

2012-13 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 House Bill 950 (S.L. 2012-142), “2012 Appropriations Act,” and Senate Bill 187 (S.L. 2012-145), which makes technical, clarifying, and other modifications to the 2012 Appropriations Act. By statute, the Board is directed to allocate such funds in accordance with its 2012-13 Budget Priorities and in accordance with any specifications in the Appropriations Act and the *Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets*, dated June 20, 2012. In addition to the appropriations for the 2012-13 Budget Priorities, the General Assembly appropriated funds for Aid to Private Institutions.

The allocations, as applicable, meet all of the directives cited in the Appropriations Act of 2012, the Budget Technical Corrections bill, and the related Joint Conference Appropriations Committee Report of June 20, 2012.

Many of the changes were made directly to each institution’s continuation budget, however; items that require Board action are shown on the following table and are also designated with an “A” throughout this document.

It is recommended that the proposed Allocations for Current Operations appropriations for 2012-13 be approved. It is further recommended that the President be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the allocation of the Budget Priorities.

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

Recommended Allocations for Items Requiring Board Approval

Institution	REDUCTIONS		EXPANSION			
	Academic Common Market	Management Flex Reduction	NCSU Centennial Campus Library	Enrollment	Campuses Specializing in the Arts & Sciences	NCA&T & UNCG JSNN
ASU	(\$154,258)	(\$186,955)	\$ -	(\$361,135)	\$ -	\$ -
ECU (Academic)	(83,818)	(357,729) *		1,512,548		
ECSU	-	(35,958)	-	(781,513)	-	-
FSU	-	(47,222)	-	(2,150,298)	-	-
NCA&T	-	(119,132)	-	256,206	-	1,000,000
NCCU	-	(116,125)	-	(932,677)	-	-
NCSU (Academic)	(33,132)	(582,365) *	1,000,000	3,948,059	-	-
UNCA	-	-	-	57,476	1,000,000	-
UNC-CH (Academic)	(440,484)	(685,678) *	-	(3,116,956)	-	-
UNCC	(71,411)	(243,724)	-	1,753,575	-	-
UNCG	(137,759)	(204,676)	-	213,008	-	1,000,000
UNCP	-	(71,484)	-	(591,234)	-	-
UNCW	(5,357)	(135,560)	-	1,385,773	-	-
UNCSA	(44,528)	-	-	440,915	1,000,000	-
WCU	-	(103,087)	-	560,584	-	-
WSSU	-	(85,054)	-	(958,657)	-	-
NCSSM	-	-	-	140,387	1,000,000	-
UNC-GA	-	(22,361)	-	-	-	-
NC Arboretum	-	(2,890)	-	-	-	-
Total	(970,747)	(3,000,000)	1,000,000	1,376,061	3,000,000	2,000,000
	<i>page 3</i>	<i>pages 3-5</i>	<i>page 8</i>	<i>pages 8-10</i>	<i>page 12</i>	<i>page 12</i>

**ECU, NCSU, and UNC-CH may allocate the management flex cut across the Health, Ag, and AHEC budget codes within the parameters outlined in S.L. 2011-145 (see special provision on pages 4 & 5).*

Reductions and Adjustments to the University's Budget by the 2012 Session

Principal Fellows Program

The 2011 General Assembly reduced program slots for this program by \$362,000 (10% reduction) effective with the 2012-13 year. The reduction was allocated directly to UNC-General Administration, Related Educational Programs; therefore, no Board action is required.

UNC Hospitals/UNC Medical School

The 2012 General Assembly reduced the state appropriation for the UNC School of Medicine for Medical Education by \$3,000,000. A base budget of \$15,000,000 remains. This reduction was allocated directly to UNC Hospitals' budget; therefore, no Board action is required.

A special provision (shown below) in the budget technical corrections bill (S.L. 2012-145) adds a new Section 9.17 to S.L. 2012-142 to move the existing base appropriation for UNC Hospitals to UNC Medical School.

SECTION 2.3. S.L. 2012-142 is amended by adding a new section to read:

"FUNDING FOR UNC MEDICAL SCHOOL

"SECTION 9.17.(a) Notwithstanding any provision of law to the contrary, of the funds appropriated by this act for the 2012-2013 fiscal year to the Board of Governors of The University of North Carolina the sum of forty-four million eleven thousand eight hundred eighty-two dollars (\$44,011,882) in recurring funds, the recurring reduction of those funds in the amount of three million dollars (\$3,000,000), and the nonrecurring reduction of those funds in the amount of twenty-six million eleven thousand eight hundred eighty-two dollars (\$26,011,882) shall be transferred from the UNC Hospitals Budget Code 16095 to the UNC School of Medicine Budget Code 16021 and shall be used for medical education. The transfer of the appropriation of the sum of forty-four million eleven thousand eight hundred eighty-two dollars (\$44,011,882) in recurring funds and the transfer of the recurring reduction of those funds in the amount of three million dollars (\$3,000,000) shall be a permanent transfer of appropriation and reduction in funds from the UNC Hospitals Budget Code 16095 to the UNC School of Medicine Budget Code 16021 that shall be reflected in those budget codes for the 2012-2013 fiscal year and in the continuation budgets for those budget codes for each subsequent fiscal year."

Academic Common Market^A

The 2011 General Assembly instituted a phasing out of funding for the Academic Common Market effective with the 2012-13 year. No new students may be accepted into the program for 2012-13 and a reduction of \$970,747 will be implemented. As a result, it is expected that North Carolinians may no longer have access to this program in other states. It is recommended that the reduction be allocated in accordance with where students participated in the program, as outlined in the table on page 2.

Management Flexibility Reduction^A

The 2011 General Assembly directed additional management flexibility reductions of \$9,184,767 to take effect in 2012-13. The 2012 General Assembly restored the 2012-13 flex cut but also mandated that \$3 million of the \$9.1 million be allocated to UNCA, UNCSA, and NCSSM (\$1M each). The associated provision is shown on the following page.

UNC/FUNDS FOR CAMPUSES SPECIALIZING IN THE ARTS AND SCIENCES

SECTION 9.14.(a) Of funds appropriated to the Board of Governors of The University of North Carolina in Section 2.1 of this act to restore the management flexibility reduction, the sum of three million dollars (\$3,000,000) shall be allocated to the campuses specializing in the arts and sciences listed below as follows:

- (1) \$1,000,000 for the University of North Carolina School of the Arts.
- (2) \$1,000,000 for the University of North Carolina at Asheville.
- (3) \$1,000,000 for the North Carolina School of Science and Mathematics.

The Board of Governors shall allocate the remainder of these funds in accordance with Section 9.6 of S.L. 2011-145.

SECTION 9.14.(b) The Board of Governors shall not reduce State funds to these three campuses for the 2012-2013 fiscal year as a result of the allocations directed in subsection (a) of this section.

As a result, there is a remaining \$3 million management flexibility reduction to be allocated by the Board of Governors. The reduction must be allocated in accordance with Section 9.6 of S.L. 2011-145. This provision (shown below and on the following page) mandated that the reductions should not be allocated on an across-the-board basis and also limited reductions to certain programs. It further required the Board of Governors to consider several factors when distributing the reduction. As a result, the recommended level of state appropriation reductions varies across the system.

Given these parameters, several specific steps were followed in developing the recommended management flexibility reduction allocation. The items that could not be cut or were capped at a specific level were taken into account so that institutions were not negatively impacted for what the General Assembly mandated in Section 9.6 of Session Law 2011-145. Additionally, the following six measures were factored into the reduction methodology so that institutions performing well or meeting measure thresholds receive a lower reduction.

- Freshman to Sophomore Retention – Campus performance relative to peers and established Board of Governors targets
- Degree Efficiency – Bachelor’s degrees produced relative to undergraduate enrollment – Campus performance relative to peers
- Financial Aid – Greater than 1/3 of North Carolina resident undergraduate students receive a Pell Grant
- Diseconomies of Scale – Headcount enrollment less than 6,000 students
- Whether a campus/entity charges tuition
- Availability of Other Fund Sources – Appropriations as a percent of total revenues are less than one-third

The special provision from S.L. 2011-145 (Section 9.6) related to the management flexibility reduction, as amended by the technical corrections bill (S.L. 2011-391), follows:

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 9.6.(a) 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 all of the following:

- (1) Reducing State funding for centers and institutes, speaker series, and other nonacademic activities.

- (2) Faculty workload adjustments.
- (3) Restructuring of research activities.
- (4) Implementing cost-saving span of control measures.
- (5) Reducing the number of senior and middle management positions.
- (6) Eliminating low-performing, redundant, or low-enrollment programs.
- (7) Protecting direct classroom services, including faculty members and adjunct professors.

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.

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.

When implementing personnel reductions, the Board of Governors and the campuses shall make every effort to abolish vacant positions first.

SECTION 9.6.(b) In allocating the management flexibility reduction, State funds shall not be reduced in either fiscal year of the biennium by more than twelve and three-tenths of one percent (12.3%) from the Governor's Recommended Continuation Budget for the 2011-2013 fiscal biennium for any of the following:

- (1) Agricultural Extension.
- (2) North Carolina Judicial College of the UNC School of Government.

SECTION 9.6.(c) In allocating the management flexibility reduction, no reduction in State funds shall be allocated in either fiscal year of the 2011-2013 biennium to any of the following:

- (1) Hickory Metro Higher Education Center.
- (2) Joint Graduate School of Nanoscience and Nanoengineering at North Carolina Agricultural and Technical State University and the University of North Carolina at Greensboro.
- (3) The North Carolina Research Campus.
- (4) Center for Turfgrass Environmental Research and Education at North Carolina State University.
- (5) Need-Based Financial Aid.
- (6) Aid to Private Colleges.
- (7) The Coastal Wave Energy Research Project led by the UNC Coastal Studies Institute.

SECTION 9.6.(d) In allocating the management flexibility reduction, State funds shall not be reduced in either fiscal year of the biennium by more than twelve and three-tenths of one percent (12.3%) from the Governor's Recommended Continuation Budget for the 2011-2013 fiscal biennium for Agricultural Research programs, except that State funds shall not be reduced in either fiscal year of the biennium by more than ten percent (10%) from the Governor's Recommended Continuation Budget for the 2011-2013 fiscal biennium for Agricultural Research Stations.

It is recommended that the \$3 million management flexibility reduction be allocated as listed in the table on page 2.

Allocations of Board of Governors' Budget Priorities Funded by the 2012 General Assembly

The 2012-13 Budget Priorities of the Board of Governors and the associated funding made available by the 2012 General Assembly are shown in the following table.

	2012-13	
	Budget Priorities	Recom. Allocations
Continuing Core Operations		
a. Restore Management Flexibility Reduction	9,184,767	9,184,767 *
b. Operating Funds for Facilities	6,802,285 R	6,802,285 R
	2,263,358 NR	2,263,358 NR
c. NCSU Centennial Campus Hunt Library Operational/Program Funds	2,011,328	1,000,000
Our Citizens & Their Future: Access to and Completion of Quality Higher Education		
a. Better Preparing Students for North Carolina's Future Economy	28,934,805	1,376,061
b. State Grants for North Carolinians	88,600,000	(5,165,000) R
		(6,974,141) NR
c. Faculty Recruitment and Retention Fund	10,000,000	3,000,000
d. Distinguished Professorships	8,000,000 NR	-
Campuses Specializing in the Arts & Sciences UNCA, UNCSA, & NCSSM	5,677,907	*
Our Communities & Their Economic Transformation		
a. NC Research Campus at Kannapolis	3,000,000	313,000
b. NCA&T and UNCG Joint School of Nanoscience and Nanoengineering <i>Converts base \$1M nonrecurring to recurring \$2M</i>	2,000,000	2,000,000 R
		(1,000,000) NR
c. UNC Partnership for National Security (Military Initiative)	1,000,000	-
Campus Safety & Security	1,647,416 R	-
	988,694 NR	-
Academic Common Market – Restore Funding	970,747	-
<hr/>		
Continuation Change Budget (Lower Priority Continuation Items)		
a. Utilities	14,000,000	-
b. Replacement of Vehicles and Equipment	10,347,277	-
c. Accreditation Expenses	500,000	-
d. Inflationary Increase - Library Books and Materials	5,000,000	-

* Of the \$9,184,767 provided to restore the 2012-13 additional management flexibility cut, \$3M is mandated to go to UNCA, UNCSA, & NCSSM (\$1M each).

NR = nonrecurring

	2012-13	
	Budget Priorities	Recom. Allocations
Our Citizens & Their Future: Access to and Completion of Quality Higher Education (Additional Items)		
Improving Retention & Graduation Rates	4,654,854 R	-
(Initiatives at ECSU, FSU, NCCU, UNCA, UNCC, UNCG, UNCP, WSSU)	290,050 NR	-
Our Communities & Their Economic Transformation (Additional 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. Charlotte Informatics Partnership (UNCC)	1,500,000	-
f. Southeastern American Indian Studies Program (UNCP)	229,150	-
Our Health		
a. Nursing Program Expansion		
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	-
Our Children & Their Future: Improving Public Education		
a. WSSU Teacher Education Advisement & Partnership	282,978	-
b. UNC-CH "Fast Track to Teaching Science" Licensure	542,253	-
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	-
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.		Funds to support a 1.2% salary increase pursuant to policies adopted by BOG
<i>Note: All requests are for recurring funding unless noted as NR (nonrecurring).</i>		
Total Recommended Allocations – recurring	203,894,338	18,511,113
Total Recommended Allocations – nonrecurring	12,160,236	(5,710,783)
Total 2012-13 Recommended Allocations	216,054,574	12,800,330

Continuing Core Operations

Operating Funds for Facilities

The General Assembly fully funded the Board's request of \$6,802,285 in recurring funds and \$2,263,358 in nonrecurring funds to operate new or renovated facilities coming online in 2012-13. The operating funds for these facilities were allocated to the continuation budgets of each institution; therefore, no Board action is required. The table below outlines the specific buildings for each campus that will receive funding in 2012-13.

Institution/Building	2012-13	
	Recurring	Nonrecurring
Appalachian State University		
College of Education Annex Building	\$ 180,668	\$ 80,208
East Carolina University		
Coastal Studies Institute	1,026,936	304,436
ECU Dental School	2,520,614	595,301
Fayetteville State University		
Science & Technology Building	337,691	135,965
North Carolina State University		
Hunt Library (Centennial Campus)	2,350,056	996,196
UNC Greensboro		
Quad Academic Learning Spaces	27,558	24,497
Residence Hall Academic Learning Spaces	27,032	24,447
UNC Wilmington		
Marine Biotechnology in NC (MARBIONC)	331,730	102,308
TOTAL	6,802,285	2,263,358

In the General Assembly's Committee report, funds are also appropriated for Appalachian State University's lease payments for space at the North Carolina Research Campus at Kannapolis. These funds are noted later in this item, under the Board's requested funding for the North Carolina Research Campus.

NCSU Centennial Campus Hunt Library Operational/Program Funds^A

In response to the Board's request of \$2,011,328, the General Assembly appropriated \$1,000,000 in recurring funds for the NCSU Centennial Campus Library. The funds will be used for positions to staff programming at the new library, as well as other operating costs. It is recommended that these funds be allocated to NCSU, Academic Affairs.

Our Citizens & Their Future: Access to and Completion of Quality Higher Education

In response to the Board's request for Our Citizens & Their Future: Access to and Completion of Quality Higher Education, the General Assembly appropriated funds for the following items:

Better Preparing Students for NC's Future Economy (Enrollment Change and Performance-Based Funding)^A

The Board requested \$28,934,805 (\$17,434,805 for enrollment growth and \$11,500,000 for performance funding) for Better Preparing Students for NC's Future Economy. In response, the General Assembly appropriated \$1,376,061 for 2012-13. The General Assembly funded the "net" enrollment change amount, which consisted of a \$16,058,744 reduction for campuses whose enrollment is projected to be less than what is currently budgeted (rather than a hold harmless that the Board requested) and an increase of \$17,434,805 for campuses

whose enrollment is projected to increase. Since appropriations were not made available to both fully fund the Board's request for enrollment growth and holding campuses harmless from appropriation reductions due to enrollment changes, the General Assembly has allowed the Board of Governors the authority to make the final enrollment allocations by campus.

In order to equitably allocate less than full funding of the Board's request, it is recommended that allocations to the campuses be made on a proportional basis to the Board's original enrollment change request. This results in a proposed allocation to provide approximately 58% of the Board's original funding request for each campus. As a result, this allocation would also represent a transition year to the full phase-out of hold-harmless. As approved by the Board of Governors in January 2011, the enrollment projections for the 2013-14 academic year will not include a request for any institution's appropriation to be held harmless due to enrollment change.

Using this methodology of proportional allocation, it is recommended that the 2012-13 campus enrollment change funds be allocated to each institution as listed in the table on page 2.

It should be noted that while the appropriation amounts for Appalachian State University and UNC-Chapel Hill are negative, the amounts do not represent a decrease in spending authority for those institutions. The reduction in state appropriations is due to a revenue realignment to more accurately budget tuition receipts and reduce state appropriations accordingly.

In accordance with the recommended allocation of funds, the state-funded budgeted enrollments for the constituent institutions of the University for 2012-13 would be established as follows. These budgeted student credit hours have been reduced from the original requested amounts, to match the recommended allocation of funds.

Institution	Budgeted Student Credit Hours
Appalachian State University	475,578
East Carolina University	685,080
Elizabeth City State University	88,158
Fayetteville State University	156,137
North Carolina A & T State University	292,607
North Carolina Central University	194,449
North Carolina State University	803,228
University of North Carolina at Asheville	100,327
University of North Carolina at Chapel Hill	628,426
University of North Carolina at Charlotte	594,904
University of North Carolina at Greensboro	459,134
University of North Carolina at Pembroke	170,049
University of North Carolina School of the Arts	–
University of North Carolina at Wilmington	345,113
Western Carolina University	235,941
Winston-Salem State University	174,543
North Carolina School of Science & Mathematics	–
TOTAL	5,403,674

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

FTE Funding Model	Budgeted Full-Time Equivalent Students
East Carolina University Medical School ¹	308
North Carolina Central University Law School	601
North Carolina School of Science & Mathematics	696
North Carolina State University Veterinary Medicine	366
UNC-Chapel Hill Law, Medicine, Dentistry and Pharmacy	4,292
University of North Carolina School of the Arts	1,153
TOTAL	7,416

¹ *This amount reflects enrollment in the ECU Medical School only. In addition, the General Assembly has fully funded the Board's request to start the ECU School of Dentistry. The program will include 50 students per cohort that began in 2011-12, (100 students for 2012-13) and is expected to be fully operational by 2014-15 with a total of 200 students.*

State Grants for North Carolinians (need-based financial aid)

In response to the Board's request of \$88,600,000 for State Grants for North Carolinians, the General Assembly provided partial funding from increased Escheat Fund and Lottery Fund revenues. The General Fund appropriation for the program was reduced to account for corresponding increases from the Escheat Fund and the Lottery Fund. The total 2012-13 base budget for the program (prior to the 2012 session actions) from the General Fund, Escheat Fund, and Lottery Fund was \$122,475,842. In the 2012 session, the General Fund amount has been reduced by \$5,165,000 on a recurring basis and \$6,974,141 on a nonrecurring basis. As noted in the final budget and amended by Senate Bill 187 (S.L. 2012-145), funds available for the program from the Escheat Fund have been increased by \$5,165,000 on a recurring basis and funds available for the program from the Lottery Fund have been increased by \$32,133,641 on a nonrecurring basis. Total revised funding in 2012-13 would be \$147,635,342, which is \$25,159,500 more in nonrecurring funding than was previously budgeted for 2012-13. These funds were allocated to UNC-General Administration, Related Educational Programs for administration by the State Education Assistance Authority (SEAA); therefore, no Board action is required. SEAA administers the fund so that grant funding follows eligible students to the institution where they enroll. The related special provisions are shown below and on the following page:

FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

SECTION 8.11.(a) Subsection (a) of Section 9.8 of S.L. 2011-145, as amended by Section 2(b) of S.L. 2011-340, reads as rewritten:

"SECTION 9.8.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of forty-nine million six hundred twenty-two thousand two hundred forty-two dollars (\$49,622,242) for the 2011-2012 fiscal year and the sum of ~~thirty-two million one hundred twenty-two thousand two hundred forty-two dollars (\$32,122,242)~~ thirty-seven million two hundred eighty-seven thousand two hundred forty-two dollars (\$37,287,242) for the 2012-2013 fiscal year to be used for The University of North Carolina Need-Based Financial Aid Program."

SECTION 8.11.(b) Subsection (c) of Section 9.8 of S.L. 2011-145 reads as rewritten:

"**SECTION 9.8.(c)** There is appropriated from the Escheat Fund income to the State Board of Community Colleges the sum of sixteen million five hundred thousand dollars (\$16,500,000) for the 2011-2012 fiscal year and the sum of ~~sixteen million five hundred thousand dollars (\$16,500,000)~~ sixteen million three hundred thirty-five thousand dollars (\$16,335,000) for the 2012-2013 fiscal year to be used for community college grants."

SECTION 8.11.(c) G.S. 115D-40.1(c) reads as rewritten:

"(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in subsections (a) and (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College Grant Program. If the interest earnings are not adequate to support the administrative costs, up to one percent (1%) of funds provided in subsection (a) of this section may be used to support the costs of administering the Community College Grant Program."

EDUCATION LOTTERY

SECTION 5.3.(a) Notwithstanding G.S. 18C-164, the revenue used to support appropriations made in this act is transferred from the State Lottery Fund in the amount of four hundred forty-one million three hundred fifty-nine thousand four hundred one dollars (\$441,359,401) for the 2012-2013 fiscal year.

SECTION 5.3.(b) Notwithstanding G.S. 18C-164, the North Carolina State Lottery Commission shall not transfer funds to the Education Lottery Reserve Fund for the 2012-2013 fiscal year.

SECTION 5.3.(c) Section 5.4(f) of S.L. 2011-145 is repealed.

SECTION 5.3.(d) Notwithstanding G.S. 18C-164(f) or any other provision of law, excess lottery receipts realized in the 2011-2012 fiscal year in the amount of ~~twenty five million five hundred eighty-eight thousand three hundred seventy dollars (\$25,588,370)~~ thirty-two million one hundred thirty-three thousand six hundred forty-one dollars (\$32,133,641) shall be allocated for UNC Need-Based Financial Aid.

SECTION 5.3.(g) Notwithstanding G.S. 18C-164, the appropriations made from the Education Lottery Fund for the 2012-2013 fiscal year are as follows:

Teachers in Early Grades	\$ 220,643,188
Prekindergarten Program	\$ 63,135,709
Public School Building Capital Fund	\$ 100,000,000
Scholarships for Needy Students	\$ 30,450,000
UNC Need-Based Financial Aid	\$ 10,744,733
LEA Adjustment	\$ 16,385,771
Total Appropriation	\$ 441,359,401

SECTION 5.3.(h) Notwithstanding G.S. 18C-164(c), G.S. 115C-546.2(d), or any other provision of law, funds appropriated in this section to the Public School Building Capital Fund for the 2012-2013 fiscal year shall be allocated to counties on the basis of average daily membership (ADM).

SECTION 5.3.(i) Notwithstanding G.S. 18C-164(c), Article 35A of Chapter 115C of the General Statutes, or any other provision of law, the funds appropriated in this section for UNC Need-Based Financial Aid shall be administered in accordance with the policy adopted by the Board of Governors of The University of North Carolina.

Faculty Recruitment and Retention Fund

The General Assembly appropriated \$3,000,000 in recurring funds in response to the Board's request of \$10,000,000 for the Faculty Recruiting and Retention Fund that was initiated in 2006-07. This item is described and allocated in Item 1.

There were no additional appropriations for Distinguished Professorships in response to the Board's request of \$8,000,000.

Campuses Specializing in the Arts & Sciences (UNCA, UNCSA, & NCSSM)^A

In response to the Board's request of \$5,677,907 for Campuses Specializing in the Arts & Sciences, the General Assembly enacted the following special provision, which provides \$1,000,000 each to UNCA, UNCSA, and NCSSM from the management flexibility cut restoration.

UNC/FUNDS FOR CAMPUSES SPECIALIZING IN THE ARTS AND SCIENCES

SECTION 9.14.(a) Of funds appropriated to the Board of Governors of The University of North Carolina in Section 2.1 of this act to restore the management flexibility reduction, the sum of three million dollars (\$3,000,000) shall be allocated to the campuses specializing in the arts and sciences listed below as follows:

- (1) \$1,000,000 for the University of North Carolina School of the Arts.
- (2) \$1,000,000 for the University of North Carolina at Asheville.
- (3) \$1,000,000 for the North Carolina School of Science and Mathematics.

The Board of Governors shall allocate the remainder of these funds in accordance with Section 9.6 of S.L. 2011-145.

SECTION 9.14.(b) The Board of Governors shall not reduce State funds to these three campuses for the 2012-2013 fiscal year as a result of the allocations directed in subsection (a) of this section.

Per the special provision, it is recommended that \$1 million each be allocated to UNC Asheville, the UNC School of the Arts, and the North Carolina School of Science and Mathematics.

Our Communities & Their Economic Transformation

In response to the Board's request for Our Communities & Their Economic Transformation, the General Assembly appropriated funds for the following:

NC Research Campus at Kannapolis

In response to the Board's request of \$3,000,000, the General Assembly appropriated \$313,000 to fund Appalachian State University's lease payments for space at the North Carolina Research Campus at Kannapolis. These funds were allocated directly to ASU; therefore, no Board action is required. (Note: In the General Assembly's Committee Report, this appropriation is listed under the Operating Funds for New Facilities.)

NCA&T and UNCG Joint School of Nanoscience & Nanoengineering^A

In response to the Board's request of \$2,000,000, the General Assembly converted the previously appropriated funds of \$1 million nonrecurring to a recurring \$2 million. 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. Funds are expected to be used to hire additional technical staff, faculty, and graduate students, as well as to fund the ongoing purchase of equipment and outfitting of laboratory spaces. The program will conduct research in areas such as drug design and delivery, nanobioengineering, and genetic screening. This will complete the original request for state funding for the program. It is recommended that \$1 million each be allocated to North Carolina A&T State University and UNC Greensboro.

There were no appropriations for UNC Partnership for National Security (Military Initiative); however, the budget did include the following special provision.

UNC PARTNERSHIP FOR NATIONAL SECURITY

SECTION 9.13. The University of North Carolina may use funds available to it for the 2012-2013 fiscal year to continue and expand its work on the UNC Partnership for National Security to benefit the United States Marine Corps at Camp Lejeune and to build further its faculty and student capabilities in developing technologies for the special operations community. The Partnership works to connect the resources of The University of North Carolina system to the needs of our military, its service members, veterans, their families, and the defense industry in North Carolina. Partnership activities include all of the following: degree program development for service members and the defense industry; short courses, training, and subject matter expertise exchange; science and technology product development for the battle space; and scholar support, such as internships for The University of North Carolina system students, faculty research, and senior service college fellows. The Partnership's work has included the expansion of a "UNC at Fort Bragg" program that was previously in place for the Army.

There were no appropriations for the Board's requested items under Campus Safety and Security, Academic Common Market – Restore Funding, other Continuation Change Budget, Our Citizens and Their Future – Access to and Completion of Quality Higher Education (Additional Items), Our Communities and Their Economic Future (Additional Items), Our Health, Our Children and Their Future: Improving Public Education, or Our University's Outreach and Engagement.

Competitive Salaries

In response to the Board of Governors' priorities for competitive salary increases for all employees, the General Assembly appropriated funds to support a 1.2% annual salary increase for EPA employees, and to provide a 1.2% annual salary increase to SPA employees. These salary-related items are described and allocated in Item 1.

Other Adjustments Made by the 2012 General Assembly

In addition to the allocations previously cited, the Current Operations and Capital Improvements Appropriations Act of 2012 (S.L. 2012-142) and the budget technical corrections bill (S.L. 2012-145) directs the following:

UNC-TV Continuation Budget Restored

The 2011 General Assembly eliminated recurring appropriations of \$11,997,888 for UNC-Center for Public Television and provided nonrecurring funds of \$10,558,141 for 2011-12 only. The 2012 General Assembly partially restored the original recurring budget in the amount of \$9,058,141 and also provided \$750,000 in nonrecurring funds. No Board action is required.

Military One-Stop & BRAC Outreach

A special provision shown on the following page transfers funding for the Military One-Stop & BRAC Outreach program previously vested in Fayetteville State University to UNC-General Administration. The program transfer shall include funds of \$251,500. No Board action is required.

PERMANENT TRANSFER OF FUNDING FOR MILITARY ONE-STOP & BRAC OUTREACH

SECTION 9.7. The Military One-Stop & BRAC Outreach program previously vested in Fayetteville State University is transferred to The University of North Carolina General Administration with all of the elements of a Type I transfer as defined in G.S. 143A-6. The program transfer shall include the sum of two hundred fifty-one thousand five hundred dollars (\$251,500).

Aid to Private Institutions

The General Assembly appropriated \$4,500,000 in nonrecurring funds for Aid to Private Institutions as outlined in the Joint Conference Committee Report:

- Increases funding for the NC Need-Based Scholarship for students attending private institutions of higher education by \$4.5 million in 2012-13; total funding for the program in 2012-13 will be \$86,351,588.

Other UNC Budget-Related Special Provisions

In addition to the previously cited special provisions in the 2012 Appropriations Act, the following are noted for information.

STUDY TUITION COST FOR VETERANS

SECTION 9.1. The Joint Legislative Education Oversight Committee shall study the tuition costs for veterans who enroll in the State's community colleges or in any constituent institution of The University of North Carolina. As part of the study, the Committee shall consider the current criteria for determining whether a veteran qualifies for the resident tuition rate and how those criteria affect veterans who qualify for post-9/11 GI Bill benefits, as well as other veterans. The Committee shall also consider the potential educational costs to the State of veterans who attend any of the State's public institutions of higher education at the resident tuition rate and ways to limit those costs. The Committee may consider any other issues relevant to the study.

STUDY UNC TUITION SURCHARGE

SECTION 9.8. The Fiscal Research Division, in cooperation with The University of North Carolina, shall study the tuition surcharge mandated by G.S. 116-143.7. As part of the study, the Fiscal Research Division shall examine the surcharge's effect, if any, on the number of credit hours taken by students at constituent institutions of The University of North Carolina and the resulting effect on the timely achievement of graduation; the number of students subject to the surcharge in each of the last five academic years; and the revenue generated by the surcharge. In its study, the Fiscal Research Division shall also examine the methods that The University of North Carolina employs to provide notice to a student that the student is approaching the credit hour limit and will be charged the tuition surcharge if the student exceeds that limit.

The Fiscal Research Division shall report its findings and recommendations, including any legislative recommendations, by January 1, 2013, to the Joint Legislative Education Oversight Committee and to the Education Appropriation Subcommittees of the House of Representatives and the Senate.

UNC STUDENT FEES/INSTITUTIONAL TRUST FUNDS

SECTION 9.9. G.S. 116-36.1(g) is amended by adding a new subdivision to read:

"(12) Any other moneys collected by an institution as student fees previously approved by the Board of Governors."

UNC ACQUISITION AND DISPOSITION OF REAL PROPERTY

SECTION 9.10.(a) G.S. 116-31.12 reads as rewritten:

"§ 116-31.12. Acquisition and disposition of real property by lease.

Notwithstanding G.S. 143-341(4), and in addition to the powers granted in G.S. 116-198.34(5), the Board of Governors may authorize the constituent institutions and the General Administration to acquire or dispose of real property by lease if the lease is for a term of not more than 10 years. The Board of Governors shall establish a policy for acquiring and disposing of an interest in real property for the use of The University of North Carolina and its constituent institutions by lease. This policy may delegate authorization of the acquisition or disposition of real property by lease to the boards of trustees of the constituent institutions or to the President of The University of North Carolina. The Board of Governors shall submit all initial policies adopted pursuant to this section to the State Property Office for review prior to adoption by the Board. Any subsequent changes to these policies adopted by the Board of Governors shall be submitted to the State Property Office for review. Any comments by the State Property Office shall be submitted to the President of The University of North Carolina. After the acquisition or disposition of an interest in real property by lease, North Carolina shall promptly file a report concerning the acquisition or disposition to the Secretary of Administration. Acquisitions and dispositions of an interest in real property by lease pursuant to this section shall not be subject to the provisions of Article 36 of Chapter 143 of the General Statutes or to the provisions of ~~Article 6~~ Article 6 or 7 of Chapter 146 of the General Statutes."

SECTION 9.10.(b) G.S. 116-198.34(5) reads as rewritten:

"(5) To acquire, hold, lease, and dispose of real and personal property in the exercise of its powers and the performance of its duties hereunder and to lease all or any part of any project or projects and any existing facilities upon such terms and conditions as the Board determines, subject to the provisions of G.S. 143-341 and Chapter 146 of the General Statutes.

Notwithstanding G.S. 143-341 and Chapter 146 of the General Statutes, a disposition by easement, lease, or rental agreement of space in any building on the Centennial Campus, on the Horace Williams Campus, ~~or on a Millennial Campus~~ or on a Kannapolis Research Campus made for a period of 10 years or less shall not require the approval of the Governor and the Council of State. All other acquisitions and dispositions made under this subdivision for a period in excess of 10 years are subject to the provisions of G.S. 143-341 and Chapter 146 of the General Statutes."

SECTION 9.10.(c) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Commission on Governmental Operations by September 1, 2014, regarding the following:

- (1) How often the constituent institutions and General Administration used the authority to dispose of real property pursuant to G.S. 116-31.12 or G.S. 116-198.34(5).
- (2) The types of real properties that were disposed of by lease under that statutory authority.
- (3) An analysis and evaluation of what effect, if any, the authorization for the disposition of real property by lease has made with regard to the overall efficiency of real estate management by the constituent institutions and General Administration.

SECTION 9.10.(d) Subsections (a) and (b) of this section expire on June 30, 2015.

LIABILITY INSURANCE

SECTION 9.15. G.S. 116-11 is amended by adding a new subdivision to read:

"(13a) The Board of Governors may authorize the President to purchase commercial insurance of any kind to cover all risks or potential liability of the University, the Board of Governors, boards of trustees, other administrative or oversight boards, the President, the University benefit plan administrators, and employees of the University relating to the management, direction, and administration of University employee benefit plans, including the risks and potential liability related to benefit plan investments managed by the University.

Members of the Board of Governors, boards of trustees, other administrative and oversight boards, and employees of the University shall be considered State employees for purposes of Articles 31 and 31A of Chapter 143 of the General Statutes. To the extent that the President purchases commercial liability insurance coverage in excess of one hundred fifty thousand dollars (\$150,000) per claim for liability arising under Article 31 or 31A of Chapter 143 of the General Statutes, the provisions of G.S. 143-299.4 shall not apply. To the extent that the President purchases commercial insurance coverage for liability arising under Article 31 or 31A of Chapter 143 of the General Statutes, the provisions of G.S. 143-300.6(a) shall not apply.

The purchase of insurance by the President under this section shall not be construed to waive sovereign immunity or any other defense available to the University, the Board of Governors, boards of trustees, other administrative and oversight boards, the President, University benefit plan administrators, and employees of the University in an action or contested matter in any court, agency, or tribunal. The purchase of insurance by the President shall not be construed to alter or expand the limitations on claims or payments established in G.S. 143-299.2 or limit the right of the University, the Board of Governors, boards of trustees, other administrative or oversight boards, the President, University benefit plan administrators, and employees of the University to defense by the State as provided by G.S. 143-300.3.”

In addition to the previously cited special provisions in the 2012 Appropriations Act, the following are noted for information. No Board actions are required.

Section	Special Provisions in Senate Bill 950
9.2	Student Financial Aid/Technical Corrections
9.4	UNC/Repeal Obsolete or Redundant Reporting Requirements
9.5	NC Graduates in Primary Care Centers/Change Report Date
6.1	Repeals Section 6.5 of S.L. 2011-145 (Interim Appropriations Committee/Meetings/Consultation by Governor)
7A.7	Establish NC Teacher Corps
17.2	Special Responsibility Constituent Institutions – Audit

In addition to the previously cited special provisions in the 2012 Appropriations Act, there were several provisions in the Budget Technical Corrections bill (S.L. 2012-145) of importance to the University. In addition to the UNC Medical School provision shown on page 3 and the Lottery Funds provision cited on page 11, the following are noted for reference. No Board actions are required.

Section	Special Provisions in Senate Bill 187
2.2	Funding for Bowles Center for Alcohol Studies
25.5	Special Annual Leave Bonus for Employees

There were several special provisions in Senate Bill 847 (technical corrections to General Statutes) that affected East Carolina University. These are listed below for reference. No Board actions are required.

Section	Special Provisions in Senate Bill 847
67	Allows ECU Division of Health Sciences to retain rental/lease receipts
68(a)	Revises statue regarding employees of ECU’s Division of Health Sciences
68(b) & (c)	Changes to statutes regarding collection of unpaid debts to ECU’s Division of Health Sciences

**The University of North Carolina
Budget Comparison
2012-13 Operating Budget**

	BOG Budget Priorities	Governor's Budget	House Budget	Senate Budget	FINAL Budget (with tech. corr.)
UNC Authorized Continuation Budget (Base)	2,469,821,110	2,469,821,110	2,469,821,110	2,469,821,110	2,469,821,110
<u>Reductions :</u>					
Eliminate Academic Full Scholarship	-	-	(6,055,000)	-	-
UNC Hospitals – State Funds	-	-	(44,011,882) R	-	(3,000,000)
<i>Reduces the state appro. for Medical Education—\$15M will remain in the 2012-13 budget. SB 187 moves existing base appro. to UNC Medical Sch.</i>	-	-	26,011,882 NR	-	-
Management Flexibility Reduction (carryover from 2011 session)					<i>see note below</i>
Total Reductions - UNC	-	-	(24,055,000)	-	(3,000,000)
<u>Expansion Items :</u>					
Continuing Core Operations					
Restore Management Flexibility Reduction	9,184,767	9,184,767	17,273,483	9,184,767	9,184,767
<i>Final budget provides \$9,184,767 to restore the 2012-13 additional flex cut; a special provision (Sec. 9.14) mandates that of these funds, \$1M each go to UNCA, UNCSEA, & NCSSM. There will be a remaining \$3 million flex reduction to be allocated by the Board of Governors based on the terms of S.L. 2011-145, Sec 9.6.</i>					
Operating Funds for Facilities	6,802,285 R	6,802,285 R	-	6,802,285 R	6,802,285 R
<i>Final budget also provides \$313,000 for ASU's lease of space at the NCRC. Amount is shown under "NC Research Campus at Kannapolis."</i>	2,263,358 NR	2,263,358 NR	-	2,263,358 NR	2,263,358 NR
NCSU Centennial Campus Hunt Library Operational/Program Funds	2,011,328	2,011,328	-	2,000,000	1,000,000
Our Citizens & Their Future: Access to and Completion of Quality Higher Education					
Better Preparing Students for NC's Future Economy	28,934,805	25,434,805	-	1,376,061 *	1,376,061 *
<i>Of the amount requested by BOG, \$17,434,805 is for additional enrollment growth, including a request to "hold harmless" six campuses, & \$11.5M for performance-based funding.</i>				<i>see note</i>	<i>see note</i>
<i>*The Final budget funds the "net" enrollment change amount, which consists of a \$16,058,744 reduction for campuses (ECSU, FSU, NCCU, UNC-CH, UNCP, WSSU) whose enrollment is projected to be less than what is currently budgeted (rather than a hold harmless) and an increase of \$17,434,805 for campuses (ASU, ECU, NCA&T, UNCSEA, NCSU, UNCA, UNCC, UNCG, UNCW, WCU, NCSSM) whose enrollment is projected to increase. BOG shall determine the final allocations by campus.</i>					

NR = nonrecurring

	BOG Budget Priorities	Governor's Budget	House Budget	Senate Budget	FINAL Budget (with tech. corr.)
State Grants for North Carolinians (need-based financial aid) <i>*The Final budget adjusts down the GF appropriation for the program to account for corresponding increases from the Escheat Fund and the Lottery Fund. As amended by Senate Bill 187, an additional \$32.1M is appropriated from the Lottery Fund (Sec. 5.3). Total funding is \$147,635,342, which is \$25.2M more than budgeted for FY 12-13. The increased amount (\$25,159,500) is nonrecurring.</i>	88,600,000	35,000,000	–	(\$5,165,000) R* (\$6,974,141) NR <i>See note</i>	(\$5,165,000) R* (\$6,974,141) NR <i>See note</i>
Faculty Recruitment & Retention Fund	10,000,000	5,000,000	3,000,000	3,000,000	3,000,000
Distinguished Professorships	8,000,000 NR	–	–	–	–
Campuses Specializing in the Arts & Sciences (UNCA, UNCOSA, & NCSSM) <i>Final budget mandates that \$1M each go to UNCA, UNCOSA, & NCSSM from the funds provided to eliminate the 2012-13 management flex cut (see note on page 1)</i>	5,677,907	5,677,907	–	<i>Senate prov. (9.14) requires UNC to allocate from "the funds appropriated to UNC..."</i>	<i>see note</i>
Our Communities & Their Economic Transformation					
NC Research Campus at Kannapolis <i>Final budget included \$313K for ASU to fund lease payments for space at the NCRC (part of bldg. res.).</i>	3,000,000	3,000,000	–	–	313,000
NCA&T and UNCG Joint School of Nanoscience and Nanoengineering <i>**Final budget converts base \$1M nonrecurring to recurring \$2M</i>	2,000,000	2,000,000	–	2,000,000 (1,000,000) NR	2,000,000 ** (1,000,000) NR
UNC Partnership for National Security (Military Initiative)	1,000,000	1,000,000	–	–	<i>spec. provision</i>
Campus Safety & Security	1,647,416 R 988,694 NR	–	–	–	–
Academic Common Market – Restore Funding	970,747	–	–	–	–
Continuation Change Budget (Lower Priority Contin. Items)					
Utilities	14,000,000	–	–	–	–
Replacement of Vehicles & Equipment	10,347,277	–	–	–	–
Accreditation Expenses	500,000	–	–	–	–
Inflationary Increase – Library Books & Materials	5,000,000	–	–	–	–
Our Citizens & Their Future: Access to and Completion of Quality Higher Education (Additional Items)					
Improving Retention & Graduation Rates (initiatives at ECSU, FSU, NCCU, UNCA, UNCC, UNCG, UNCP, & WSSU)	4,654,854 R 290,050 NR	1,640,005 R 86,000 NR	–	–	–

NR = nonrecurring

	BOG Budget Priorities		Governor's Budget		House Budget		Senate Budget		FINAL Budget (with tech. corr.)
Our Communities & Their Economic Transformation (Additional Items)									
NCSU College of Engineering	2,500,000		–		–		–		–
ECSU School of Aviation	203,591	R	563,591	R	–		–		–
	360,000	NR	–		–		–		–
WCU Rapid Product Realization	300,000		300,000		–		–		–
FSU Geospatial Analysis, Instructional, & Networking Lab	131,500	R	370,500	R	–		–		–
	239,000	NR	–		–		–		–
Charlotte Informatics Partnership (UNCC)	1,500,000		1,500,000		–		–		–
Southeastern American Indian Studies Program (UNCP)	229,150		–		–		–		–
Our Health									
UNCW Accelerated Nursing Program	415,206		415,206		–		–		–
Health & Wellness/Allied Professions									
ASU College of Health Sciences	500,000		500,000		–		–		–
UNCA NC Center for Health & Wellness	267,644		–		–		–		–
Medical Schools									
ECU Brody School of Medicine	1,000,000		1,000,000		–		–		–
UNC-CH Medical School	1,000,000		1,000,000		–		–		–
Our Children & Their Future: Improving Public Education									
WSSU Teacher Education Advisement & Partnership	282,978		–		–		–		–
UNC-CH "Fast Track to Teaching Science" Licensure	542,253		–		–		–		–
Our University's Outreach & Engagement									
NC Arboretum – Bent Creek Institute – Natural Products	359,260		–		–		–		–
UNC Press Expand Access to Books & Journals	131,370	R	–		–		–		–
	19,134	NR	–		–		–		–
UNC-TV Statewide Public Affairs & Informational Prog. Services	200,000		–		–		–		–
Competitive Salaries	<i>BOG supports a meaningful salary increase for all employees</i>		11,576,469		<i>House recommended \$250 bonus for permanent teachers & state-funded employees</i>		<i>Senate recommends that the University be allocated funds to support a 1.2% salary increase, with additional provision language</i>		<i>Final budget – University to be allocated funds to support a 1.2% salary increase, with additional provision language</i>

NR = nonrecurring

	BOG Budget Priorities	Governor's Budget	House Budget	Senate Budget	FINAL Budget (with tech. corr.)
Other UNC Items					
UNC-TV Continuation Budget Restored	–	10,558,141	9,058,141	10,558,141	9,058,141 R
<i>Final budget restores partial funding for CPTV, which was subject to a Continuation Review in 2011-12</i>					750,000 NR
UNC Research Commercialization Fund	–	2,000,000	–	–	–
Ctr for Design Innovation Digital Technologies (UNCSCA & WSSU)	–	400,000	–	–	–
Resident Tuition for Military Veterans & Dependents	–	6,300,000	–	–	–
NC Teacher Institute (to be located at the NCSU Friday Inst.)	–	4,500,000	–	–	–
NC Research & Education Network (NCREN)	–	500,000	–	–	–
National Guard Tuition Assistance Program	–	\$500K in Dept of Public Safety budget	500,000	–	–
Recurring budget amounts – UNC	203,894,338	138,235,004	(20,235,258)	29,756,254	24,569,254
Nonrecurring budget amounts – UNC	12,160,236	2,349,358	26,011,882	(5,710,783)	(4,960,783)
Recommended UNC Operating Budget Changes	216,054,574	140,584,362	5,776,624	24,045,471	19,608,471
Total Recommended UNC Operating Budget	2,685,875,684	2,610,405,472	2,475,597,734	2,493,866,581	2,489,429,581
Aid to Private Colleges					
Authorized Continuation Budget (Base)	81,851,588	81,851,588	81,851,588	81,851,588	81,851,588
Need-Based Scholarships for Private College Students	–	4,500,000	4,781,517 R	–	4,500,000 NR
	–	–	(281,517) NR	–	–
Certain Private Education Institutions Grant	–	–	281,517 NR	–	–
Adjusted 2012-13 Budget	81,851,588	86,351,588	86,633,105	81,851,588	86,351,588

NR = nonrecurring

Final budget provisions of significance to the University:

Section 9.1 - Study Tuition Costs for Veterans

Section 9.4 – Repeals several obsolete or redundant reporting requirements

Section 9.7 – Transfer of the Military One-Stop & BRAC Outreach program previously vested at FSU to UNC-GA (\$251,500 program transfer)

Section 9.8 – Enables a study by the Fiscal Research Division, in consultation with UNC, of the tuition surcharge mandated by G.S. 116-143.7

Section 9.9 – UNC Student Fees / Institutional Trust Funds

Section 9.10 – UNC Acquisition and Disposition of Real Property

Section 9.13 – UNC Partnership for National Security

Section 9.14 – UNC/Funds for Campuses Specializing in the Arts and Sciences (see note on page 2)

Section 9.15 – UNC Liability Insurance

Section 2.2 (a) – Availability Statement

Section 5.3 – Education Lottery Fund Allocations

Section 6.1 – Repeals Section 6.5 of S.L. 2011-145 (Interim Appropriations Committee/Meetings/Consultation by Governor)

Section 6.9 – Authorize Certain Modifications of the Certified Budget

Section 6A.7A – Plan to Enhance Enterprise Level Business Intelligence to Increase Efficiency in State Government
Section 7.11 – Clarifying Cooperative Innovative High School Statutes
Section 7A.7 – Establish NC Teacher Corps
Section 17.2 – Special Responsibility Constituent Institutions – Audit
Sections 25.1D(a), 25.1E, 25.2 – Change previous salary provisions to apply only to FY 2011-12
Section 25.1 D(b) & (c) – Provides that funds should be allocated to the University to provide for a 1.2% salary increase; describes allowable uses of the funds
Section 25.2B – Changes reporting requirements on salary increases
Section 25.3 – UNC Faculty Recruiting & Retention Fund
Section 25.10 – Salary-Related Contributions
Section 25.11 – ORP Forfeiture Funds
Section 25.12 – Expand ORP for UNC System

Additional provisions in Senate Bill 187 (Budget Technical Corrections) of significance to the University:

Section 1.3 – Amends Section 5.3 (Lottery Funds) of 2012-142 (\$32.1M allocated to UNC Need-Based Financial Aid)
Section 2.2 – Funding for Bowles Center for Alcohol Studies (adds a new Section 9.16 to S.L. 2012-142); clarifies existing practice
Section 2.3 – Funding for UNC Medical School (adds a new Section 9.17 to S.L. 2012-142); moves existing base appropriation for UNC Hospitals to UNC Medical School
Section 6B.1 – Special Annual Leave Bonus (adds a new Section 25.5 to S.L. 2012-142) - provides one-time additional 5 days bonus leave for each employee - leave expires on June 30, 2013 if unused

Additional provisions in Senate Bill 847 (General Statutes Technical Corrections) of significance to the University:

Section 67 – Allows ECU Division of Health Sciences to retain rental/lease receipts
Section 68 (a) – Revises statute regarding employees of ECU's Division of Health Sciences
Section 68 (b) and (c) – Changes to statutes regarding collection of unpaid debts to ECU's Division of Health Sciences

**The University of North Carolina
Budget Comparison
2012-13 Capital Improvements**

		BOG Priorities	Governor's Budget	House Budget	Senate Budget	FINAL Budget (with tech. corr.)
University-wide	Allocation from Repairs and Renovations Reserve**	\$163,000,000	-	\$28,542,522	\$21,432,560	\$11,585,462
Science (Planning Funds)						
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	12,638,337	-	-	-	-
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 & General Office Building) *	3,000,000	-	-	-	-
NCA&T	New College of Engineering Facility	10,437,400	-	-	-	-
Teaching (Planning Funds)						
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	3,390,000	-	-	-	-
UNC-CH	Law School at Carolina North - New	15,316,700	-	-	-	-
ECSU	School of Aviation * (request is for full construction amount)	16,000,000	-	-	-	-
UNCSA	Film COE Phase 2 – Post Production/Graduate Facility & Renov.	3,725,756	-	-	-	-
NCSSM	Discovery Center *	7,250,000	-	-	-	-
NCCU	New School of Business	3,600,000	-	-	-	-
Academic Support (Planning Funds)						
UNCP	Information Commons Building	5,945,000	-	-	-	-
Total – 2012-13 Capital Needs		339,404,854	-	28,542,522	21,432,560	11,585,462

* These projects have received partial planning funds.

**Sections 2.2 and 26.4 – Conference budget recommends \$23,170,924 for Repairs and Renovations, of which the University would receive 50%.

UNC capital-related special provisions are noted below:

Section 26.5 – Reporting on Capital Projects

Section 26.6 – UNCW Social & Behavioral Sciences Building

House - Section 26.7 – OSBM Allocation of R&R Funds

Section 26.10 – Authorize UNC Carryforward Funds to be used for Capital Projects

Section 26.11 – OSBM Allocation of R&R Funds

Senate Bill 797 (S.L. 2012-2) and House Bill 14 (S.L. 2012-57) authorized the Director of the Budget to use up to \$114M (\$20M and \$94M, respectively) of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year. Any funds remaining would be transferred back to the Reserve for reallocation.