculty Recruiting & Retention Fund	2,000,000	1,000,000	–	–
<i>The Governor's budget included a .5% one-time payback for the salary reduction taken to balance the 2008-09 budget. In addition, the Governor recommended 32 hours of bonus leave.</i>				
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	2010-11			
	BOG Budget Priorities	Governor's Budget	Senate	House Appro.
Efficient Use of Available Resources & Continue Efforts to Establish Accountability & Performance Measures	5,000,000	—	—	—
Our Global Readiness				
21st Century Job Skills for UNC and High School Students (FSU, NCCU, WSSU)	516,300	—	—	—
Improve Academic & Student Support Services (UNC-CH, UNCG, UNCP)	1,830,400	—	—	—
Our University's Outreach & Engagement				
FSU Military One-stop Center & BRAC Outreach	354,750	—	—	—
UNCC Summer Bridge Program & 49er Leadership Academy	600,000	—	—	—
UNC-TV Statewide Public Affairs & Informational Program Services	650,000	—	—	—
UNC Press Online & Multi-format Content	200,000	—	—	—
Create Center for Applied Policy Research	250,000	—	—	—
Our Communities & Their Economic Transformation				
NC Research Campus (Kannapolis)	7,000,000	—	—	500,000
NC Research Competitiveness & Commercialization Gap Funding	6,000,000	—	—	—
Graduate Student Recruitment & Retention	4,000,000	—	—	—
UNCC Energy Production Infrastructure Center (EPIC)	3,000,000	—	3,000,000	3,000,000
NCSU College of Engineering	5,000,000	—	—	—
NCA&T and UNCG Joint School of Nanoscience and Nanoengineering	3,392,000	—	—	1,000,000
UNCSA School of Filmmaking	500,000 R	—	—	—
	500,000 NR	—	—	—
WCU Forensic Science Program	750,000 R	—	—	—
	250,000 NR	—	—	—
ECSU School of Aviation	300,000 R	—	—	—
	150,000 NR	—	—	—
WCU Rapid Product Realization	200,000	—	—	—
NC Arboretum – Bent Creek Institute – Natural Products	300,000	—	—	—

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

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

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

- ¹ The funds for Summer Inst. on Roanoke Island be permanently transferred from UNCSA to the Dept. of Cultural Resources (Senate & House Appro.).
- ² The funds for the A+ Schools program be transferred from UNCG to the Dept. of Cultural Resources--\$58,638 (Senate & House Appro.).
- ³ The Institute for Outdoor Drama be transferred from UNC-CH to ECU--\$150,000 in funds from Dept of Commerce (Senate only).
- ⁴ \$600,000 adjustment in the continuation budget for the University Cancer Research Fund to account for a decline in revenues from the tax on tobacco products other than cigarettes. This adjustment maintains the legislative commitment of \$50M a year invested in this fund. With this adjustment, the GF appropriation will be \$16,020,000 (Senate only).
- ⁵ Of the funds appropriated to the BOG for the Strategic Initiatives Reserve in 2010-11, \$250,000 shall be used to fund the operating and staffing needs of ASU's College of Health Sciences and Allied Professions (House Appro. only).
- ⁶ Special provision states that of the funds appropriated to NCSU for 2010-11, \$48,878 shall be restored to the master gardener acct. (House Appro. only).
- ⁷ Special provision states that BOG campus-initiated tuition increases may be implemented; however, each campus that implements the CITI shall expend 50% on student financial aid and may use as much of the remaining tuition income as needed to fully meet student financial aid needs on that campus (House Appro. only).
- ⁸ Of the funds appropriated to the Hickory Metropolitan Higher Education Center through the Community Colleges budget, \$264,833 is transferred to the BOG to be allocated to ASU to assist with the administrative costs of operating the ASU Center at Hickory (House Appro. only).

	2010-11			
	BOG Budget Priorities	Governor's Budget	Senate	House Appro.
Recurring budget amounts	251,277,256	(14,230,271)	(1,094,409)	(91,489,467)
Nonrecurring budget amounts	15,050,000	56,580,989	12,504,517	(5,000,000)
Recommended UNC Operating Budget Changes	266,327,256	42,350,718	11,410,108	(96,489,467)
Total Recommended UNC Operating Budget	2,821,600,749	2,597,624,211 *	2,566,683,601 *	2,458,784,026 *
Aid to Private Colleges				
Authorized Continuation Budget	101,278,515	101,278,515	101,278,515	101,278,515
Legislative Tuition Grant (<i>Governor & Senate recommend reductions; House Appro. recommends an increase.</i>)	—	(1,172,542)	(1,500,000)	2,713,176
Soldier Institute for Regenerative Medicine (Wake Forest Univ.)	—	1,500,000 NR	—	—
Wake Forest and Salem College Prof. Development	—	—	—	(63,635)
State Contractual Scholarship Fund	—	—	—	1,838,588
Adjusted 2010-11 Budget	101,278,515	101,605,973	99,778,515	105,766,644

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* In addition to the beginning UNC Authorized Continuation Budget showing State appropriations of \$2,555,273,493, the 2010-11 budget approved by the 2009 General Assembly provided \$144,202,648 to the University from Federal Funds for State Fiscal Stabilization (stimulus funds). The Governor's recommended budget provides an increase in state appropriations of \$54,658,931 with a corresponding decrease in stabilization funding. Therefore, the stabilization funding that would now be available to the University for 2010-11 in the Governor's Budget would be \$89,543,717 (\$144,202,648 - \$54,658,931). In the Senate & House Appro. Budget, stabilization funds would be \$144,202,648 unless an adjustment was required (per special provision). Switching state appropriations for stabilization funds does not either increase or decrease the University's spending authority.

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

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

Institution	Capital Budget Needs	BOG Priorities	Governor's Budget	Senate ¹	House Appro.
University-wide	Fire Safety Improvements – Student Residence Halls	27,180,000	–	–	–
ASU	College of Nursing & Health Sciences Building	58,200,000	–	2,400,000	–
ECU	Life Sciences and Biotechnology Building	151,600,000	–	6,100,000	–
ECSU	School of Aviation Complex *	17,000,000	–	533,778	–
FSU	Teacher Education & General Classroom Building	49,261,000	–	–	–
NCA&T	College of Engineering	121,189,900	–	see note	–
NCCU	Student Services, Classrooms & Assembly Building	81,100,000	–	–	–
NCSSM	Discovery Ctr- Science Labs/Classrooms/Residence Hall *	78,563,000	–	–	–
NCSU	Engineering Complex and Renovations	465,855,400	–	see note	–
UNCA	Replace Carmichael Hall & University Lecture Hall	26,801,000	–	–	–
UNC-CH	Law School at Carolina North	153,167,245	–	–	–
UNC-CH	Morehead Planetarium Renovation and Expansion	58,000,000	–	–	–
UNCC	Science Building	120,000,000	–	4,800,000	–
UNCG	Nursing/Classroom/Office Building	121,680,000	–	–	–
UNCP	Information Commons Building	59,450,000	–	–	–
UNCW	Allied Health and Human Sciences Building	46,313,000	–	1,900,000	–
UNCSA	Film School Post Production/Graduate Facility and Renovations	35,749,000	–	–	–
WCU	Education and Allied Professions Building	47,652,700	–	–	–
WSSU	Sciences Building *	33,638,547	–	1,400,000	–
University-wide	Land Acquisition	25,000,000	–	–	–
University-wide	Allocation from Repairs and Renovations Reserve	218,000,000	–	see note	35,000,000
<i>Senate recommends 54% of any funds allocated to UNC for R&R; House Appro. recommends 50% of \$70M from COPs</i>					
Educ. Center	Upper Coastal Plain Higher Education Center	14,480,000	–	–	–
WCU	Mountain Area Health Education Center	–	–	1,300,000	–
UNC-CH	Innovation Center at Carolina North – Infrastructure Improvements	–	–	²	–
Total – 2010-11 Capital Needs		2,009,880,792	–	18,433,778	35,000,000

* These projects received planning funds in 2007.

¹ Senate Bill 1378, if ratified, would authorize the use of special indebtedness (COPs) to fund the following:
\$130M for repair and renovations projects (54% - \$70.2M recommended for UNC); \$55M for teaching and research equipment in the fields of health, science, engineering, and technology (40% - \$22M recommended for UNC); \$104.3 for NCA&T College of Engineering; \$161.4 for NCSU Engineering IV building

² The Senate recommends \$4M in COPs funding for the UNC-CH Innovation Center per Section 30.6 of Senate Bill 897.

The Senate also recommends amending a previous COPS authorization for UNCG's academic classroom and office building project (S.L. 2008-107). Per Section 30.6 of Senate Bill 897, UNCG may use up to \$4.5M to acquire real property for an academic building, a police building, and a student recreation facility and for the development and construction of a new railroad underpass to connect the current central campus to West Lee Street.

A special provision in the House Appro. Budget would statutorily define "increase in scope" to be more than 10% of the square footage authorized or the programming of new functions into the project.