

## **Allocation of Funds for University Personnel (EPA and SPA) Salaries**

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 response to the Board of Governors' priorities for competitive salary increases for all employees, the General Assembly appropriated funds of up to \$22,221,350 to support a 1.2% annual salary increase for EPA employees and up to \$8,649,234 to provide a 1.2% annual salary increase to SPA employees. The related special provision is shown below:

### **UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 25.1D.(a)** Section 29.7 of S.L. 2011-145 reads as rewritten:

#### **"UNIVERSITY OF NORTH CAROLINA SYSTEM**

**"SECTION 29.7.(a)** The annual salaries of all University of North Carolina EPA faculty, EPA nonfaculty, SPA employees, and teachers employed by the North Carolina School of Science and Math shall remain unchanged for the ~~2011-2013 fiscal biennium~~ 2011-2012 fiscal year.

**"SECTION 29.7.(b)** The annual salaries of all employees of the University of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina University shall remain unchanged for the ~~2011-2013 fiscal biennium~~ 2011-2012 fiscal year."

**SECTION 25.1D.(b)** For the 2012-2013 fiscal year, the Director of the Budget shall transfer from the Reserve for Compensation Increases created in this act to the Board of Governors of The University of North Carolina funds sufficient to provide employees who are exempt from the State Personnel Act (EPA) a salary increase of one and two-tenths percent (1.2%), including funds for the employers' retirement and social security contributions. These compensation funds may be used to award compensation increases to EPA employees, pursuant to policies adopted by the Board of Governors, including, but not limited to, any one or more of the following: (i) merit pay increases, (ii) across-the-board increases, (iii) recruitment bonuses, and (iv) retention increases. These compensation funds may also be used for one or more of the following (i) to offset the management flexibility reduction, or (ii) employ personnel. The Board of Governors shall make a preliminary report on the use of funds under this subsection to the 2013 Regular Session of the General Assembly no later than March 1, 2013, and a final report on September 1, 2013.

It is recommended that the General Fund appropriations for the 1.2% average salary increase for faculty and other employees who are exempt from the State Personnel Act (EPA) be allocated as shown in the table below. The 1.2% salary increase appropriation is proposed for distribution in proportion to the share of each institution in the General Fund EPA salary base.

	<b>Amount</b>
Appalachian State University	\$ 1,386,181
East Carolina University	
Academic Affairs	2,116,618
Health Affairs	513,542
Elizabeth City State University	277,423
Fayetteville State University	479,146
North Carolina A & T State University	961,816
North Carolina Central University	797,470
North Carolina State University	
Academic Affairs	3,727,883
Agricultural Research Service	353,223
Cooperative Extension Service	319,720
UNC Asheville	334,429
UNC-Chapel Hill	
Academic Affairs	2,822,920
Health Affairs	1,268,305
Area Health Education Centers	336,092
UNC Charlotte	1,795,399
UNC Greensboro	1,504,306
UNC Pembroke	440,824
UNC Wilmington	1,033,974
UNC School of the Arts	208,764
Western Carolina University	720,817
Winston-Salem State University	617,148
N. C. School of Science & Mathematics	103,190
UNC-General Administration	102,160
<b>TOTAL (includes estimated fringe benefits)</b>	<b>\$22,221,350</b>

*Note: Salaries at UNC Hospitals are 100% receipts supported.*

These allocations for EPA salaries are distributed for expenditure in accordance with the Salary Protocols for Faculty and Non-Faculty EPA Salary Increases 2012-13, to be presented to the Board of Governors through the Personnel and Tenure Committee at the August meeting.

In addition to the funds for EPA salary increases, the General Assembly appropriated funds to the Board of Governors for a 1.2% increase for all SPA personnel. The related special provision follows.

**UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 25.1D.(a)** Section 29.7 of S.L. 2011-145 reads as rewritten:

**"UNIVERSITY OF NORTH CAROLINA SYSTEM**

**"SECTION 29.7.(a)** The annual salaries of all University of North Carolina EPA faculty, EPA nonfaculty, SPA employees, and teachers employed by the North Carolina School of Science and Math shall remain unchanged for the ~~2011-2013 fiscal biennium~~ 2011-2012 fiscal year.

**"SECTION 29.7.(b)** The annual salaries of all employees of the University of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina University shall remain unchanged for the ~~2011-2013 fiscal biennium~~ 2011-2012 fiscal year."

**SECTION 25.1D.(c)** For the 2012-2013 fiscal year, the Director of the Budget shall transfer from the Reserve for Compensation Increases created in this act to the Board of Governors of The University of North Carolina funds sufficient to provide to employees who are subject to the State Personnel Act (SPA) a salary increase of one and two-tenths percent (1.2%), including funds for the employers' retirement and social security contributions.

It is recommended that the General Fund appropriations for the 1.2% average salary increase for employees who are subject to the State Personnel Act (SPA) be allocated as shown in the table below. The 1.2% salary increase appropriation is proposed for distribution in exact proportion to the share of each institution in the General Fund SPA salary base.

	<b>Amount</b>
Appalachian State University	\$ 426,147
East Carolina University	
Academic Affairs	815,587
Health Affairs	170,038
Elizabeth City State University	154,826
Fayetteville State University	179,068
North Carolina A & T State University	401,536
North Carolina Central University	318,531
North Carolina State University	
Academic Affairs	1,335,114
Agricultural Research Service	186,886
Cooperative Extension Service	97,327
UNC Asheville	140,739
UNC-Chapel Hill	
Academic Affairs	1,218,586
Health Affairs	513,885
Area Health Education Centers	27,911
UNC Charlotte	759,540
UNC Greensboro	563,970
UNC Pembroke	164,858
UNC Wilmington	418,506
UNC School of the Arts	96,079
Western Carolina University	281,359
Winston-Salem State University	203,260
N. C. School of Science & Mathematics	49,572
UNC-General Administration	125,909
<b>TOTAL (includes estimated fringe benefits)</b>	<b>\$8,649,234</b>

*Note: Salaries at UNC Hospitals are 100% receipts supported.*

The General Assembly also 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. The President may use the Fund to offer salary increases to recruit and retain faculty members at constituent institutions. It is recommended that these funds be allocated to UNC-General Administration, Institutional Programs and that the President be authorized to make further allocations based on legislative intent. The related special provision follows:

**UNIVERSITY FACULTY RECRUITING AND RETENTION FUND**

**SECTION 25.3.** The Faculty Recruiting and Retention Fund under the Office of the President of The University of North Carolina is reestablished for the 2012-2013 fiscal year. Allocations from the fund shall be made for salary increases at the discretion of the President of The University of North Carolina only for the purpose of recruiting and retaining faculty members as necessary at constituent institutions.

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

In addition to the special provisions in the 2012 Appropriations Act (House Bill 950) that were previously cited, the following are noted for information. No Board actions are required.

Section	Special Provisions
25.2B	Changes to salary increase reporting requirements
25.10	Salary-Related Contributions
25.11	ORP Forfeiture Funds
25.12	Expand ORP for UNC System

Also, in Senate Bill 187 (budget technical corrections bill), Section 6B.1 provides five days of Special Annual Leave Bonus days to all state employees. Any of these days unused on June 30, 2013 will expire.

It is recommended that the proposed Allocations for Salary Increases appropriations for 2012-13 be approved. It is further recommended that the Vice President for Finance 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 these funds.

## 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)	–	–	–	–
<b>Total</b>	<b>(970,747)</b>	<b>(3,000,000)</b>	<b>1,000,000</b>	<b>1,376,061</b>	<b>3,000,000</b>	<b>2,000,000</b>
	<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**<sup>A</sup>

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**<sup>A</sup>

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.

	<b>2012-13</b>	
	<b>Budget Priorities</b>	<b>Recom. Allocations</b>
<b>Continuing Core Operations</b>		
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
<b>Our Citizens &amp; Their Future: Access to and Completion of Quality Higher Education</b>		
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	–
<b>Campuses Specializing in the Arts &amp; Sciences</b>	5,677,907	*
UNCA, UNCSA, & NCSSM		
<b>Our Communities &amp; Their Economic Transformation</b>		
a. NC Research Campus at Kannapolis	3,000,000	313,000
b. NCA&T and UNCG Joint School of Nanoscience and Nanoengineering	2,000,000	2,000,000 R
Converts base \$1M nonrecurring to recurring \$2M		(1,000,000) NR
c. UNC Partnership for National Security (Military Initiative)	1,000,000	–
<b>Campus Safety &amp; Security</b>	1,647,416 R	–
	988,694 NR	–
<b>Academic Common Market – Restore Funding</b>	970,747	–
<b>Continuation Change Budget (Lower Priority Continuation Items)</b>		
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
<b>Our Citizens &amp; Their Future: Access to and Completion of Quality Higher Education (Additional Items)</b>			
Improving Retention & Graduation Rates	4,654,854	R	–
(Initiatives at ECSU, FSU, NCCU, UNCA, UNCC, UNCG, UNCP, WSSU)	290,050	NR	–
<b>Our Communities &amp; Their Economic Transformation (Additional Items)</b>			
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		–
<b>Our Health</b>			
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		–
<b>Our Children &amp; Their Future: Improving Public Education</b>			
a. WSSU Teacher Education Advisement & Partnership	282,978		–
b. UNC-CH "Fast Track to Teaching Science" Licensure	542,253		–
<b>Our University's Outreach &amp; Engagement</b>			
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		–
<b>Competitive Salaries</b>			
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>			
<b>Total Recommended Allocations – recurring</b>	<b>203,894,338</b>		<b>18,511,113</b>
<b>Total Recommended Allocations – nonrecurring</b>	<b>12,160,236</b>		<b>(5,710,783)</b>
<b>Total 2012-13 Recommended Allocations</b>	<b>216,054,574</b>		<b>12,800,330</b>

## 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
<b>TOTAL</b>	<b>6,802,285</b>	<b>2,263,358</b>

*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<sup>A</sup>

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)<sup>A</sup>

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.

<b>Institution</b>	<b>Budgeted Student Credit Hours</b>
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	—
<b>TOTAL</b>	<b>5,403,674</b>

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:

<b>FTE Funding Model</b>	<b>Budgeted Full-Time Equivalent Students</b>
East Carolina University Medical School <sup>1</sup>	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
<b>TOTAL</b>	<b>7,416</b>

<sup>1</sup> *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)<sup>A</sup>**

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<sup>A</sup>**

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 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~~ 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 statute 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**

	<b>BOG Budget Priorities</b>	<b>Governor's Budget</b>	<b>House Budget</b>	<b>Senate Budget</b>	<b>FINAL Budget (with tech. corr.)</b>
<b>UNC Authorized Continuation Budget (Base)</b>	<b>2,469,821,110</b>	<b>2,469,821,110</b>	<b>2,469,821,110</b>	<b>2,469,821,110</b>	<b>2,469,821,110</b>
<b><u>Reductions :</u></b>					
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>
<b>Total Reductions - UNC</b>	<b>—</b>	<b>—</b>	<b>(24,055,000)</b>	<b>—</b>	<b>(3,000,000)</b>
<b><u>Expansion Items :</u></b>					
<b>Continuing Core Operations</b>					
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, UNCSCA, &amp; 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
<b>Our Citizens &amp; Their Future: Access to and Completion of Quality Higher Education</b>					
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, &amp; \$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&amp;T, UNCSCA, 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)	88,600,000	35,000,000	—	(\$5,165,000) R*	(\$5,165,000) R*
*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.				(\$6,974,141) NR	(\$6,974,141) NR
				See note	See note
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	—	—	—	—
<b>Campuses Specializing in the Arts &amp; Sciences (UNCA, UNCOSA, &amp; NCSSM)</b>				Senate prov. (9.14) requires UNC to allocate from "the funds appropriated to UNC..."	see note
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)	5,677,907	5,677,907	—		
<b>Our Communities &amp; Their Economic Transformation</b>					
NC Research Campus at Kannapolis	3,000,000	3,000,000	—	—	313,000
Final budget included \$313K for ASU to fund lease payments for space at the NCRC (part of bldg. res.).					
NCA&T and UNCG Joint School of Nanoscience and Nanoengineering	2,000,000	2,000,000	—	2,000,000	2,000,000 **
**Final budget converts base \$1M nonrecurring to recurring \$2M				(1,000,000) NR	(1,000,000) NR
UNC Partnership for National Security (Military Initiative)	1,000,000	1,000,000	—	—	spec. provision
<b>Campus Safety &amp; Security</b>					
	1,647,416 R	—	—	—	—
	988,694 NR	—	—	—	—
<b>Academic Common Market – Restore Funding</b>	970,747	—	—	—	—
<b>Continuation Change Budget (Lower Priority Contin. Items)</b>					
Utilities	14,000,000	—	—	—	—
Replacement of Vehicles & Equipment	10,347,277	—	—	—	—
Accreditation Expenses	500,000	—	—	—	—
Inflationary Increase – Library Books & Materials	5,000,000	—	—	—	—
<b>Our Citizens &amp; Their Future: Access to and Completion of Quality Higher Education (Additional Items)</b>					
Improving Retention & Graduation Rates (initiatives at ECSU, FSU,	4,654,854 R	1,640,005 R	—	—	—
NCCU, UNCA, UNCC, UNCG, UNCP, & WSSU)	290,050 NR	86,000 NR	—	—	—

NR = nonrecurring

	BOG Budget Priorities		Governor's Budget		House Budget		Senate Budget		FINAL Budget (with tech. corr.)
<b>Our Communities &amp; Their Economic Transformation (Additional Items)</b>									
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		—		—		—		—
<b>Our Health</b>									
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		—		—		—
<b>Our Children &amp; Their Future: Improving Public Education</b>									
WSSU Teacher Education Advisement & Partnership	282,978		—		—		—		—
UNC-CH "Fast Track to Teaching Science" Licensure	542,253		—		—		—		—
<b>Our University's Outreach &amp; Engagement</b>									
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		—		—		—		—
<b>Competitive Salaries</b>	<i>BOG supports a meaningful salary increase for all employees</i>		11,576,469		<i>House recommended \$250 bonus for permanent teachers &amp; 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.)
<b>Other UNC Items</b>					
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 (UNC-SA & 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	—	—
<b>Recurring budget amounts – UNC</b>	<b>203,894,338</b>	<b>138,235,004</b>	<b>(20,235,258)</b>	<b>29,756,254</b>	<b>24,569,254</b>
<b>Nonrecurring budget amounts – UNC</b>	<b>12,160,236</b>	<b>2,349,358</b>	<b>26,011,882</b>	<b>(5,710,783)</b>	<b>(4,960,783)</b>
<b>Recommended UNC Operating Budget Changes</b>	<b>216,054,574</b>	<b>140,584,362</b>	<b>5,776,624</b>	<b>24,045,471</b>	<b>19,608,471</b>
<b>Total Recommended UNC Operating Budget</b>	<b>2,685,875,684</b>	<b>2,610,405,472</b>	<b>2,475,597,734</b>	<b>2,493,866,581</b>	<b>2,489,429,581</b>
<b>Aid to Private Colleges</b>					
<b>Authorized Continuation Budget (Base)</b>	<b>81,851,588</b>	<b>81,851,588</b>	<b>81,851,588</b>	<b>81,851,588</b>	<b>81,851,588</b>
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	—	—
<b>Adjusted 2012-13 Budget</b>	<b>81,851,588</b>	<b>86,351,588</b>	<b>86,633,105</b>	<b>81,851,588</b>	<b>86,351,588</b>

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



BOG Budget Priorities	Governor's Budget	House Budget	Senate Budget	FINAL Budget (with tech. corr.)
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*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**

		<b>BOG Priorities</b>	<b>Governor's Budget</b>	<b>House Budget</b>	<b>Senate Budget</b>	<b>FINAL Budget (with tech. corr.)</b>
University-wide	Allocation from Repairs and Renovations Reserve**	\$163,000,000	–	\$28,542,522	\$21,432,560	\$11,585,462
	<b>Science (Planning Funds)</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	12,638,337	–	–	–	–
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	–	–	–	–
	<b>Teaching (Planning Funds)</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	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	–	–	–	–
	<b>Academic Support (Planning Funds)</b>					
UNCP	Information Commons Building	5,945,000	–	–	–	–
	<b>Total – 2012-13 Capital Needs</b>	<b>339,404,854</b>	<b>–</b>	<b>28,542,522</b>	<b>21,432,560</b>	<b>11,585,462</b>

\* 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.

## 2012-13 Allocations – Capital Improvements

While the Board approves and then requests funding or authorization from the General Assembly for major capital improvement projects, funds for Repairs and Renovations projects are appropriated to the Board of Governors for allocation to the institutions. This appropriation is included in House Bill 950 (S.L. 2012-142), “2012 Appropriations Act.” By statute, the Board is directed to allocate such funds in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations and in accordance with any specifications in the Appropriations Act. These recommended allocations, as applicable, meet all the directives cited in the 2012 Appropriations Act.

It is recommended that the proposed Allocations for Capital Improvements for 2012-13 be approved. It is also recommended that the President be authorized to make refinements in the interest of accuracy and completeness. It is further recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the foregoing allocations.

One item, Allocations from the Reserve for Repairs and Renovations, requires Board action and is designated with an “A” in this document.

### *Allocations from the Reserve for Repairs and Renovations*<sup>A</sup>

The 2012 General Assembly appropriated \$23,170,924 to the Statewide Reserve for Repairs and Renovations, of which \$11,585,462 (50%) was allocated to the Board of Governors, as shown below.

#### **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

**SECTION 26.4.(a)** Of the funds in the Reserve for Repairs and Renovations for the 2012-2013 fiscal year, the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

- (1) Fifty percent (50%) shall be allocated to the Board of Governors of The University of North Carolina.
- (2) Fifty percent (50%) shall be allocated to the Office of State Budget and Management.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-4-3(e). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-4-3(d).

**SECTION 26.4.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used

by the Board of Governors for the installation of fire sprinklers in university residence halls. This portion shall be in addition to funds otherwise appropriated in this act for the same purpose. Such funds shall be allocated among the university's constituent institutions by the President of The University of North Carolina, who shall consider the following factors when allocating those funds:

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

The Board of Governors shall submit progress reports to the Joint Legislative Commission on Governmental Operations. Reports shall include the status of completed, current, and planned projects. Reports also shall include information on the financial status of each constituent institution's housing system, the constituent institution's ability to pay for fire protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until all residence halls have fire sprinklers.

**SECTION 26.4.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used by the Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b).

In 1994, the Board of Governors adopted a formula for the allocation of repair and renovation appropriations to the campuses. The formula takes into account the institutional mission, size, and condition of campus facilities in determining institutional allocations, with the principal responsibility for the selection of specific projects resting with the Chancellors. High priority projects that would not otherwise be funded through institutional allocations are deducted from the available funds prior to applying the formula to determine campus allocations. The Board's formula has been updated to reflect the recommendations resulting from the 2004 review of the model and uses the most recent data available.

It is recommended that the following allocations be made from the Reserve for Repairs and Renovations. It is recommended that Chancellors identify specific projects, consistent with any applicable rules and regulations, to be financed from the institutional allocations and present those projects to the President who shall report to the Joint Legislative Commission on Governmental Operations, as required by legislation.

It is also recommended that Chancellors at institutions that do not have all residence halls protected by fire sprinkler systems consider using a portion of their allocation to fund remaining projects if other funds are not available. It is further recommended that Chancellors consider projects to make campus public safety improvements consistent with the requirements the 2012 Appropriations Act.

It is further recommended that allocations to an institution may be transferred as needed among projects within that institution upon the request of the Chancellor and the approval of the President. It is also recommended that the President be authorized to make further allocations from the reserve.

***Allocations:***

Appalachian State University	\$ 506,200
East Carolina University	1,065,200
Elizabeth City State University	305,900
Fayetteville State University	305,900
North Carolina A&T State University	451,700
North Carolina Central University	305,900
North Carolina State University	2,074,000
The University of North Carolina at Asheville	305,900
The University of North Carolina at Chapel Hill	2,284,500
The University of North Carolina at Charlotte	706,100
The University of North Carolina at Greensboro	714,900
The University of North Carolina at Pembroke	305,900
The University of North Carolina at Wilmington	482,700
The University of North Carolina School of the Arts	305,900
Western Carolina University	390,800
Winston-Salem State University	305,900
North Carolina School of Science and Mathematics	305,900
Reserve for UNC Affiliates and Contingencies	462,162

<b>TOTAL ALLOCATIONS</b>	<b>\$11,585,462</b>
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**Authorizations, Reductions, or Other Actions by the 2012 General Assembly for which No Board Action is required**

***Non-General Fund Capital Improvements Project Authorizations***

In response to the Board's request, the 2012 General Assembly authorized capital projects funded from non-general fund sources totaling \$248,394,410 and planning for projects totaling \$17,700,000 in Senate Bill 444. The projects are listed on the following page.

**Project Authorization****Appalachian State University**

Winkler Residence Hall Renovation	\$ 3,000,000
Belk Residence Hall	9,765,000

**East Carolina University**

Belk Residence Hall Demolition and Reconstruction	40,000,000
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**North Carolina State University**

Phytotron Energy Savings Performance Contract	6,200,000
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**The University of North Carolina at Asheville**

Mountain Area Health Education Center (MAHEC) Facility Acquisition	4,750,000
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**The University of North Carolina at Chapel Hill \***

Chilled Water Infrastructure Improvements	11,700,000
Steam and Hot Water Infrastructure Improvements	12,000,000
Craige Parking Deck – Supplement	8,000,000

**The University of North Carolina at Charlotte**

Campus Infrastructure Development	49,500,000
Residence Hall Phase XII	38,407,410
Cedar/Hickory/Sycamore (Phase IV-A) Renovation	10,000,000

**The University of North Carolina at Greensboro**

1600 W. Lee Street Parking Lot Improvements	3,432,000
Reynolds and Grogan Residence Hall Renovation	16,640,000

**Winston-Salem State University\***

Restore the Core – Phase I (Hill Hall)	13,500,000
New Student Housing Building 1 Acquisition	14,500,000
North Campus Acquisitions and Improvements	7,000,000

<b>Total</b>	<b>\$248,394,410</b>
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**Planning Authorization****North Carolina A&T State University**

New Student Center	5,000,000
Williams Dining Hall Kitchen Replacement	500,000

**North Carolina Central University**

New - Student Health Services Center – Phase 1	700,000
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**The University of North Carolina at Chapel Hill**

Athletic Facilities Master Plan and Phase 1 Improvements	5,000,000
Odum Village Replacement	5,000,000

**Winston-Salem State University**

Restore the Core – Phase II (Hauser, Pegram, Physical Plant)	1,500,000
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<b>Total</b>	<b>\$17,700,000</b>
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*\*During the course of deliberation, the following three BOG-approved projects were removed from consideration: UNC-CH's Collaborative Science Building, UNC-CH's Infrastructure Improvements – Phase 2, and WSSU's South Campus Acquisitions and Improvements.*

### ***Reductions by the 2012 General Assembly***

The 2011 General Assembly appropriated \$124,000,000 to the Reserve for Repairs and Renovations for the University and state agencies. 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 \$114,000,000 (\$20,000,000 and \$94,000,000, respectively) of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year. Unneeded funds will be transferred back to the Reserve for reallocation.

### ***Other Actions by the 2012 General Assembly***

In addition, the following capital improvements-related special provisions are noted for information.

<b>Section</b>	<b>Special Provisions</b>
9.4	UNC/Repeal Obsolete or Redundant Reporting Requirements
26.5	Reporting on Capital Projects
26.6	UNCW Social & Behavioral Science Building
26.10	Authorize Carryforward Funds to be used for Capital Projects

### ***Additional Information***

The table on the following page, *General Assembly Funding – Ten Year History*, a summary by institution of capital improvements appropriations from 2003 through 2012, is provided as supplementary information.

**The University of North Carolina - Capital Improvements  
General Assembly Funding - Ten Year History**

Institutional Appropriations	2003	2003 COPS	2004	2004 <sup>3</sup> COPS	2005	2006	2007	2007 <sup>3</sup> COPS	2008 <sup>2</sup>	2008 <sup>3</sup> Bonds	2009 <sup>4</sup>	2010 <sup>5</sup> COPS	2011 <sup>7</sup>	2012	2003-2012
ASU	\$ 246,200	\$ 7,663,400	\$ 1,497,400	\$ -	\$ 3,132,800	\$ 6,367,700	\$ 3,296,700	\$ 34,000,000	-	\$ -	\$ 1,386,700	\$ -	\$ -	\$ 506,200	\$ 58,097,100
ECU	387,500	12,062,500	2,391,700	60,000,000	6,112,400	9,297,700	31,555,400	-	-	96,797,906	3,339,300	-	-	1,065,200	223,009,606
ECSU	106,400	3,313,200	619,500	28,000,000	1,375,800	4,185,800	4,106,000	-	-	16,689,507	744,000	-	-	305,900	59,446,107
FSU	102,700	3,197,800	604,200	10,000,000	2,075,800	3,285,800	1,606,000	20,999,216	-	-	744,000	-	-	305,900	42,921,416
NCA&T	247,900	7,716,400	3,482,500	5,000,000	3,941,100	5,522,600	13,338,800	24,637,147	-	21,487,628	1,380,600	-	-	451,700	87,206,375
NCCU	181,500	12,154,205	9,984,642	-	1,715,300	9,102,000	4,536,700	-	-	22,536,039	896,800	-	-	305,900	61,413,086
NCSU	778,000	24,214,800	4,426,022	-	18,309,100	79,862,800	30,564,500	69,609,924	-	102,341,186	6,110,000	-	-	2,074,000	338,290,332
UNCA	119,200	3,710,200	742,100	35,000,000	1,375,800	2,701,800	1,606,000	8,449,786	-	-	744,000	-	-	305,900	54,754,786
UNC-CH	897,387	27,934,500	5,165,922	-	15,775,900	48,301,575	46,689,200	111,200,204	12,500,000	284,599,369	6,296,600	-	-	2,284,500	561,645,157
UNCC	226,900	11,584,500	5,408,200	35,000,000	2,971,600	50,517,500 <sup>1</sup>	22,419,000	-	-	52,494,149	1,728,000	-	-	706,100	183,055,949
UNCG	337,700	10,510,100	3,930,800	5,000,000	4,604,100	7,394,900	5,716,100	24,637,147	-	42,670,000	1,485,300	-	-	714,900	107,001,047
UNCP	113,400	6,432,400	687,700	10,000,000	1,375,800	3,285,800	1,606,000	18,308,351	-	-	744,000	-	-	305,900	42,859,351
UNCW	149,100	4,641,500	1,376,700	-	4,297,400	29,753,400	1,989,700	32,899,699	-	-	971,200	-	-	482,700	76,561,399
UNCSA	95,900	2,985,900	564,400	5,000,000	1,375,800	3,285,800	1,606,000	23,043,890	-	21,780,944	744,000	-	-	305,900	60,788,534
WCU	165,300	5,144,000	966,900	9,279,037	1,743,000	5,451,800	4,390,400	37,687,800	-	-	957,400	-	-	390,800	66,176,437
WSSU	108,400	3,373,300	2,643,100	5,000,000	2,125,800	3,054,025	4,918,000	18,708,000	-	9,831,160	744,000	-	-	305,900	50,811,685
NCSSM	-	-	-	-	-	-	4,943,000	-	-	-	744,000	-	-	305,900	5,992,900
Subtotal	4,263,487	146,638,705	44,491,786	207,279,037	72,307,500	271,371,000	184,887,500	424,181,164	12,500,000	671,227,888	29,759,900	-	-	11,123,300	2,080,031,267
<b>Non-Institutional Appropriations</b>															
N.C. Arboretum	20,000	81,000	50,000	-	200,000	470,000	665,000	-	-	-	-	-	-	-	1,486,000
UNC Health Care	-	-	-	180,000,000	-	3,000,000	-	-	-	-	-	-	-	-	183,000,000
Other (UNC-GA, NCSSM, UNC-TV, NCSEAA, HBS, C.S.I., Land Acquisition, Fire Safety, 4-H Camps, Equipment)	311,700	10,377,600	3,285,000	-	1,567,500	13,191,827	14,296,500	31,357,684	-	20,000,000 <sup>6</sup>	1,240,100	-	-	462,162	96,090,073
Subtotal	331,700	10,458,600	3,335,000	180,000,000	1,767,500	16,661,827	14,961,500	31,357,684	-	20,000,000	1,240,100	-	-	462,162	280,576,073
<b>TOTAL</b>	<b>4,595,187</b>	<b>157,097,305</b>	<b>47,826,786</b>	<b>387,279,037</b>	<b>74,075,000</b>	<b>288,032,827</b>	<b>199,849,000</b>	<b>455,538,848</b>	<b>12,500,000</b>	<b>691,227,888</b>	<b>31,000,000</b>	<b>-</b>	<b>-</b>	<b>11,585,462</b>	<b>2,360,607,340</b>
Less: Repairs and Renovations	4,595,187	157,097,305	35,326,786	-	57,500,000	102,225,427	66,700,000	-	-	-	31,000,000	-	-	11,585,462	466,030,167
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>12,500,000</b>	<b>387,279,037</b>	<b>16,575,000</b>	<b>185,807,400</b>	<b>133,149,000</b>	<b>455,538,848</b>	<b>12,500,000</b>	<b>691,227,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,894,577,173</b>

**Notes:**

1. This amount includes \$45,827,400 from 2006 COPs.
2. The 2008 General Assembly appropriated \$99,612,826 for capital projects and \$32.1 million for repairs and renovations to the Board of Governors. All but \$12.5 million were later reverted to the General Fund to help balance the 2008-09 State Budget.
3. The 2009 General Assembly reduced selected, previously approved 2004, 2007 and 2008 bond funded projects to reflect lower estimated levels of inflation.
4. The 2009 General Assembly funded repairs and renovations with a combination of federal stimulus funds (\$12 million) and bonds to be repaid by the State (\$50 million) of which 50% (\$31 million) was allocated to the Board of Governors; UNC-CH's Biomedical Research Imaging Center was previously scheduled to be funded from the General Fund in 2009-10 and 2010-11. BRIC will now be funded from bonds at \$223 million.
5. The 2010 General Assembly provided UNC with special indebtedness funding of \$60 million for repairing and renovating facilities and infrastructure and \$22 million for acquiring equipment for teaching and research in the fields of health, science, engineering and technology and completing related capital improvements. These authorizations were repealed by S.L. 2011-66.
6. The 2008 General Assembly provided UNC with special indebtedness funding of \$25 million for system-wide land acquisitions. This authorization was reduced to \$10 million by S.L. 2011-66.
7. S.L. 2012-2 and S.L. 2012-57 authorized the Director of the Budget to use up to \$114,000,000 (\$20,000,000 and \$94,000,000, respectively) of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year.