University of North Carolina
FY 2018-19 Budget Priorities

Keeping Promises

In 2017, the University of North Carolina System (the UNC System) outlined a set of five-year goals that included keeping higher education affordable, increasing enrollment and graduation rates, improving student success rates, and supporting the groundbreaking research that fuels North Carolina's innovation economy. To ensure that these goals are more than just words on a page, the UNC System pledged to increase transparency and accountability by regularly reporting on progress, and by holding the institutions accountable for their performance on key strategic plan metrics.

In 2017-18, the General Assembly provided full funding for enrollment growth, additional funding to make NC Promise a reality for thousands of students in fall 2018, and a sizable investment to upgrade data systems.

Since the last legislative session, the UNC System has made progress on the commitment to be more transparent, efficient, and accountable:

- The Board of Governors committed to control tuition for in-state undergraduates; as a result, tuition will not increase for the 2018-19 academic year;

- A task force is examining the university funding model;

- President Spellings has negotiated a series of Performance Agreements with the chancellors at each UNC institution. Those agreements spell out concrete targets that the President and the Board of Governors can use to assess the performance of institutional leadership;

- The System Office has created a set of interactive data dashboards to allow anyone access to data on System and institution-level progress;

- For the first time ever, the System Office has undertaken a system-wide survey of employee engagement, the results of which will be available this spring.

For the 2018 short legislative session, pursuant to the budget request that was approved by the Board of Governors and endorsed by the legislature in 2017, the UNC System will continue to:

- **Inform** leaders with the data needed to effectively manage the enterprise;

- **Innovate** by testing new ideas to improve student success; and

- **Empower** chancellors by granting flexibility in exchange for stronger accountability.

University of North Carolina
FY 2018-19 Operating Budget Priorities

	FY 2018-19	
Budget for FY 2018-19 per 2017 Appropriations Act *(Excludes Aid to Private Institutions)*	$2,905,709,796	
Inform: Fulfill the responsibility to be more transparent and accountable		
Data Modernization	2,000,000	R
	(2,000,000)	NR
Innovate: Invest in promising new ideas that will raise graduation rates and grow the economy		
Student Success Initiatives (Innovation Lab, Accelerate through Summer Grants, Adaptive Digital Learning Courseware)	5,000,000	R
Research Opportunities Initiative	3,000,000	R
Faculty Recruitment and Retention	3,000,000	R
Empower: Grant institutions more flexibility in exchange for stronger accountability (allow more efficient use of state funds for repairs and renovations/advanced planning and for personnel)		
Other Targeted Priorities		
Employee Compensation *Equity with other state employees and flexibility to determine criteria for distribution*		
Lab Schools	1,070,000	R
Medical Education Expansion	2,000,000	R
NCA&T Doctoral Program	2,500,000	R
NCSU Innovation in Manufacturing Biopharmaceuticals	2,000,000	NR
Reinstate NCSSM Tuition Grant	1,500,000	R
	(1,500,000)	NR
Requested Increase to FY 2018-19 Operating Budget	$20,070,000	R
	($1,500,000)	NR
Additional Requested Increase to FY 2018-19 Operating Budget	$18,570,000	
Additional Percent Change Requested	0.67%	
Total FY 2018-19 Operating Budget	$2,924,279,796	
Total Percent Change (including increase from 2017 Legislative Session)	5.00%	

Inform: Fulfill the responsibility to be more transparent and accountable.

Data Modernization

The data modernization effort is intended to provide the Board of Governors, the UNC institutions, and the UNC institutions with clear, timely, and consistent financial and related data. The 2017-19 budget provided $9 million ($8 million nonrecurring; $1 million recurring) for 2018-19, approximately half of the original budget request. The UNC System has contracted with Gartner to assess current capacity and draft a multi-year, detailed implementation plan. Based on this assessment, next steps will require a greater mix of recurring versus nonrecurring funding to make necessary human capital and related information technology investments. UNC seeks to convert $2 million nonrecurring to recurring funding for adequate project governance.

Request for 2018-19: Convert $2 million nonrecurring to recurring

Innovate: Invest in promising new ideas that will raise graduation rates and grow the economy.

Student Success Initiatives:

Student Success Innovation Lab

Targeted investments in promising innovations can improve student success rates; rigorous evaluation of those strategies can provide "what works" and what is cost-effective. The UNC System has raised $500,000 in seed money from private philanthropy to create a Student Success Innovation Lab, which will make competitive grants to institutions that wish to test evidence-based, scalable strategies to improve student success. Funded projects will be rigorously evaluated by third-party evaluators.

While the private funding will cover the direct costs at a subset of the institutions, additional funding is requested to expand the number of grantees and provide high-quality evaluation.

Request for 2018-19: $1 million

Accelerate Through Summer (ATS) Grants

Students who earn 30 or more credits per academic year are much more likely to finish a degree and do so in four years. Enabling students to earn credits throughout the entire academic year—including summer—would help more students remain on track to finish a degree on time. Timely completion saves money for families and for state taxpayers, frees up seats for the next generation of students, and sends graduates into the workforce faster and with less debt. Putting campus facilities to good use in the summer also raises the productivity of state investments. Data from the System Office indicate that summer enrollment is strongly correlated with student success rates, but that few students earn 15 or more credits in the summer over the course of their entire degree-seeking career.

The System Office requests additional funding to pilot "Accelerate Through Summer" (ATS) Grants, which would provide free or discounted summer courses to students who, after fall and spring semester, have exceeded the benchmarks necessary to stay on-track to graduate in four years or are within 3 to 9 credits of those benchmarks. Priority will be given to fourth-year students within 3 to 9 credits of graduating and to third-year students within 3 to 9 credits of 90 hours. Funds would also assist students who wish to use summer to earn more than 30 credits per academic year and accelerate their path to a degree.

Request for 2018-19: $3.5 million

Personalized Learning Through Adaptive Courseware
Advances in technology have given rise to software that can customize academic content, assessment, and support to individual student needs. These tools, known as adaptive digital learning courseware, assess student performance, analyze that performance, and use that information to offer personalized learning paths to each student. Adaptive courseware also enables faculty to assess student progress in real-time, and provides faculty the opportunity to adjust lesson plans accordingly. The overall impact is a personalized learning experience that results in improved student success. The UNC System Office requests additional funding to pilot adaptive digital learning courseware and evaluate the results.

Request for 2018-19: $500,000

Research Opportunities Initiative (ROI)
The ROI program funds research projects in six areas of critical importance to the North Carolina economy: advanced manufacturing, data science, defense, military and security, energy, marine and coastal sciences, and pharmacoengineering. The program has a strong track record of success, with each dollar the state invests resulting in additional funding from federal and private sources. The General Assembly provided $1 million in nonrecurring funds in 2017-18. The System Office requests additional funds to continue this work.

Request for 2018-19: $3 million

Faculty Recruitment and Retention Fund
The UNC System institutions help to power the North Carolina economy by attracting the best and brightest researchers in the world to this state. Established in 2006, the Faculty Recruitment and Retention Fund helps institutional leaders to recruit and retain top faculty members. The General Assembly provided $1 million in nonrecurring funds in 2017-18. The fund's current low balance is limiting its effectiveness.

Request for 2018-19: $3 million

Empower: Grant institutions more flexibility in exchange for stronger accountability.

Allow more efficient use of state funds for repairs and renovations and advanced planning
The UNC System has benefited from a generous percentage of the total State appropriation allocated for repair and renovations (R&R). However, there are still more than a billion dollars of R&R needs identified by the Facilities Condition and Assessment Program. UNC seeks additional flexibility to provide chancellors access to existing funds in to effectively maintain institutional facilities.

Request for expanded authority: Expand carryforward authority to 5.0% (from 2.5%) for repair and renovation, and reinstate authority for small capital projects

The rural institutions that are well positioned to serve the increasing number of low-income students outlined in the Strategic Plan are also some of the smallest institutions. As these universities are asked to enroll more students, the ability to increase the footprint or update facilities is required. In order to plan for the future, institutions need the ability to expend state funds on advanced planning.

Request for expanded authority: Repeal advance planning requirement

Allow more efficient use of state funds for personnel
Institutions are constantly required to adapt to growing student populations and increased technology needs. There is occasionally a need to restructure positions. This can be achieved most efficiently through reorganization through reduction (RTR) which allows an institution to reallocate funds no longer needed in one area to an area that is growing. Currently, RTR is only allowable if there is a net loss of funds to the institution, which would not allow funds to be repurposed.

Request for expanded authority: Extend reorganization through reduction coverage to UNC

Other Targeted Priorities

Lab Schools
The General Assembly's Lab Schools Initiative is off to a great start, with two schools currently in operation and three more due to open in the fall of 2018. These schools provide educational opportunities for students in underserved districts, enable teaching candidates to obtain real-world experience, and provide a venue for faculty to study new approaches to education. Last year, the General Assembly provided start-up and operating costs for lab school programs at East Carolina University and Western Carolina University, and planning funds for the UNC institutions in 2018 and 2019. Additional funding is needed as three new schools come online next year.

Request for 2018-19: $1.07 million

Medical Education Expansion
The UNC System has a long term goal of supporting the future health care needs of North Carolinians, in part, by increasing the number of medical student slots available at both UNC-Chapel Hill and ECU. The General Assembly provided $1 million last year to increase the number of student slots at UNC-Chapel Hill. UNC requests additional funds to increase medical student enrollment.

Request for 2018-19: $2 million

NC A&T Research and Doctoral Funding
The General Assembly provided $2.5 million in 2017-18 to support established doctoral programs at North Carolina Agricultural and Technical State University for new faculty and graduate student services in the doctoral programs. UNC seeks additional recurring funding for N.C. A&T's transition to doctoral research university status.

Request for 2018-19: $2.5 million

North Carolina State University - Innovation in Manufacturing Biopharmaceuticals
Funds appropriated by the 2017 General Assembly have already led to partnerships between NC State and six North Carolina-based small and medium-sized companies, a new laboratory in NC State's Golden LEAF Biomanufacturing Training and Education Center (BTEC), and awards for six projects with matching federal funds. UNC requests additional funding to continue to support the BTEC, and to serve as matching funds for a federal grant from the National Institute of Standards and Technology.

Request for 2018-19: $2 million

North Carolina School of Science and Mathematics Tuition Grant
In 2017, the General Assembly appropriated $1.5 million in non-recurring funds to bring back the tuition grant for graduates of NCSSM who attend a UNC System institution. While the non-recurring money would fund one-time, one-year scholarships for students graduating in 2018, recurring funding would continue to provide scholarships for future students.

Request for 2018-19: Shift funding from $1.5 million nonrecurring to recurring.

Capital Budget Priorities

The General Assembly and voters of North Carolina in 2015-16 approved a bond referendum that resulted in investment of over $1 billion in new and renovated facilities at UNC institutions. In recognition of this significant investment, UNC's capital budget priorities focus on repair and renovations to existing facilities. If the state has surplus nonrecurring funds, UNC has updated the capital priorities to include significant repair and renovation projects.

Request for 2018-19: Proportional percentage of total repair and renovation funding