

**A. Key Strategic Plan Investments****\$30,000,000 R**

*Note: These requests total the amount of FY 2014-15 Strategic Plan reductions included in the 2013 budget.*

**\$8,000,000 NR****Increase Degree Attainment****12,800,000 R**

Provide funding to meet degree attainment goals that are responsive to NC's current and future workforce needs. Enable UNC to increase graduation rates of community college transfer students and individuals with some college credit and improve access and support for veterans and active military personnel. Funding will be distributed as follows:

**8,000,000 NR****(a) Charge Military and Veterans Resident Tuition Rate****8,000,000 NR**

Allow UNC to offer resident tuition to our 600 nonresident veteran UNC students. Keeping veterans in North Carolina is a smart economic growth strategy and many other states offer early residency status to certain veterans and their families.

**(b) Support Summer School Enrollment****5,000,000 R**

Year-round instruction will accelerate students' time to degree and maximize use of university facilities. Research shows that students who enroll in summer term courses are more likely to graduate on time.

**(c) Performance Fund****7,000,000 R**

This funding will incentivize and reward campuses that show improved student performance (retention and graduation rates) and greater operational efficiency and effectiveness.

**(d) Early Warning System****800,000 R**

By Fall 2014, each campus is required to have in place an early warning system that alerts campus personnel to signs of student academic distress or behavior likely to lead to poor academic performance. This funding will provide ongoing support for these campus systems.

**Strengthen Academic Quality****6,500,000 R**

UNC is committed to achieving the highest levels of student success and academic rigor. These funds will help ensure that UNC graduates have the core competencies needed to succeed and develop new methods that more effectively incorporate and leverage technology and distance education. Funding will be distributed as follows:

**(a) Career Counseling and Academic Advising Support****2,500,000 R**

Improving career and academic advising systems will reduce undergraduate attempted hours to degree and help better align student learning with employer needs. These funds will be used to hire additional professional and academic career advisors, support high-quality faculty advising, and begin implementing a shared electronic advising system with the NC Community College System.

**(b) E-Learning Strategies****3,000,000 R**

Based on available market research, these funds will support degree and certificate programs identified as high-need by employers, including competency-based certificate programs and 2+2 online degrees. Additionally, these funds will be used to leverage technology to redesign courses and provide centralized UNC system online offerings.

**(c) Competency-Based Assessment****1,000,000 R**

These funds will be used to identify, develop, and implement the most effective ways to assess and assure student learning.

**Economic Development****9,900,000 R**

North Carolina's future economic success will hinge less on our ability to make things than our ability to think things – to create new technologies, products, processes, and ways of organizing and doing work. Funding will be distributed as follows:

**(a) Game Changing Research – Consortia of Excellence****3,400,000 R**

Consistent with Gov. McCrory's economic development priorities, this funding will provide strategic investments in six "needle-moving" areas:

- Advanced manufacturing
- Data science
- Defense, military, and security
- Energy
- Marine and coastal science
- Pharmacoengineering

**(b) Convert More Discovery Into Innovation****3,000,000 R**

Research at UNC institutions has generated discoveries, ideas, and technologies with marketplace potential. This funding will assist campuses with the transition from laboratory to marketplace, providing competitive funding for proof-of-concept work and commercialization costs.

**(c) Faculty Recruitment and Retention Fund****3,000,000 R**

These funds will improve UNC's ability to recruit and retain nationally recognized faculty.

**(d) Prepare Job-Ready Students through Experiential Internships****500,000 R**

Responding to employer demands for graduates with more applied experiences, UNC will form partnerships with businesses across the state to support growth in internships, co-ops, clinical experiences, and collaborative research.

**Community Healthcare Needs****800,000 R**

Provides funding to help address rural North Carolina's growing healthcare needs, including:

**(a) Rural Health Collaborative****500,000 R**

This seed funding will help develop an initiative to prepare students for work in health fields that address the critical needs and health disparities in rural North Carolina.

**(b) ECU Dental Clinics Student Housing****300,000 R**

AHEC made a commitment to house students from the School of Dentistry at ECU during fourth-year rotations at community learning centers across the state. This funding will provide student housing at 10 sites across North Carolina.

**B. Retain Talented Workforce****\$5,000,000 R****\$5,000,000 NR****1. Optional Retirement Plan Contribution****5,000,000 R**

UNC's Optional Retirement Plan (ORP) contribution rate has not increased since 1997. To remain competitive with the market, the ORP contribution rate must be closer to the current Teachers and State Employees Retirement System contribution rate of 8.68%. These funds will increase the rate from 6.84% to 7.42% in FY 2014-15. Additional funding will be sought for FY 2015-16 to increase the rate to 8.0%.

**2. Distinguished Professors****5,000,000 NR**

Currently, the Distinguished Professors Endowment Fund has \$61 million of private funds secured, and another \$7 million pledged, for the backlog of 109 professorships now awaiting state matching funds. A total of \$34 million in State matching funds is needed to eliminate this backlog and put the private donations to work.

**C. Restore Reductions and Repeal Nonresident Tuition Increase****\$32,048,459 R****1. Eliminate Additional Management Flexibility Reduction****7,805,302 R**

Eliminates the budgeted increase to UNC's management flexibility reduction. Over the past 6 years, UNC has absorbed \$666 million in recurring management flexibility reductions, and our appropriation per FTE student has decreased by 9%. Further reductions will hamper our ability to meet instructional needs and damage academic quality.

**2. Repeal Nonresident Tuition Increase****27,243,157 R**

Maintains the Board of Governors' responsibility for setting tuition, by repealing the FY 2014-15 legislative tuition increases enacted in the 2013 legislative session. The associated reduction in appropriations is restored.

**3. Enrollment Funding Adjustment (placeholder)****(3,000,000) R**

Adjusts UNC system enrollment growth funding for FY 2014-15 based on lower projected increases in enrollment.

**4. Carry Forward Reform****-**

Carry-forward authority is currently limited to a maximum of 2.5% of an institution's annual General Fund appropriation. These restrictions tend to foster a "use it or lose it" mentality. This recommendation increases the current carry-forward maximum from 2.5% to 5.0% of an institutions annual state appropriation. These funds will be used to support critical one-time investments, including repairs and renovations, computer and other equipment upgrades, support of the Distinguished Professors program, and implementation of energy savings and other efficiency measures.

**D. Other Critical Needs****\$13,500,000 R****1. UNC System Medical Schools Emergency Appropriation****10,000,000 R**

Provides emergency support to UNC system medical schools. State and federal changes have resulted in lost revenue to the East Carolina University and UNC-Chapel Hill Schools of Medicine. These funds will partially replace that revenue, allowing the schools to maintain operations at current levels.

**2. Campus Security (placeholder)****2,000,000 R**

Provides funding to improve campus security, consistent with recommendations of the 2013 UNC Campus Security Initiative. Anticipated recommendations include increasing campus public safety personnel compensation to be competitive with the market, increasing the number of counselors and advocates for students, and systemwide training. Final recommendations are expected in spring 2014.

**3. CFNC Support****1,000,000 R**

Due to federal loan program changes, the College Foundation of North Carolina, Inc. (CFNC) has lost revenue in recent years and needs state funding to continue operations. Without this support, UNC and community college campuses will need to assume many of the critical statewide services that CFNC currently provides (including on-line applications and financial aid and college planning assistance).

**4. Strengthen Audit Functions****500,000 R**

Addresses identified staffing deficiencies in special investigative and information technology audit functions, to help prevent waste, fraud, and abuse.

**Total Recurring****\$80,548,459 R****Total Nonrecurring****\$13,000,000 NR****Total Net Recommendations****\$93,548,459**