

COMMITTEE ON PUBLIC AFFAIRS

Committee on Public Affairs

July 31, 2014

5. State Budget Legislative Policy Agenda UpdateDrew Moretz

Situation: The Committee will hear an update from Vice President Drew Moretz about the ongoing work related to the state budget and UNC policy agenda.

Background: This presentation is a regular update on activities related to legislative interim and study committees that relate to the work of the UNC system as well as meetings that have taken place with legislators and staff discussing the Board of Governors' approved budget request and policy agenda.

Assessment: We continue to monitor state budget negotiations. The Governor signed H1182, our self-liquidating package.

Action: This is for information only.

State Budget and Legislative Update

Drew Moretz & Jonathan Kappler

University of North Carolina – General Administration

Budget Essential Priorities

- **Minimize new cuts**
 - Senate: \$0 Management Flex reduction
 - House: \$19.1 million Management Flex reduction
 - Conference: \$2.4 million additional Management Flex reductions
- **Retain/Reward Talent**
 - Senate: SPA raise; No EPA raise; some salary flexibility
 - House: SPA raise; EPA raise with salary flexibility
 - Conference: SPA raise (\$1,000 + benefits), No across the board EPA raise, \$5 million for salary adjustments with BOG discretion, salary flexibility, BOG salary adjustment approval of 10%+

Budget Essential Priorities, cont.

- **Strategic Directions Funding**
 - Senate: BOG funding with cuts to C&Is or from \$15 million discretion
 - House: \$3 million Game Changing Research, \$1 million CFNC support, \$15 million discretion
 - Conference: \$3 million Game Changing Research and \$1 million CFNC support appropriated; \$15 million BOG discretion; Review of Centers & Institutes to fund Strategic Directions and Distinguished Professors at BOG discretion

Essential Efficiency Priorities

- **Maintain Carry Forward**
 - House position (Section 11.17)
- **Expand UNC Leasing Authority**
 - Senate position (Section 36.7)
- **Maintain Chancellors'-approved projects**
 - Senate position (Section 36.6)

UNC BOG Policy Priorities

- **Carry Forward** [Section 11.17]
 - Senate: Pilot Project with limitations
 - House: Maintains current authority
 - Conference: Maintains authority
- **In-state Tuition for Veterans** [Section 11.12]
 - Yellow Ribbon program in both
- **Non-permanent Employee Insurance Provision** [Section 35.16]
 - Senate: SHP must create low cost option with BOG option
 - House: SHP must create low cost option without BOG option
 - Conference: SHP must create low cost option without BOG option

UNC BOG Policy Priorities, cont.

- **SODCA** [Section 12I.4.(a)]
 - Senate: Not included
 - House: Included
 - Conference: SODCA reinstated for those with insurance
- **Upper Payment Limit** [Section 12H.13]
 - Senate: Included with 28.85% assessment
 - House: Included with 25.9% assessment (and right # of ECU slots)
 - Conference: Reinstated with corrected number of slots for ECU without new assessment

UNC BOG Policy Priorities, cont.

- **Waive tuition for faculty/staff** (from 2 to 3 classes) [Section 11.9]
 - Senate: Not included (clarified fees can be waved)
 - House: Included (clarified fees can be waved)
 - Conference: Waive tuition for up to 3 classes as requested

Conference Outcomes

- BOG out-of-state tuition flexibility [House Section 11.18]
 - Included (House)
- NCSSM Morganton campus planning [Section 11.16/36.15]
 - Not Included
- University Tuition Study [Section 11.15]
 - Included, conducted by Joint Legislative Education Oversight Committee (House)
- Private/Public HBCU Internship program
 - Included (House)
- Optometry School Study (in House not in Senate) [Section 11.13]
 - Included

Conference Outcomes, cont.

- Advertising restrictions on lottery (in House/not in Senate) [Section 5.2]
 - Not Included
- Salary supplement for Teachers with Advanced degrees [Section 8.2]
 - Clarified, grandfather students with 1 class completed by August 1, 2013

Other Budget items

- Negative Enrollment Adjustment Factor reduction of \$5.3 million
- NC Research Campus funding at \$29 million (from existing appropriation)
- UNCG/NCA&T Union Square Public-Private Partnership, \$2 million (from existing appropriation)
- NCSU Next Generation Power Electronics Innovation Institute, \$2 million
- NCSU Food processing/plant science initiatives, \$600,000
- ASU College of Health Sciences Planning Funds, \$3 million
- New Teacher Support Program, \$1.2 million
- UNC Need-Based Financial Aid Forward Funding
- NCSSM Teacher Step Pay Increase

New Reports/Studies

- Report on Funding of State Medical Schools
- Report on Institutional Trust Funds
- Report on Academic Summer Bridge Program
- Report on CFNC Sustainability
- Study on Financial Aid Payment Schedule to Incentivize 30 completed hours per year
- ECSU Study by Joint Legislative Education Oversight Committee

UNC BOG Policy Priorities

Not included in the Budget or Other Legislation

- State Aid Intercept
- In-state Tuition for veterans (Yellow Ribbon program instead)
- University Cancer Research Fund restoration
- ORP donut hole fix (directly addressed in H1195)

Non-budget bills (Passed)

- H1182 UNC Non-Appropriated Capital Projects (S.L. 2014-60)
 - H1043 Prequalification Update (S.L. 2014-42)
 - S761 Civilian Credit for Military Training (S.L. 2014-67)
 - H1050 Omnibus Tax Law Changes (S.L. 2014-3)
 - H1195 Fiscal Integrity/Pension-Spiking Prevention (S.L. 2014-88)
 - S719 Student Organizations/Rights and Recognition (S.L. 2014-28)
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- H1133 Technical and Other Corrections (Research Exemption included)