

Authorization of Delegated Authority – 2012-13 Budget Priorities

One of the responsibilities of the Board of Governors is to “develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for all of public senior higher education (G.S. 116–11(9)a).” Since the State of North Carolina uses a biennial budget process, the University of North Carolina placed a budget priority list before the Governor and General Assembly for 2011-13. As is customary, the President and Chancellors will revisit those items in preparation for the second year of the biennium. Any amendments to the budget are typically presented to the Board for information and approval at its meeting in March or April of each even-numbered year, in accordance with timelines requested by the Governor and General Assembly.

For the 2012 session, the Governor and General Assembly have requested state-wide budget information much earlier than usual. Attached to this document is a draft version of the Board’s existing biennial budget document, with proposed adjustments and refinements for the 2012 Short Session. This document is provided for your review and discussion.

It is recommended that the Committee on Budget and Finance be delegated the authority to approve adjustments to the University’s 2012-13 Budget Priorities document at a special meeting for this purpose; and the entire Board will be invited to participate, either in person or via telephone.

*Note: The attachment has been added for Board of Governors review.*

## **THE UNIVERSITY OF NORTH CAROLINA 2012-13 Budget Priorities**

*The Board of Governors has a statutory duty to make the needs of the University known to the Governor and the General Assembly. For 2011-13, the Board submitted its budget request for consideration with the full knowledge that the State is experiencing extraordinary financial difficulties and that identified needs will far exceed available State resources. While the University has demonstrated its willingness to carry its appropriate share of reductions required to balance the State budget, the Board urges the Governor and General Assembly to provide the funds needed to sustain the University's ability to produce the highly educated workforce essential to the state's long-term economic competitiveness. The University is grateful to the Governor and the General Assembly for their consideration and pledges to work in partnership with them.*

*The University asks that any additional budget reductions be held to the lowest possible level and that the University be afforded the flexibility to determine where reductions are made in order to minimize harm to the academic mission of the University. In addition, the Board asks that campuses be allowed to retain revenues generated from tuition increases to help offset the impact of budget reductions on the academic core and that its agenda seeking regulatory relief be given careful and thoughtful consideration.*

*The 2011-13 Budget Priorities were aligned with the major findings and recommendations of the UNC Tomorrow Commission's Final Report issued in December 2007. The President and Chancellors have revisited those biennial budget priorities and recommend several adjustments to the Board's existing biennial budget priorities. In the following draft document, those changes are noted with an outline around the number and an explanation of each item. In most cases, due to the state's fiscal situation, the President recommends the amount that was previously requested for 2011-12 rather than the higher amount that may have originally been shown for 2012-13. In addition, items have been reprioritized where needed to more clearly signal the current highest priorities for the University. If funded, these priorities would help address the significant challenges facing the State of North Carolina, its communities, regions, and the University of North Carolina campuses.*

**THE UNIVERSITY OF NORTH CAROLINA  
2012-13 Operating Budget Priorities**

**2012-13**

**1. Continuing Core Operations**

a. *Restore Management Flexibility Reduction*

9,184,767

New Item

b. *Operating Funds for Facilities*

9,000,000 R

3,000,000 NR

Recalculated with more  
recent data

c. *NCSU Centennial Campus Hunt Library Operational/Program Funds*

2,011,328

New Item

**Our Citizens & Their Future: Access to and Completion of**

**2. Quality Higher Education**

a. *Better Preparing Students for North Carolina's Future Economy  
- will include Enrollment & Funds for Goal-Setting/Reaching Targets*

TBD

Recalculated Items  
& New Item

b. *UNC Need-Based Financial Aid Program*

TBD

Recalculated with more  
recent data

c. *Faculty Recruitment and Retention Fund*

7,000,000

New Item

d. *Distinguished Professorships*

8,000,000 NR

Recalculated with more  
recent data

**3. Campuses Specializing in the Arts & Sciences**

*UNCA, UNCSA & NCSSM*

5,677,907

New Item (Draft Number)

**4. Our Communities & Their Economic Transformation**

a. *NC Research Campus at Kannapolis*

3,000,000

Recalculated Item

b. *NCA&T and UNCG Joint School of Nanoscience and Nanoengineering*

2,000,000

c. *UNC Partnership for National Security (Military Initiative)*

1,000,000

New Item

**5. Campus Safety & Security**

1,647,416 R

988,694 NR

**6. Restore Academic Common Market**

970,747

New Item

Outlined amounts are new or revised since the 2011-13 Budget Priorities were approved at the January 2011 BOG Meeting.

**2012-13**

**7. Continuation Change Budget (Lower Priority Continuation Items)**

a. Utilities	14,000,000
b. <del>Adjustments for Staff Benefits &amp; Cont. Personnel Costs</del>	10,669,615
	Remove Item
c. Replacement of Vehicles and Equipment	10,347,277
d. Accreditation Expenses	500,000
e. Inflationary Increase - Library Books and Materials	5,000,000
f. <del>Other Adjustments (services, subsistence, fuel, etc.)</del>	4,167,374
	Remove Item

**8. Our Citizens & Their Future: Access to and Completion of Quality Higher Education (Add'l Items)**

Improving Retention & Graduation Rates	4,654,854	R
(Initiatives at ECSU, FSU, NCCU, UNCA, UNCC, UNCG, UNCP, WSSU)	290,050	NR

**9. Our Communities & Their Economic Transformation (Add'l Items)**

a. NCSU College of Engineering	2,500,000	
b. ECSU School of Aviation	203,591	R
	360,000	NR
c. WCU Rapid Product Realization	300,000	
d. FSU Geospatial Analysis, Instructional, & Networking Lab	131,500	R
	239,000	NR
e. <del>UNCSA Productions and Performances</del>	500,000	
	Item incorporated into #3	
f. Charlotte Informatics Partnership (UNCC)	1,500,000	
g. Southeastern American Studies Program (UNCP)	229,150	
	New Item	

**10. Our Health**

a. Nursing Programs Expansion	
<del>UNC-Chapel Hill at NCSU location in Raleigh</del>	750,000
	Remove Item
UNC Wilmington Accelerated Program (Onslow)	415,206
b. Health & Wellness/Allied Professions	
ASU College of Health Sciences	500,000
UNC Asheville NC Center for Health & Wellness	267,644
c. Medical Schools	
ECU Brody School of Medicine	1,000,000
UNC-CH Medical School	1,000,000

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**2012-13**

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**11. Our Children & Their Future: Improving Public Education**

- |  |                           |
|--|---------------------------|
| a. WSSU Teacher Education Advisement & Partnership   | 282,978                   |
| b. <del>NCSSM Online Program</del>                   | <del>375,000</del>        |
|  | Item incorporated into #3 |
| c. UNC-CH "Fast Track to Teaching Science" Licensure | 542,253                   |

**12. Our University's Outreach & Engagement**

- |   |                    |
|---|--------------------|
| a. NC Arboretum – Bent Creek Institute – Natural Products           | 359,260            |
| b. UNC Press Expand Access to Books & Journals                      | 131,370 R          |
|   | 19,134 NR          |
| c. UNC-TV Statewide Public Affairs & Informational Program Services | 200,000            |
| d. <del>Coastal Studies Institute</del>                             | <del>200,000</del> |
|   | Remove Item        |

**13. Competitive Salaries**

*The UNC Tomorrow Commission recommended that UNC increase its efforts to recruit and retain high-quality faculty and staff at all levels of the University. Due to the economic downturn, the last statewide salary increase for employees was in fiscal year 2008-09. The Board of Governors reiterates its support for a meaningful salary increase for all employees.*

*Note: All requests are for recurring funding unless noted as NR (nonrecurring).*

## THE UNIVERSITY OF NORTH CAROLINA 2012-13 Capital Budget Priorities

The State's current fiscal condition necessitates continuing restraint in requesting funds for capital improvements. The President recommends funds to make needed repairs and renovations to existing facilities be the University's priority. With over \$2.1 billion of documented deficiencies, the need is great. The President also recommends planning and construction funding for major capital projects as other priorities.

<b>Institution</b>	<b>Capital Priorities</b>	<b>2012-13</b>
University-wide	Allocation from Repairs and Renovations Reserve*	163,000,000
	<b>Subtotal - Repairs and Renovations Reserve</b>	<b>163,000,000</b>
<b>Institution</b>	<b>Other Capital Priorities – Planning</b>	
	<b>Science</b>	
ASU	College of Nursing and Health Sciences	5,820,000
UNCW	Allied Health and Human Sciences Building	4,631,300
UNCG	Nursing/Classroom/Office Building	13,063,300
UNCC	Science Building	12,638,309 Revised
NCSU	Engineering Complex (Engineering Building IV & V) Renovation of Broughton, Daniels, Page and Mann	46,585,540
ECU	Life Sciences and Biotechnology Building	15,160,000
WSSU**	Sciences Building (previously called Sciences and General Office Building)	3,000,000
NCA&T	New College of Engineering Facility	10,437,400
	<b>Teaching</b>	
FSU	Teaching Education and General Classroom Building	4,317,621
WCU	New Education and Allied Professions Building	5,523,900
UNCA	Replace Carmichael Hall and University Lecture Hall	2,680,098
UNC-CH	Law School at Carolina North - New	15,316,700
ECSU**	School of Aviation	16,500,000 Revised - Construction Funding
UNCSA	Film COE Phase 2 - Post Production/Graduate Facility and Renovations	3,725,756 Revised
NCSSM**, ***	Discovery Center	7,250,000
NCCU	New School of Business	3,600,000 Replacement
	<b>Academic Support</b>	
UNCP	Information Commons Building	5,945,000
	<b>Student Life</b>	
NCCU	New Student Union Building	5,689,100 Moved to self-liquidating
	<b>Subtotal - Other Capital Priorities</b>	<b>176,194,924</b>
	<b>GRAND TOTAL</b>	<b>339,194,924</b>

\* In 1995, the annual funding from the Reserve for Repairs and Renovations was based upon the greater of one-fourth of the unreserved General Fund credit balance or 3% of the current replacement value (CRV) of General Fund facilities. In their 2004 UNC Repair and Renovation Funding Program Review, Eva Klein & Associates recommended that the State continue to fund the R&R Reserve Fund based upon 3% of CRV annually, the legislative formula in place at the time. The estimated current replacement value of UNC's general fund facilities is \$10,895,391,880. A target R&R allocation of 3% of CRV would equal  $(0.03 \times \$10,895,391,880 =)$  \$326,861,756, or, say, \$326,000,000 annually. This request of \$163,000,000 is 50% of the target value.

\*\* These projects have received partial planning funds.

\*\*\*Items shown under Science and Teaching are in priority order based on facilities utilization data except NCSSM. The Facilities Inventory and Utilization Study includes only higher education institutions.

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