

AGENDA ITEM

- B-1. Discussion on Linking the 2017-19 Budget Priorities and
Legislative Agenda to the Strategic Plan..... Jonathan Pruitt/Andrew Kelly

Situation: The strategic planning process is designed to focus our university system on a new set of system-level goals, provide the means to measure progress toward those goals, and identify the strategies that can help us achieve them. This necessarily requires alignment of the UNC budget priorities and legislative agenda to the new strategic plan.

One of the principal responsibilities of the Board of Governors (BOG) is to “develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for the constituent institutions of the University of North Carolina” [G.S. 116-11(9)a]. In odd numbered years, the Governor recommends and the General Assembly enacts a biennial (two-year) budget. In even numbered years, adjustments are made to the budget for the second fiscal year of the biennium.

Background: The Office of State Budget and Management (OSBM) initially required all budget recommendations for 2017-19 to be submitted by October 31. OSBM has been flexible with the UNC System, understanding the complexities around development of a new strategic plan and the required review and approval by the Board of Governors.

Assessment: This discussion of the draft policy agenda, which reflects the strategic planning process, will form the basis of the 2017-19 UNC budget priorities and legislative agenda that will be presented for Board approval in January.

Action: This item is for discussion only.



STRATEGIC PLANNING & BUDGET AND POLICY PRIORITIES

December 1, 2016

Budget Process

- **Governor's FY 2017-19 budget instructions distributed in August.**
 - Instructions allowed for an expansion request of up to 2% of the FY 2016-17 certified budget excluding enrollment
 - Instructions also required submission of 2% reduction options
 - Due date per instructions was October 31, 2016
- **OSBM has been flexible with the UNC System**

Budget Timeline

- **Budget request is largely being driven by the strategic plan.**
 - As the strategic planning process progresses, related budget and policy priorities have been drafted for discussion.
 - Final priorities will be presented for approval at the January Board meeting.
- **The enrollment funding request and other targeted priorities are also being finalized.**

What Remains the Same

- Faculty and staff salaries.
- Enrollment growth funding.
- Faculty Recruitment and Retention Fund.
- Research Opportunities Initiative (ROI).
- Pursuing key regulatory flexibilities.

Strategic Plan Policy Agenda: Inform, Innovate, Empower

- 1. Inform:** Fulfill our commitment to transparency and data-driven decision-making.
- 2. Innovate:** Use UNC platform to test new ideas that improve student success, affordability, and economic impact.
- 3. Empower:** Reform burdensome regulation and create operational flexibility in exchange for accountability.

Inform

- **Invest in data and analytic capacity to promote student success:**

- Enhancing institutions' data and analytic capacity to facilitate improvements called for in Strategic Plan.
- Apply Student Data Mart approach to finance, HR, student accounts, and research. Integrate those “data marts.”

Estimated request Year 1: \$10,000,000

Year 2: \$10,000,000

- **Increase transparency by collecting and publishing new data:**

- New indicators of student experience and post-graduation outcomes.
- Systematic data on retention and engagement among faculty and staff.
- Publish annual progress and performance report (and reduce extraneous reporting).

Estimated request Year 1: \$900,000

Year 2: No additional funds

Innovate

- **Student Success Innovation Fund:**

- Competitive grant program to fund evidence-based strategies to improve student success, evaluate the results, disseminate findings.

Estimated request Year 1: \$1,000,000
Year 2: \$3,000,000

- **Online Learning:**

- Tech Task Force recommendation.

Estimated request: under review

- **UNC Need-based Grant Study Group:**

- Planning grant to identify reforms that will promote access & student success.

Estimated request: under review

- **Research Opportunities Initiative:**

- Continue program at prior funding level.

Estimated request Year 1: \$3,000,000
Year 2: \$No additional funds

- **Reinstate NCSSM Tuition Grant.**

Estimated request Year 1: \$1,500,000
Year 2: \$1,500,000



Empower

- **Faculty Recruitment and Retention Fund.**

Estimated request Year 1: \$3,000,000
Year 2: No additional funds

- **Reduce burdensome regulations on all institutions.**

Estimated request: \$0

- **Create flexibilities that the Board of Governors can extend to campuses based on performance.**

Estimated request: \$0

University of North Carolina

FY 2017-19 Operating Budget Priorities WORKING DRAFT

	FY 2017-18 Increase	FY 2018-19 Increase	FY 2017-19 Total
2016-17 Certified Budget	\$2,680,728,367	\$2,680,728,367	\$2,680,728,367
<i>(Excludes Aid to Private Institutions)</i>			
Inform: Fulfill our responsibility to be transparent and data-driven	\$10,900,000	\$10,000,000	\$20,900,000
Invest in data and analytic capacity to promote student success	10,000,000	10,000,000	20,000,000
Increase transparency by collecting and publishing new data	900,000	0	900,000
Innovate: Invest in new ideas to increase student success, productivity, and economic impact	\$5,500,000	\$4,500,000	\$10,000,000
Student Success Innovation Fund	1,000,000	3,000,000	4,000,000
Online Learning			Under review
UNC Need-Based Grant study group			Under review
Continue the Research Opportunities Initiative	3,000,000	0	3,000,000
Reinstate NCSSM Tuition Grant	1,500,000	1,500,000	3,000,000
Empower: Grant institutions more flexibility in exchange for stronger accountability	\$3,000,000	\$0	\$3,000,000
Reform burdensome regulations			No additional cost
Grant campuses greater flexibility while holding them accountable			No additional cost
Equip our institutions to attract and retain the best and brightest			
Employee compensation		Equity with other state employees	
Faculty recruitment and retention	3,000,000	0	3,000,000
Other Targeted Requests	\$9,744,835	\$1,188,758	\$10,933,593
Elizabeth City State Stabilization Funds	1,000,000	0	1,000,000
Lab Schools Operational Funding	2,500,000	0	2,500,000
Health Care			Under review
Building Reserves	6,244,835	1,188,758	7,433,593
Requested Increase to FY 2017-19 Operating Budget	\$29,144,835	\$15,688,758	\$44,833,593
Percent Change	1.09%	0.59%	1.67%
Enrollment Changes	\$45,000,000	\$45,000,000	\$90,000,000
Requested Increase to FY 2017-19 Operating Budget Including Enrollment Funding	\$74,144,835	\$60,688,758	\$134,833,593
Total Revised FY 2017-19 Operating Budget	\$ 2,754,873,202	\$ 2,815,561,960	\$ 2,815,561,960
Percent Change	2.77%	2.26%	5.03%

Note: Request for increased buy down for NC Promise program will be addressed as part of policy agenda