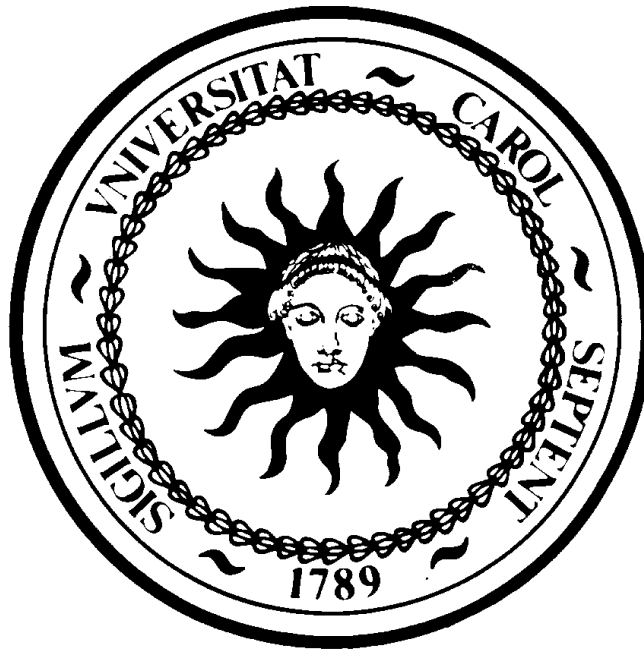


**2005-07 Budget Request
of
The Board of Governors
The University of North Carolina**



November 12, 2004

*THE REQUEST OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA
TO THE GOVERNOR AND THE GENERAL ASSEMBLY FOR GENERAL FUND APPROPRIATIONS
FOR THE 2005-07 BIENNium.*

PART I – UNIVERSITY OPERATIONS

Funds for the Continuing Operation of Each Constituent Institution

Budget Code	For Appropriation to:	2005-06	2006-07
16080	Appalachian State University	\$ 94,272,640	\$ 95,584,640
16065	East Carolina University, Academic	156,150,842	159,560,971
16066	East Carolina University, Health	45,734,599	45,861,286
16086	Elizabeth City State University	28,342,263	27,515,363
16088	Fayetteville State University	40,525,166	40,507,739
16070	North Carolina A & T State University	77,383,932	77,609,316
16090	North Carolina Central University	57,290,626	56,684,453
16092	North Carolina School of the Arts	21,959,689	21,860,831
16030	North Carolina State University	297,568,088	303,035,821
16055	UNC Asheville	27,707,608	28,864,760
16020	UNC-Chapel Hill, Academic	210,509,492	218,363,577
16021	UNC-Chapel Hill, Health	165,830,896	167,538,010
16022	UNC-Chapel Hill, AHEC	44,741,129	44,741,129
16050	UNC Charlotte	121,972,799	123,959,273
16040	UNC Greensboro	110,178,948	111,682,582
16082	UNC Pembroke	40,368,998	40,923,820
16060	UNC Wilmington	66,724,095	68,570,602
16075	Western Carolina University	61,282,923	61,893,898
16084	Winston-Salem State University	44,449,459	44,760,236
16010	UNC-GA, Operating	47,893,049	47,888,991
16011	UNC-GA, Institutional Programs	16,167,137	16,167,137
	Total	\$1,777,054,378	\$1,803,574,435

Funds for Salary Increases for Employees Exempt from the State Personnel Act

For Appropriation to:

	The Board of Governors		
16011	UNC-GA, Institutional Programs	100,296,285	213,978,516

Funds Requested without Reference to Constituent Institutions, Itemized as to Priority and covering such areas as New Programs and Activities, Expansions of Programs and Activities, Increases in Enrollments, Increases to Accommodate Internal Shifts and Categories of Persons Served, Improvements in Levels of Operation and Increases to Remedy Deficiencies (Expansions and Improvements)

For Appropriation to:

	The Board of Governors		
16011	UNC-GA, Institutional Programs		
	Current Operations	282,970,521	371,296,421
	Capital Improvements	1,650,000,000	
	TOTAL – UNIVERSITY OPERATIONS	3,810,321,184	2,388,849,372

(Continued on next page)

PART II – AGRICULTURAL PROGRAMS

<u>For Appropriation to:</u>		<u>2005-06</u>	<u>2006-07</u>
	North Carolina State University		
	Continuing Operations		
16031	Agricultural Research Service	\$ 47,605,476	\$ 47,024,280
16032	Cooperative Extension Service	36,675,508	36,424,892
	Total	84,280,984	83,449,172
	Funds for Salary Increases for Employees Exempt from the State Personnel Act	3,722,754	7,678,886
	Expansions and Improvements (NCSU and NC A&T)		
	Current Operations	8,897,945	10,158,825
	TOTAL – AGRICULTURAL PROGRAMS	96,901,683	101,286,883

PART III – UNC HEALTH CARE SYSTEM

<u>For Appropriation to:</u>			
16095	UNC Hospitals at Chapel Hill		
	Continuing Operations	40,558,426	42,641,837
	Funds for Salary Increases for Employees Exempt from the State Personnel Act	291,616	602,702
	Expansions and Improvements		
	Current Operations	15,000,000	15,000,000
	TOTAL – UNC Health Care System	55,850,042	58,244,539

PART IV – RELATED EDUCATIONAL PROGRAMS

<u>For Appropriation to:</u>			
	The Board of Governors		
16012	Related Educational Programs		
	Continuing Operations	165,157,583	165,454,554
	Expansions and Improvements		
	Current Operations	4,242,500	9,224,100
	TOTAL – RELATED ED PROGRAMS	169,400,083	174,678,654

PART V – NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

<u>For Appropriation to:</u>			
16094	N. C. School of Science & Mathematics		
	Continuing Operations	14,476,030	14,432,596
	Funds for Salary Increases for Employees Exempt from the State Personnel Act	474,998	985,623
	Expansions and Improvements		
	Current Operations	4,486,133	4,486,133
	Capital Improvements	41,925,000	
	TOTAL – NCSSM	61,362,161	19,904,352

TOTAL GENERAL FUND

APPROPRIATIONS REQUESTED	4,193,835,153*	2,742,963,800
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* Includes 2005-07 requests for capital improvements of \$1,691,925,000 and 2005-06 requests for current operations of \$2,501,910,153.

REQUESTS FOR APPROPRIATIONS FOR CURRENT OPERATIONS

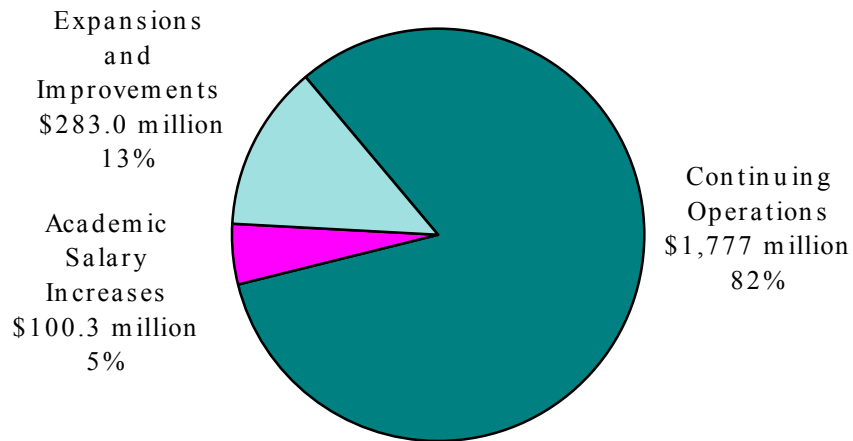
	Authorized 2004-05	For Continuing Operations		For Academic Salary Increases		For Expansions and Improvements		TOTAL CURRENT OPERATIONS	
		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
University Operations	1,709,739,447	1,777,054,378	1,803,574,435	100,296,285	213,978,516	282,970,521	371,296,421	2,160,321,184	2,388,849,372
Agricultural Programs	82,676,039	84,280,984	83,449,172	3,722,754	7,678,886	8,897,945	10,158,825	96,901,683	101,286,883
UNC Hospitals	39,622,162	40,558,426	42,641,837	291,616	602,702	15,000,000	15,000,000	55,850,042	58,244,539
Related Ed. Programs	110,431,060	165,157,583	165,454,554	-	-	4,242,500	9,224,100	169,400,083	174,678,654
NCSSM	13,796,628	14,476,030	14,432,596	474,998	985,623	4,486,133	4,486,133	19,437,161	19,904,352
TOTAL	1,956,265,336	2,081,527,401	2,109,552,594	104,785,653	223,245,727	315,597,099	410,165,479	2,501,910,153	2,742,963,800

ANNUAL INCREASES:

2005-06 AMOUNT (over 2004-05) PERCENTAGE	125,262,065 6.40%	104,785,653 5.36%	315,597,099 16.13%	545,644,817 27.89%
2006-07 AMOUNT (over 2005-06) PERCENTAGE	28,025,193 1.12%	118,460,074 4.73%	94,568,380 3.78%	241,053,647 9.63%

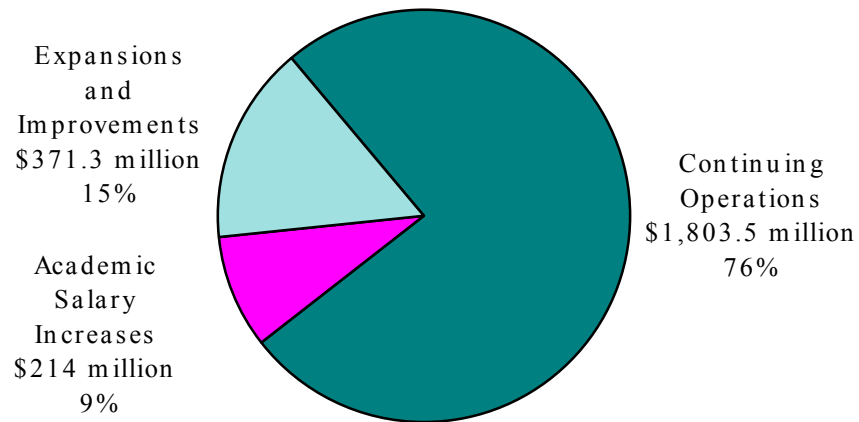
Requests for Appropriations for Current Operations 2005-06

\$2,160,321,184



Requests for Appropriations for Current Operations 2006-07

\$2,388,849,372



The Board of Governors' recommendations to the Governor and the General Assembly for financial support of public senior higher education in the next biennium are presented in a *2005-07 Budget Request* consisting of five parts. These are: (I) requests for University Operations; (II) requests for Agricultural Programs; (III) requests on behalf of the UNC Health Care System; (IV) recommendations for Related Educational Programs for which the Board of Governors is responsible; and (V) requests for the North Carolina School of Science and Mathematics as transmitted to the Board of Governors by the Board of Trustees of the School.

UNIVERSITY OPERATIONS

The recommendations for University Operations cover the basic educational programs carried out by the sixteen constituent institutions and the General Administration of the University. Recommendations are forwarded in three parts for support of: (i) the continuing costs of maintaining the institutions, **Continuing Operations**; (ii) salary increases for employees exempt from the State Personnel Act, **Academic Salary Increases**; and (iii) other expansions and improvements in current operations, **Expansions and Improvements**.

The requests for funds for **Continuing Operations** provide for regular session enrollments at currently budgeted levels and for continuation of related institutional activities at present levels of service. The amounts proposed for appropriation to the institutions for **Continuing Operations** are \$1 billion, 777 million for 2005-06; and \$1 billion, 803 million for 2006-07.

The **Continuing Operations** requests are \$67.3 million and \$93.8 million more, in successive years of the biennium, than continuing appropriations budgeted for the current fiscal year. The requested increases were developed by the constituent institutions in response to guidelines established by the Office of State Budget and Management. The following schedule provides a summary of the increases requested.

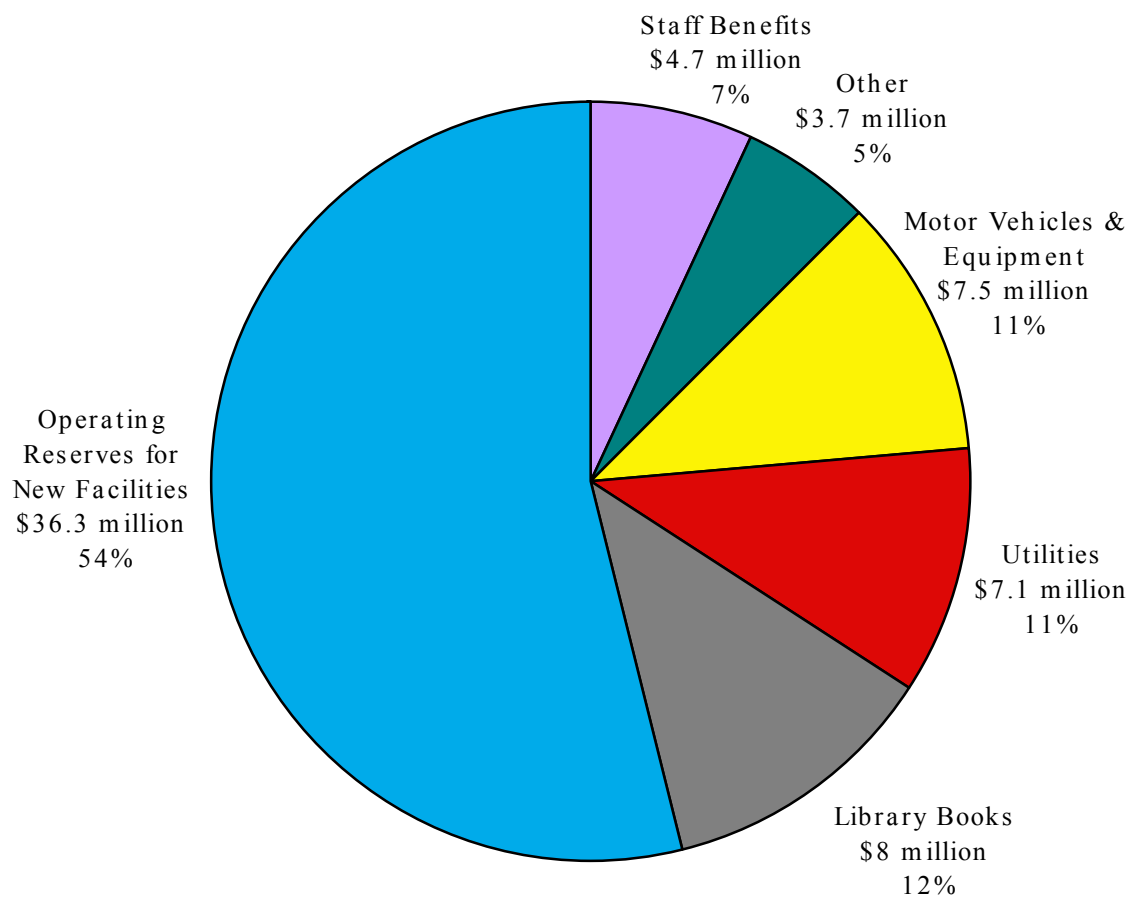
Item	2005-06	2006-07
Operating reserves for new facilities	\$36,297,255	\$61,916,275
Utilities	7,136,747	9,197,296
Required staff benefits and continuing personnel costs	4,708,698	4,849,432
Replacement of motor vehicles and equipment	7,496,774	5,052,972
Library Books	7,946,741	9,123,910
Other adjustments (net)	3,728,716	3,695,103
Total	67,314,931	93,834,988

The requests for **Academic Salary Increases** are for a 7.5 percent increase for 2005-06 and an additional 7.5 percent for 2006-07. The recommended appropriations for this purpose are \$100.3 million for 2005-06 and \$214 million for 2006-07.

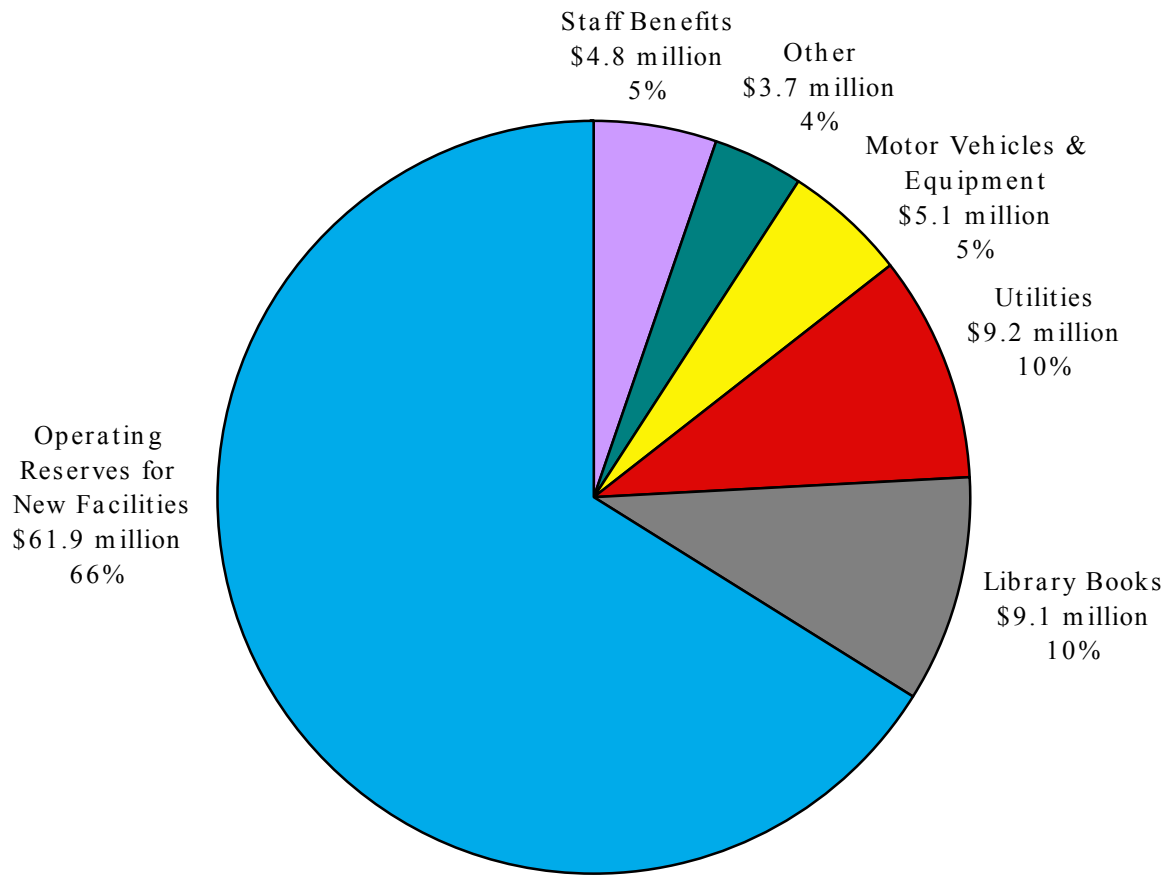
The requests for all other changes in the levels of support (**Expansions and Improvements**) for educational activities, University-wide, total \$283.0 million and \$371.3 million for the two years respectively for current operations.

These recommendations, as summarized on page 35 in the **Schedule of Priorities – Current Operations**, present to the Governor and the General Assembly a comprehensive expenditure plan for the constituent institutions of the University of North Carolina.

**Increases in Continuing Budgets
2005-06 – \$67.3 million**



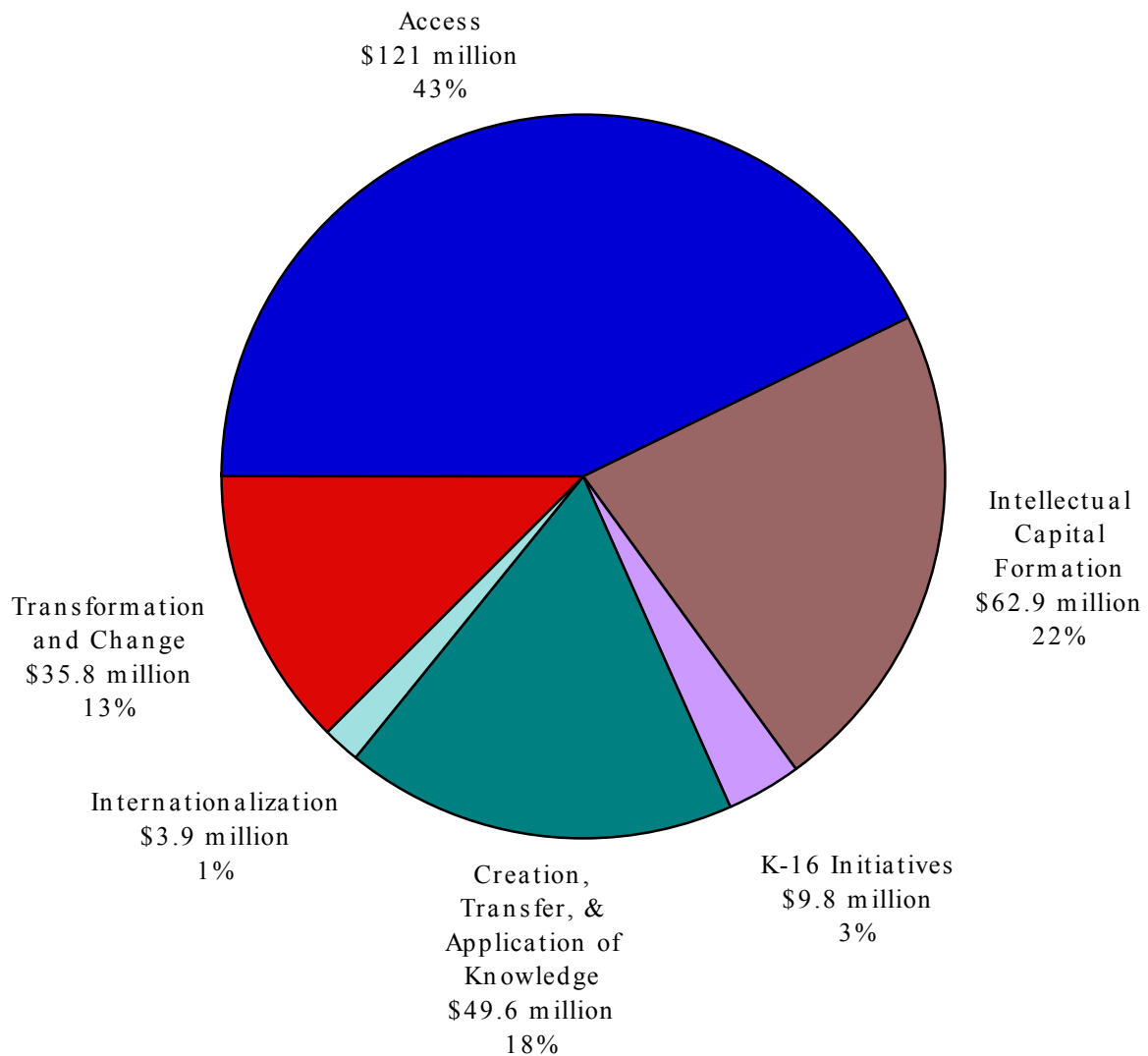
**Increases in Continuing Budgets
2006-07 – \$93.8 million**



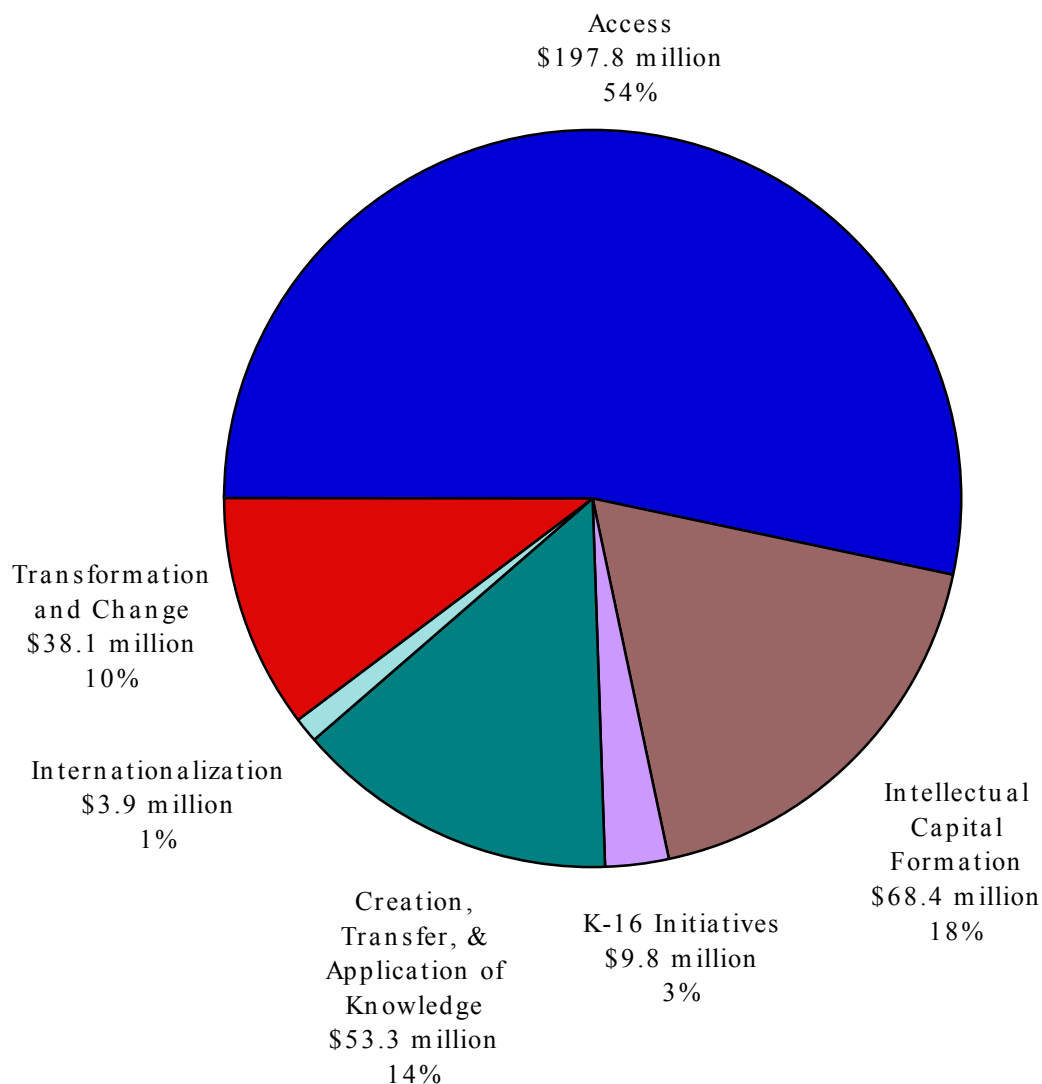
Budget Request for General Fund Appropriations for Current Operations		2005-06	2006-07*
Line			
1. Access			
a. Enrollment Changes and Other Funding Adjustments		\$ 92,028,036	\$151,598,974
b. Need-based Student Financial Aid Program		8,674,000	16,078,500
c. "Year-round University" Pilots – Summer Term Appropriations		2,825,000	3,635,000
d. Focused Growth and Special Needs Institutions		9,515,000	18,000,000
e. Expanding Access to College through Outreach and Special Programs		1,420,000	1,988,000
f. Expanding Access through UNC/ NCCCS Partnerships		6,500,000	6,450,000
Total		120,962,036	197,750,474
2. Intellectual Capital Formation			
a. Libraries		19,510,000	22,980,000
b. Distinguished Graduate Fellowship Program – State Matching Funds		—	3,000,000
c. Enhancing Universities to Compete for Outstanding Graduate Students		10,282,979	10,282,979
d. New Degree Programs – Revolving Fund		600,000	900,000
e. Meeting Critical Needs in Health Care		18,535,823	17,120,305
f. Transition of UNCC to Doctoral/ Research Intensive Status		10,484,757	10,484,757
g. Professional Development		2,668,819	2,468,819
h. E-Learning – Revolving Fund		800,000	1,200,000
Total		62,882,378	68,436,860
3. K-16 Initiatives			
a. BOG Task Force on Meeting Teacher Supply and Demand		3,231,382	3,231,382
b. Teacher and Principal Quality and Quantity		580,699	557,699
c. Expanded Professional Development through the UNC CSLD		4,734,336	4,722,336
d. Closing the Achievement Gap		209,920	203,920
e. Expanded Partnerships and Collaborations		1,027,531	1,027,531
Total		9,783,868	9,742,868
4. Creation, Transfer and Application of Knowledge			
a. Major Research Initiatives		25,021,600	26,021,600
b. Economic Development and Outreach		24,605,639	27,279,619
Total		49,627,239	53,301,219
5. Internationalization			
a. Faculty Development and Research		1,000,000	1,000,000
b. Curriculum Development		500,000	500,000
c. Public Service and Outreach		1,060,000	1,060,000
d. Student Exchange and Study Abroad		905,000	905,000
e. Technology and Internationalization		500,000	500,000
Total		3,965,000	3,965,000
6. Transformation and Change			
a. Computer and Network Security & IT Infrastructure		7,450,000	7,900,000
b. Information Systems and Data Management		19,600,000	21,500,000
c. Research and High Performance Computing		5,900,000	5,900,000
d. University-wide Information Technology Initiatives		2,800,000	2,800,000
Total		35,750,000	38,100,000
TOTAL SCHEDULE OF PRIORITIES		282,970,521	371,296,421

*Cumulative biennial amounts - 2006-07 amounts include 2005-06 continuing amounts.

**Schedule of Priorities
2005-06 – \$283.0 million**



**Schedule of Priorities
2006-07 – \$371.3 million**



The Board of Governors' budget and planning processes are linked closely to enable the University to carry out its mission. The requests contained in the proposed Schedule of Priorities have been shaped primarily by Board planning. Accordingly, the Schedule of Priorities requests are linked directly to the strategic directions identified in the Board's long-range plan for the five-year period, 2004-09. These requests also reflect mandates and interests expressed in recent legislation.

Line 1 – Access

The University's highest priority is Access, which is presented in six parts: (a) Enrollment Changes; (b) Need-Based Student Financial Aid Program; (c) "Year-Round University" Pilots—Summer Term Appropriations; (d) Focused Growth and Special Needs Institutions; (e) Expanding Access to College Through Outreach and Special Programs; and (f) Expanding Access Through UNC/NCCCS Partnerships.

1a. Enrollment Changes and Other Funding Adjustments (\$92,028,036 in 2005-06, \$151,598,974 in 2006-07)

Budget requests for enrollment growth are based on the student credit hour enrollment funding model. This model uses a detailed measurement across various categories of academic disciplines and for the three distinct degree levels. The Board of Governors also requests that the state pursue a recommendation to allow the University's enrollment change request to be a part of the state's continuation budget in future years. In August 2003, the BOG Special Committee Reviewing the Funding Model for Enrollment Growth undertook a review of the funding model and has made recommendations for needed changes. This section of the Board's *2005-07 Budget Request* incorporates, as applicable, the recommendations of that Committee.

Enrollment Changes (\$73,629,935 – \$133,200,873) – The following table presents the distribution of the request for enrollment change appropriation funding among the UNC constituent institutions and the North Carolina School of Science and Mathematics for fundable enrollments.

Institution	2005-06	2006-07
Appalachian State University	\$ 4,306,509	\$ 5,184,750
East Carolina University	15,923,954	32,238,678
Elizabeth City State University	1,589,122	2,643,091
Fayetteville State University	4,013,727	5,742,099
North Carolina A and T State University	5,384	4,348,119
North Carolina Central University	3,283,560	4,643,436
North Carolina School of the Arts	12,645	252,539
North Carolina State University	4,537,014	11,266,616
University of North Carolina at Asheville	1,563,883	2,579,821
University of North Carolina at Chapel Hill	8,913,769	12,681,544
University of North Carolina at Charlotte	3,970,691	9,029,239
University of North Carolina at Greensboro	5,050,719	11,094,324
University of North Carolina at Pembroke	2,598,497	4,384,673
University of North Carolina at Wilmington	2,880,878	4,880,070
Western Carolina University	9,086,415	12,720,859
Winston-Salem State University	5,693,168	9,111,015
TOTAL UNC Appropriation	\$73,429,935	\$132,800,873
N.C. School of Science and Mathematics	200,000	400,000
TOTAL Enrollment Appropriation Request	\$73,629,935	\$133,200,873

Board of Governors' Special Committee Reviewing the Funding Model for Enrollment Growth: Recommendation for Establishment of a Minimally Acceptable Level of State Appropriations per FTE (\$8,398,101 – \$8,398,101). After reviewing the funding levels of all UNC institutions, the committee approved a funding adjustment for institutions whose funding (based on appropriations per FTE) fell below a statistical benchmark (1 standard deviation) for the average of all institutions. The Board of Governors requests recurring funds of \$1,384,498 for Appalachian State University and \$7,013,603 for UNC Wilmington for a total of \$8,398,101.

Board of Governors' Special Committee Reviewing the Funding Model for Enrollment Growth: Recommendation for Appropriate Funding of Teaching and Nursing Clinical Courses (\$10,000,000 – \$10,000,000). Three Board committees recommended change in the category of funding for clinical teaching hours and for clinical nursing hours on the enrollment change-funding model. This recommendation would move clinical teaching hours from Category 2 to Category 3, and the clinical nursing hours from Category 3 to Category 4, to recognize the higher costs of providing these courses. The recommendation would result in a recurring appropriations request to cover the change in the base level of funding for courses already being delivered.

1b. Need-Based Financial Aid (\$8,674,000 in 2005-06, \$16,078,500 in 2006-07)

The UNC Need-Based Financial Aid Program is a cornerstone of the University's program for expanding North Carolinians' access to a college education. Approximately 30,000 North Carolinians currently receive grants from the program, and the average grant is almost \$1,600 per student. The program, by design, makes careful use of state funds by specifying that eligibility requirements for the new grants include an annual "self-help" expectation for each student, and that federal Pell grants and tax credits are used first to meet students' needs.

The first of a series of annual reports, "Measures of College Affordability in North Carolina," found that the need-based grant programs crafted by the General Assembly successfully ensure access for all and that, despite increases in costs, the University is as affordable or even more affordable for students today than it was five years ago when the Need-Based Financial Aid Program began. The program remains an essential component of the Board of Governors' highest priority—to ensure affordability and access to higher education for all who qualify.

From the beginning, the design of the program assumed that funding for University grants would increase as needs and tuition and fees increase. Therefore, the Board of Governors has included in this request the necessary amounts to hold students harmless from increases in the cost of college attendance. This portion of the funding is not a request to expand the current program, but instead is only requested to sustain the current level of funding.

The Board of Governors also requests that the state pursue a recommendation to allow this portion of the request to be a part of the state's continuation budget in future years, thereby ensuring continued access for the same numbers of students. In 2004-

05, currently available funding was only sufficient to provide award offers to students who applied by June 30. In the 2005-06 year, the Board of Governors requests additional funds to allow the program to cover all students who apply by the end of July, and to extend this date to the end of August in 2006-07. An estimated 630 additional eligible students will matriculate in 2005-06 and another 800 in 2006-07; therefore, additional funding of the Need-Based Financial Aid Program will be required. The total request for this program is \$8,674,000 in 2005-06 and \$16,078,500 in 2006-07.

**1c. “Year-Round University” Pilots – Summer Term Appropriations
(\$2,825,000 in 2005-06, \$3,635,000 in 2006-07)**

Currently, summer instruction offered by UNC institutions receives minimal state support. Because the summer sessions must be self-supporting, only those courses that attract large enrollments can be offered. North Carolina has such need in the area of teacher preparation that three proposed pilots focus exclusively on teacher education programs. Additionally, two pilots requesting funds include teacher education in a broader focus.

Teacher Education Pilot Programs (UNCG, UNCW, WSSU). UNCG, UNCW, and WSSU propose to develop programs to use the summer term to increase the production of teachers for North Carolina. UNCG would develop a recently adopted alternative licensure program for students who hold bachelor’s or graduate degrees or the equivalent in a licensure area but do not hold a teaching license. UNCW would use the summer to allow potential teachers to complete their program in three years. WSSU would target community college transfer students, lateral-entry students and other post baccalaureate students who desire teacher preparation courses.

General Pilot Projects (FSU and WCU). While including teacher education as a focal point, FSU seeks funding for broader summer-term pilots that also includes nursing, business administration, and the natural sciences. WCU proposes to expand the pilot project to encompass nursing, physical therapy, and fine arts to the teacher education pilot program.

**1d. Focused Growth and Special Needs Institutions
(\$9,515,000 in 2005-06, \$18,000,000 in 2006-07)**

Focused Growth Institutions. The seven focused growth institutions identified by the Board of Governors in 1998 have been very successful in increasing enrollment, with 27 percent growth in the first five years. Even with new resources from the General Assembly in 2004, the continued expansion of the focused growth campuses will place additional strains on their support services. The requests of \$1 million per institution in the first year and \$2 million in the second year will assist these campuses in dealing with the results of their great success and help them to achieve their goal of 50 percent growth in the next decade. The Board also seeks \$500,000 in recurring funds in the first year to provide a revolving fund for distance learning initiatives at the focused growth campuses.

Special Needs Institutions. The missions and limited sizes of two institutions—The North Carolina School of the Arts and the University of North Caro-

lina at Asheville— make it difficult for them to generate sufficient funds from the student credit hour enrollment funding model to provide all of the academic and support services that students need. In 2003-04, the General Assembly recognized these special needs by appropriating \$500,000 in recurring funds for each institution. Although these funds have been extremely valuable, additional support is needed to fully develop important services at the two campuses.

NCSA Film Archives. The Moving Image Archives of the School of Filmmaking at the North Carolina School of the Arts requests staff and equipment to ensure that this nationally recognized collection can be professionally catalogued. The collection consists of more than 25,000 16mm, 35mm, and 70mm motion picture titles (of which 17,500 remain uncatalogued); 1,000 8mm, 16mm, and 35mm shorts, documentaries and newsreels; and 4,500 35mm previews of coming attractions. Unless brought into full compliance with current archival standards, the Moving Image Archives cannot become a member of the International Federation of Film Archives, which would bring global recognition to North Carolina, the Archives, and the School's Filmmaking Program.

1e. Expanding Access to College through Outreach and Special Programs (\$1,420,000 in 2005-06, \$1,988,000 in 2006-07)

Pathways and GEAR UP. Established in 1999 by the General Assembly, Pathways of North Carolina is a partnership whose goal is to prepare every student in the state for a college education. The partners have worked together to create the very successful College Foundation of North Carolina program. Pathways helped leverage a \$7.3M federal grant from the GEAR UP program (Gaining Early Awareness and Readiness for Undergraduate Programs). GEAR UP NC is helping more than 7,000 low-income middle and high school students complete high school and prepare for a postsecondary education as well as provide services to Hispanic students and parents. Pathways needs additional staff and requires updates for the website, the call center, and GEAR UP NC.

Revolving Fund to Support Campus-Based Initiatives in Access and Diversity. Several campuses have proposed projects or initiatives that would contribute to enhancing both access and diversity. A revolving fund would allow the Office of the President to make one- to three-year grants to campuses for developing projects or initiatives that will increase both diversity and access.

Southern Regional Education Board (SREB) Doctoral Scholars Program.

The number of students of color pursuing doctoral degrees is decreasing in North Carolina, and the number of minority faculty nationally remains low. SREB is addressing this phenomenon through the Doctoral Scholars Program, which encourages ethnic minorities to pursue doctoral degrees and become university faculty. UNC needs to gain state support to make this program more widely available to doctoral-granting institutions and to students pursuing PhDs at UNC constituent institutions.

Serving the Military in North Carolina. The University anticipates much more interest in its programs now that the General Assembly has classified military and their dependents as residents for tuition purposes. A coordinator of military affairs, who would initially be located in the Office of the President, would spearhead an initiative to more effectively serve North Carolina's military installations.

**1f. Expanding Access through UNC/NCCCS Partnerships
(\$6,500,000 in 2005-06, \$6,450,000 in 2006-07)**

In September 2004, a joint UNC/NCCCS task force approved twenty-four recommendations to continue and improve the relationship between UNC and the North Carolina Community College System. The following five requests reflect those recommendations:

UNC Presence on Community College Campuses. Transfer Offices at the fifty-eight community college campuses would provide information to prospective transfer students, advise these students, coordinate course/program offerings between the two systems, and staff a proctored test center to support online learning.

North Carolina Teacher Center Network. This joint UNC/NCCCS network would serve prospective teachers and support area school districts by enhancing teacher quality and improving teacher supply, distribution, and retention. Complementing the Transfer Centers, these networks would be co-located on a smaller number of geographically distributed community college campuses. By locating them on community college campuses, the proposed centers would offer closer geographic proximity to schools and school districts across the state and position the University and community colleges to respond more effectively and efficiently to emerging public school workforce needs.

2+2 E-Learning Initiative. UNC and NCCCS are already working closely to develop 2+2 programs offered largely or completely online. Joint technology development and support systems are needed to track students and develop the appropriate technology for online courses.

Expand the College Redirection Program. Expansion of CFNC's College Redirection Program, currently used by high school seniors seeking an appropriate match for post-secondary education, would provide online services to transfer students who apply for admission to a four-year institution (public or private) and are not admitted.

Expanded Responsibilities of the Transfer Advisory Committee. Since the inception of the legislatively-mandated Comprehensive Articulation Agreement (CAA), the Transfer Advisory Committee (TAC) has operated without a dedicated budget or staff, and the two systems have supported the members' travel, supplies, technology, and communications. TAC's needs include: revising the CAA document, completing the articulation module on CFNC, and expanding the hotline at UNCG's CFNC Center.

Line 2 – Intellectual Capital Formation

Intellectual Capital Formation is the University's second Strategic Direction and is presented in eight parts: (a) Libraries; (b) Distinguished Graduate Fellowship Program – State Matching Funds; (c) Enhancing Universities to Compete for Outstanding Graduate Students; (d) New Degree Programs – Revolving Fund; (e) Meeting Critical Needs in Health Care; (f) Transition of UNC Charlotte to Doctoral/Research Intensive Status; (g) Professional Development; and (h) E-Learning.

2a. Libraries (\$19,510,000 in 2005-06, \$22,980,000 in 2006-07)

In the current request, additional funds would allow libraries to continue to use technological tools to build intellectual capital and to improve efficiency through investment in cooperative statewide collection sharing.

University Library Requests. Working through a strategy developed by the University Library Advisory Council, all sixteen constituent institutions have submitted closely aligned requests in support of these goals. Libraries would use institutional and collaborative funds to acquire resources for the University in a cost-effective manner. Building strategic collections at each institution serves their diverse missions and needs, while consortial purchasing frees dollars to address other library needs at each institution. In addition to traditional library services and resources, institutional requests focus on the following issues:

- **Knowledge management in the digital and print information environment.** To ensure that library users can employ the technological tools for integrated information access, additional positions for library staff to provide technical assistance for clients and funds for information literacy teaching programs are requested.
- **Strategic collection development for new academic programs or service areas.** Funds are requested for materials to support new academic programs and initiatives and new institutional and community services. As the focused growth institutions as well as the other UNC campuses are experiencing unprecedented student, faculty, and program growth, library services and materials must be adequate to these expansions.
- **Digitization for preserving, creating, and disseminating intellectual resources.** UNC institutions are engaged in digitizing projects to preserve and allow access to rare, fragile, and one-of-a-kind materials. Scanning and digitization require local laboratory and processing facilities and some outsourcing of services.
- **Distance education and electronic learning.** Distance education and electronic learning will significantly expand educational opportunity for citizens in rural and underserved areas of the state, and support of this program will encourage expanded collaborative relationships between University faculty and librarians as they develop programs or courses. Libraries are requesting support for additional personnel—professional librarians as well as technicians—to help redesign the delivery of their services for this important University mission.

Funds for Consortial Purchasing

NC LIVE (North Carolina Libraries for Virtual Education). NC LIVE is a public-private venture that places a virtual library within reach of all North Carolina citizens. By employing an aggressive program of state-level negotiation for volume purchases, NC LIVE has acquired resources worth approximately \$28 million (if purchased individually) at a cost of only \$1.3 million a year. NC LIVE can be accessed at more than 200 locations statewide, including University, community college, and private college libraries as well as public libraries serving all 100 counties. To maintain the resources currently provided and expand resources to meet the demands created by NC LIVE's success, an expansion appropriation is requested.

Digital Library Resources, University-Wide Collaboration. One of the highest priorities for library funding is the consortial licensing and purchase of electronic information resources and databases specifically designated for the University community—that is, advanced information beyond the level of general interest materials. This proposal is particularly responsive to current UNC directions in collaborative programs, joint programs, e-learning, and distance learning, especially for more costly graduate-level programs. Licensing at the sixteen-institution level can increase the amount of information available to students and faculty at substantially less cost than if each institution were to license these resources individually. A system-wide position for consortial resource activities and purchases is requested to provide leadership and support through the Office of the President to the directors of the sixteen campus libraries, helping them develop and implement a wide range of cooperative information services. The individual, a professional librarian, would report to the Senior Vice President for Academic Affairs and work closely with other divisions of the Office of the President, in particular the Information Resources Division, as well as the UNC campus libraries. The complexity and significance of expanded collaborative activities require a dedicated position located in the Office of the President.

Expedited Document Delivery within 24 to 48 hours. In 2000-01 approximately 40,000 books, journals, and other items were mailed to other campuses within the University system. To speed delivery, the UNC libraries must commit to a faster delivery standard than the United States Postal Service, which typically takes at least a week within North Carolina. A contract with a high-speed courier service is the most cost-effective means to achieve the desired delivery within 24 to 48 hours. It will maximize access to the intellectual capital represented in the libraries' collections, minimize the need for duplicate acquisition, and provide needed resources to those involved in distance education and joint degree programs. The total request has been derived from the projected number of volumes shipped based on two-day delivery rates of approximately \$3.74 per item.

**2b. Distinguished Graduate Fellowship Program – State Matching Funds
(\$0 in 2005-06, \$3,000,000 in 2006-07)**

The University ranks third among university systems nationally in federal R&D support, receiving nearly \$941 million in external research grants and other sponsored program awards in FY 2003. Federal funding supports thousands of projects, generates nearly 25,000 jobs, and provides critical support for graduate students in research programs. An innovative way to raise additional funding in the private sector for graduate students and first professional students (law, medicine, dentistry) is by establishing a Distinguished Graduate Fellowships Endowment Trust Fund, based on the distinguished professor model. The trust fund would match private gifts of \$150,000 with \$150,000 challenge grants to create \$300,000 endowments. An appropriation of \$3,000,000 in the second year of the biennium would enable the University to raise the necessary private matching funds during 2005-06. Fully funding this proposal would, when completely matched, result in twenty new graduate fellowships.

**2c. Enhancing Universities to Compete for Outstanding Graduate Students
(\$10,282,979 in 2005-06, \$10,282,979 in 2006-07)**

Recognizing the importance of graduate education, the General Assembly has supported the campuses in efforts to recruit outstanding students for masters and doctoral programs. The tuition remission program remains a significant component of these recruitment efforts, permitting UNC's graduate programs to compete nationally for the best graduate students. National competitiveness in UNC's graduate programs will contribute significantly to North Carolina's economic development by retaining outstanding North Carolinians who are going on to graduate school as well as by attracting the top graduate talent from around the country who, evidence suggests, remain after graduation in significant numbers to contribute to the knowledge economy.

The General Assembly has funded two types of programs for graduate students: a tuition remission program that remits the difference between in-state and out-of-state tuition for out-of-state graduate students; and a program providing in-state tuition awards to both in-state and out-of-state students. The last action by the General Assembly to increase the number of graduate tuition remissions occurred during the 1999 legislative session. Since 1999, the campuses have created more than 100 new graduate programs. With the continuing growth in the number of graduate programs and graduate enrollment, the campuses have identified tuition remission increases as an extremely important component of maintaining national competitiveness.

The request proposes awarding two graduate remissions for each new master's degree program created since 1999, and three graduate remissions for each new doctoral degree approved since 1999. Beyond that, the formula for proposing additional graduate remissions for each campus is weighted 40 percent based on the number of graduate degrees awarded, 40 percent on the number of out-of-state students enrolled, and 20 percent on the amount of sponsored research awarded. To meet the needs articulated by the campuses, the Board of Governors requests funding for 900 new graduate tuition remissions, with 238 based on the number of new graduate degree programs, and 662 based on the weighted formula. The recurring request is for \$10,282,979 for each year of the biennium.

**2d. New Degree Programs – Revolving Fund
(\$600,000 in 2005-06, \$900,000 in 2006-07)**

Between 1993 and 2002, only 25 percent of new degree programs received support with funds appropriated by the General Assembly. This request proposes a more equitable and cost-effective approach to the funding of new academic degree programs—one that would provide start-up support for a greater number of programs and place greater responsibility on the institutions for meeting enrollment projections for new programs. Under UNC's student credit hour funding model, enrollment growth funds would provide sufficient financial support for the new program once it enrolls the full complement of students projected. The majority of new programs, however, initially have substantial personnel and equipment expenses and don't reach full enrollment until the fourth year. In recognition of these conditions, this request proposes a recurring appropriation of \$600,000 for 2005-06, with an additional appropriation of \$300,000 in recurring funds for 2006-07. Representing the first phase in a series of appropriations in future biennia, this support would produce a permanent revolving fund to provide start-up funds for new programs. Institutions would receive allocations from this fund for no more than three years, after which the new program would be expected to be self-supporting from enrollment growth funds. The funding would then become available for other institutions to support the development of additional new programs.

**2e. Meeting Critical Needs in Health Care
(\$18,535,823 in 2005-06, \$17,120,305 in 2006-07)**

UNC Health Initiative. Launched in July 2004 with start-up funds from Blue Cross Blue Shield of North Carolina, the initiative is creating collaborations among experts on multiple UNC campuses and community health-improvement efforts across the state. Its immediate goals include increasing public awareness about prominent health problems (and their solutions) and linking University health experts with the county-based Healthy Carolinians partnerships. Funding is requested to support the initiative's infrastructure, facilitate faculty collaborations with the communities, and produce and broadcast UNC-TV programming and outreach activities. In September 2005 the initiative plans to seek multimillion dollar funding from several foundations.

Area Health Education Centers (AHEC). The AHEC request includes six critical areas that fulfill its mandate to prepare a workforce that delivers high-quality healthcare to all North Carolinians. These initiatives are being developed and expanded at a time of reduced federal funding for health professions' education. The historic partnership between state and federal funds has been seriously tested, as hospitals and other healthcare institutions reduce their support for training because of reductions in Medicare and other federal programs. Additional state funds are critical to sustain existing programs and develop new high-priority areas.

Special Initiatives to Address Health Workforce Shortages – For programs in four health career specialties, funds are requested: (1) to support a

program of clinical site development grants for allied health training programs; (2) to expand clinical training sites in rural areas for dental students; (3) to expand nurse training capacity through additional clinical site development grants, special programs for preceptor and faculty development, and grants to innovative community college and university nursing programs; and (4) to support efforts to increase Pharmacy training in North Carolina.

Statewide Latino and Workforce Diversity Initiative – To support several programs with the shared goal of recruiting more disadvantaged and underrepresented minority students into health careers, funds are requested: (1) to train health professionals in Spanish language and cultural competency; (2) to increase availability of Spanish language materials and resources at AHEC libraries; (3) to conduct AHEC-based one-week summer health careers programs for Latino high school students; and (4) to support the North Carolina Access Retention Completion Program, which prepares underrepresented minorities and/or individuals from disadvantaged backgrounds for successful matriculation in professional allied health degree programs.

Primary Care Residency Training – In addition to requesting funds to strengthen AHEC's capacity to train physicians for rural and underserved areas of the state, funds are requested: (1) to expand community psychiatry training sites; (2) to increase by 10 percent the residency stipend grants made to AHEC teaching hospitals; and (3) to address strategic initiatives that respond to critical needs for additional physicians.

Information Technology – Funds are requested to provide permanent funding to expand AHEC's Digital Library and offer its resources to additional providers throughout the state.

Mental Health Reform and Health Care Quality Initiatives – Funds are requested: (1) to expand AHEC's training programs that support efforts to reform the entire mental health system; and (2) to provide educational grants to support additional disease management educational projects involving common chronic diseases such as childhood asthma, cardiovascular disease, diabetes, and pulmonary disease.

Council for Allied Health in North Carolina – AHEC has provided substantial organizational and operational support for the council since its inception in 1991. Through a 2002 Duke Endowment Grant, the council established an office and hired its first executive director. AHEC is requesting funding to help the council meet its goal to: (1) monitor and respond to workforce trends and important state and federal health care initiatives; (2) provide accurate information to policymakers, universities, community colleges, and the general public; (3) provide employers and state agencies with relevant data; and (4) promote the allied health professions as sound occupational pathways.

North Carolina Public Health Academy. Because of the ongoing need to train public health workers about daily challenges such as emerging health threats, natural disasters, and the specter of terrorism, funding is requested to establish the North Carolina Public Health Academy. Education and training would be provided through a network of public health learning centers throughout the state and through technology-mediated approaches. The target population includes front-line public health workers in every county currently employed by governmental agencies, hospitals, and community-based nongovernmental organizations.

Board of Governors' Committee on the Future of Nursing. Across the nation and within North Carolina's health care facilities, there is a recognition that unless immediate and far-reaching steps are taken to reverse the trend, there is another impending cycle of nursing shortages. The Board of Governors' Committee on the Future of Nursing is concerned with the University's role in meeting this significant challenge. This request focuses on the recommendations of that committee, including the goal of dramatically increasing the number of UNC nursing graduates.

UNC Greensboro Center for the Health of Vulnerable Populations. This innovative center would serve to create, develop, and coordinate research and initiatives that address the health issues of vulnerable populations, including minorities, immigrants, children, adolescents, women, the aged, and low-income and rural residents. The center's lead unit, UNCG School of Nursing, already has a tradition of collaboration with health programs involving these populations. Funding would support staff as well as seed grant funds for pilot projects to stimulate, strengthen, and secure external funding.

UNC Greensboro Clinical Health Centers Expansion. Since 1983 the UNC School of Nursing faculty and students have staffed weekly Health Centers that provide much-needed preventive and maintenance services to the residents of four subsidized housing communities in Greensboro. The residents are primarily elderly (> 70 years old), African-American (88 percent), recipients of Medicare and Medicaid, and have an average annual income of \$7,670. Undergraduate and graduate nursing students rotate through the centers as service learning opportunities, graduate projects, and independent study. Unfortunately, the centers cannot accommodate all of the students who wish to participate in the clinic due to insufficient faculty members. Funding is requested to add two full-time faculty members as well as administrative support to increase the range and quantity of services provided by these important centers and permit more nursing students to participate in this unique learning experience.

WCU Initiative for Positive Aging. This initiative, a series of collaborations between Western Carolina University and Pardee Hospital, includes programs designed to help seniors lead productive and independent lives and increase longevity. Programs include the Care-Giver Series curriculum for certified nursing assistants and registered nurses; a certification program in gerontology; a Master's of Health in gerontology; and the radio program, "It's About Life." Funding

is requested to provide the infrastructure needed to expand these and other programs, with a focus on establishing integrated links with the education, community, business, and service sectors. Additional funding is requested for three computers, two printers, a dedicated 800 line, and funds to support the development of informational and promotional materials and advertising.

UNC Pembroke Health-Related Instructional Technology. This facility would support teaching and outreach programs in health care (including nursing) at UNC Pembroke. The center would be equipped with state-of-the-art equipment and software to provide a variety of health care simulations. When complete, the Instructional Technology Center would have a minimum of: (1) a basic care lab, with four advanced care beds; (2) a critical care lab, with two advanced care beds and two adult mannequins; (3) a home care lab to simulate a room in a private home; (4) three smart classrooms that reflect the latest technological advances; and (5) a virtual learning center designed for group and individual learning.

UNC-Chapel Hill Developing Radiologist Assistant Professionals. For the past two years the faculty of the UNC-Chapel Hill Department of Allied Health Sciences (DAHS) Division of Radiologic Science has been actively involved at the national level with developing the accreditation and professional standards of the radiologist assistant, a new medical profession similar in training and scope to a physician assistant. The DAHS program is one of four to receive program development grants from the American Society of Radiologic Technologists and has been strongly encouraged to be the premier program and set the academic bar for this new profession. Funding is requested for support in developing the academic program.

WSSU Program for Patient-Centered Health Services Measurement. Through its School of Health Sciences, Winston-Salem State University requests funding to perform patient satisfaction studies and propose a draft curriculum for a Master's Degree Program in Health Services Management. This program would produce patient-centered, culturally sensitive health care providers who would be exquisitely aware of the disparities and the insensitive health care that many minorities face. The current need for this program is compelling. The prestigious Institute of Medicine has recommended redesigning patient care to ensure that providers' clinical decisions respect patients' needs and preferences. Currently, however, there is an appalling lack of knowledge regarding patient-centered health care for minority patients. The patient satisfaction studies to be performed in support of curriculum development would contribute greatly to this dearth of knowledge.

ECU Brody School of Medicine. The Brody School of Medicine at East Carolina University receives Medicare education funds from federal sources as reimbursement for services to Medicare patients. Annually, a portion of the Medicare reimbursement funds are required to be paid to the state's General Fund (General Statute 116-36.6), a practice that is not found in other medical schools around the country. It is recommended that, beginning July 1, 2005, the Brody School of Medicine at ECU be allowed to retain these funds. It is recommended

that beginning July 1, 2005, the Brody School of Medicine be appropriated \$1,000,000 for this purpose.

Beginning in the 1980s, the Brody School of Medicine has also been required to pay “rent” to the state for use of outpatient facilities built with General Fund dollars (G.S. 116-36.6), a policy that is not consistently applied to other state agencies. Failure to pay the rent could result in an audit finding for the entire University. It is recommended that, beginning July 1, 2005, the Brody School of Medicine at ECU no longer be required to pay rent to the State of North Carolina for outpatient facilities and \$700,000 be appropriated for this purpose.

**2f. Transition of UNCC to Doctoral/Research Intensive Status
(\$10,484,757 in 2005-06, \$10,484,757 in 2006-07)**

UNC Charlotte achieved Doctoral/Research Intensive Status under the Carnegie requirements during the 1999-2000 academic year. For the calculation of this request, UNCC’s faculty-student ratio and the mean faculty teaching salary have been established at the average for ECU and UNCG, the other UNC institutions classified as Doctoral/Research Intensive institutions. The adjustment in the faculty-student ratio results in an additional 37.74 FTE positions. As UNCC expands its doctoral programming, it must also augment its library resources through the purchase of additional books, periodicals, databases, and other materials important to sustaining doctoral-level programs. In addition, this funding would help expand the technological infrastructure, which is crucial to the research needs of doctoral students as well as to the increasingly multifaceted instructional delivery systems of today’s universities. The Board of Governors requests \$10,584,757 for each year of the biennium to support this transition.

2g. Professional Development (\$2,668,819 in 2005-06, \$2,468,819 in 2006-07)

The ongoing need to provide professional development for faculty and administrators is well recognized, both nationally and within the University. Several national organizations sponsor leadership workshops, and individual universities, consortia, and state systems such as the Big Ten Conference provide leadership development institutes for their faculty and administrators. Recognizing professional development as a priority, the University also offers several programs. Unfortunately, resources for staff and programming at the campuses and the Office of the President are extremely limited. This proposal addresses the continuing need for leadership development across the University through the William Friday Institute for Leadership Development, and the need to strengthen and expand faculty development options through the UNC teaching and learning centers—including the establishment of a Teaching and Learning Center and a Teaching and Learning with Technology Center at the North Carolina School of the Arts.

The William Friday Institute for Leadership Development at the University of North Carolina. Recognizing the need for training and education to prepare faculty and administrators for increasingly responsible leadership positions, General Assembly established the William Friday Institute for Leadership Development in the 2004 short session. Through summer leadership workshops, UNC administrators and faculty will learn best practices from their UNC col-

leagues and national experts. These workshops will be particularly important for identifying and preparing future academic and institutional leaders, thereby ensuring that replacements are in the pipeline as the University faces the retirement of its current cohort of administrators. An emerging leaders institute would provide leadership development for new and prospective academic leaders, including workshops, administrative internships, and shadowing experiences. In addition, a program of administrative internships would allow campus administrators to work with the staff of the Office of the President and state agencies as part-time or full-time executive fellows, then return to their campuses with a broader view of the contexts in which the campuses function.

To date, the UNC Leadership Institute's activities have been supported by one-time allocations from the Office of the President without a dedicated director or support staff. Fully funding the new William Friday Institute for Leadership Development will allow UNC to expand its activities to address additional professional and leadership development needs. Funding is requested for a director, staff support, and operating costs as well as for expanded summer leadership development workshops and an administrative internship program. To establish the Friday Institute and expand or initiate leadership development programming, \$943,510 is requested for each year of the biennium.

Teaching and Learning Centers (NCSA and TLT Program). The North Carolina School of the Arts is the only UNC campus without a teaching and learning center. This center is particularly important on a campus where many professional artists have not been trained as teachers in their discipline and could benefit from a faculty mentoring program. The \$100,000 requested to establish and maintain this center would, with NCSA's portion of the programming funds for campus teaching and learning centers requested below, provide a beginning budget for the center. NCSA also intends to establish a Teaching and Learning with Technology (TLT) program within its new Teaching and Learning Center. The program would provide personnel to assist faculty and students in using instructional technology as well as upgraded classrooms and equipment. In addition to the \$100,000 requested for the NCSA Teaching and Learning Center, \$775,309 is requested for the TLT program in the first year of the biennium: \$200,000 in one-time equipment purchases in the first year and \$575,309 in recurring funds for continuing operations and support of the Teaching and Learning with Technology program.

Teaching and Learning Centers (Support for Campus Teaching and Learning Centers). To assist the estimated 10,000 new faculty members to be hired in the next decade as well as meet the needs of current ones, the campus teaching and learning centers require enhanced resources for staff and programming. Under this proposal, each campus would receive \$35,000 in funds for programming through teaching and learning centers; campuses would receive an additional \$240,000 distributed on the basis of each campus's full-time equivalent faculty. This distribution would provide \$38,351 in programming funds for the NCSA Teaching and Learning Center described above. The Division of Academic Affairs Office of Faculty Support would retain \$50,000 to sponsor statewide and

regional “train the trainer” workshops, at which campus teaching and learning center staff and national experts would present examples of successful faculty development activities to other UNC staff members. Examples of innovative programs being developed by UNC teaching and learning centers include:

NCA&T – Faculty Learning Community Development Program

NC State University – Statewide Service Learning Training Program

UNC Greensboro – University-Wide Early-Career Faculty Mentoring Program

UNC Wilmington – Building a Community of Scholars in Service Learning.

2h. E-Learning – Revolving Fund

(\$800,000 in 2005-06, \$1,200,000 in 2006-07)

Distance learning has been a major success in providing courses, degrees, and educational access to numerous North Carolinians. The next major step in distance learning is the expansion of electronically based learning—e-learning. Many campuses are prepared to offer courses that are fully or substantially available online. E-learning requires additional faculty development time and support personnel as well as computer, network, and course management infrastructure. Before an e-learning program can be offered, a very substantial development project must first occur, usually starting a year or more before the courses are actually delivered. It is essential that campuses have access to resources to carry out these development projects. Funding is requested to establish a pilot project to address concerns regarding e-learning. Funds would be recurring to the Office of the President, but awarded to campuses as grants for up to three years to fund front-end development of online courses and degree programs offered substantially or fully online. These grants could support numerous projects, such as providing summer stipends for faculty development, securing support personnel for electronic program development, and acquiring equipment and software for course development and delivery.

Line 3 – K-16 Initiatives

The third request in the Schedule of Priorities for Current Operations is for K-16 Initiatives. These requests support increased collaboration between the University and the public schools in five major areas: (a) Implementing the recommendations and strategies of the UNC Board of Governors’ Task Force on Meeting Teacher Supply and Demand; (b) Addressing the issues of Teacher and Principal Quality and Quantity and of targeted support for the retention of excellent teachers; (c) Expanded Professional Development Programming through the UNC Center for School Leadership Development; (d) Closing the Achievement Gap by placing a special focus on science and mathematics; and (e) Expanding Partnerships and Collaborations among K-16 educational entities.

3a. Board of Governors’ Task Force on Meeting Teacher Supply and Demand (\$3,231,382 in 2005-06, \$3,231,382 in 2006-07)

CFNC Recruitment and Marketing. Creating a focused module on the College Foundation of North Carolina, Inc. website (CFNC.org) would provide prospective teachers with a single source for information concerning education and licensing requirements; grants, scholarships, and loan programs for future teachers in

North Carolina; and online applications for both admission and financial support.

North Carolina Teacher Recruitment Scholarship Loan Program. The program would offer 300 scholarships to new resident students who agree to pursue studies resulting in teacher certification in North Carolina as well as teach in a state or federally operated school in North Carolina for one year for each year they received the benefit.

Increased Funding for Clinical Courses. A state allocation is needed to provide adequate financial support for teacher preparation clinical- and field-based courses requiring faculty-student ratios smaller than regular courses.

Clinical Faculty for University-School Teacher Education Partnerships. Twenty-nine non-tenure track clinical faculty positions would be assigned to support intern teaching assignments in both University-based undergraduate and 2+2 degree completion programs, NC TEACH, and other lateral entry programs with teachers seeking licensure through the University.

**3b. Teacher and Principal Quality and Quantity
(\$580,699 in 2005-06, \$557,699 in 2006-07)**

North Carolina Teachers of Excellence for All Children (NC TEACH). NC TEACH is a rigorous alternative teacher preparation program designed to recruit, train, support, and retain mid-career professionals, as they become licensed teachers in North Carolina. By preparing these lateral entry teachers for public schools, the program is helping to close the growing shortages of teachers in the state. In five years the program produced close to 1,000 teachers, with a retention rate of almost 80 percent. Funds are needed for two new key programs: (1) NC TEACH OnLine; and (2) Expanded Recruitment, Resources, and Support for Lateral Entry.

North Carolina Model Teacher Education Consortium. The consortium provides support services targeted at recruitment and retention for paraprofessionals matriculating through teacher education degree and licensure programs. Expansion funds for the consortium would provide additional face-to-face and internet-based courses each semester; provide a stipend of \$800 per month for teacher assistants and other paraprofessionals while they are unemployed during student teaching; and provide additional personnel to work directly with the teacher education candidates.

3c. Expanded Professional Development Through the UNC Center for School Leadership Development (\$4,734,336 in 2005-06, \$4,722,336 in 2006-07)

UNC Center for School Leadership Development. “NC educators’ one stop for professional development” designs and provides premier professional development for public school educators based on research and best practices. It oversees a variety of centers and programs for teachers and administrators. The

Center's responsibilities are ever increasing, brought about by the demands of the No Child Left Behind legislation, teacher shortages, and the persistent achievement gap. Additional operational expense funding is necessary to support this acceleration in Center program delivery.

North Carolina Center for the Advancement of Teaching (NCCAT). The first state-funded program of its kind in the U.S., this successful center offers North Carolina teachers a year-round series of residential professional development seminars in the arts, humanities, sciences, technology, communication, and health and fitness. NCCAT cultivates many partnerships with state school systems and education agencies, thereby increasing its impact on the education community. It has substantial waiting lists for all of its programming, but the current budget is insufficient to meet the current needs for teachers in North Carolina and cannot address essential expansion. A planned campus in Okra-coke will provide space for NCCAT to increase its service by approximately 40 percent, which will allow NCCAT to expand its offerings and be more accessible for teachers in the eastern part of the state. All of these factors contribute to the need for increased funding in the 2005-2007 biennium.

North Carolina Teacher Academy. The academy offers teams of teachers from a school the opportunity to attend professional development sessions in the areas of school leadership, instructional methodology, core content, and use of modern technology. It has expanded its services to include assisting schools and school personnel in making systemic changes to adhere to new policies and legislative mandates. New programs for improving school leadership and initiatives for increasing teacher retention are needed, and school districts identified as high priority have critical needs in the area of professional development that must be met to improve student achievement. Moreover, teacher recruitment efforts are attracting increasing numbers of lateral entry teachers who have unique professional development needs. Program development and implementation to address these areas of concern require additional funding.

Principals' Executive Program (PEP). Given the data provided by North Carolina's ABC Accountability Plan and the national No Child Left Behind legislation, it is clear that a large number of schools are facing potential failure of getting all students to a proficient level. To help principals who are leading schools through the reform process, PEP would like to expand its residential Instructional Leadership Reform Program (ILRP) to a minimum of one cohort of forty principals and add a mentor component to provide assistance at the school level. In addition, a value-added evaluation process will help schools take ownership of the evaluation process and permit them to apply the findings to stimulate change. Beyond the expansion of ILRP, the Principals' Executive Leadership Academy, aimed at school superintendents, requires support. Additional funds are also needed to expand PEP's services to assistant principals and new principals.

Principal Fellows Program. A merit-based competitive scholarship loan program, the Principal Fellows Program funds full-time study in the Master of

School Administration (MSA) degree program that prepares an individual for a career in school administration. A director is required by legislation to provide professional development and extracurricular activities for program participants. Additional funds are necessary to meet this legislative requirement.

Mathematics and Science Education Network (NC-MSEN) Professional Development Center at Elizabeth City State University. The primary goals of NC-MSEN are to strengthen the quality and increase the size of the teaching base in mathematics and science education as well as increase the pool of students from North Carolina's high schools who are prepared to pursue careers requiring mathematics and science. Eleven centers provide professional development opportunities to teachers, and seven university-based Pre-College Programs offer research-based structured interventions with students in grades 6-12. A professional development center at Elizabeth City State University would complement the work of its NC-MSEN Pre-College Program, which is dedicated to improving student learning and closing the achievement gap. More importantly, the center would facilitate and increase the number of pertinent professional development opportunities available to K-12 teachers of mathematics and science in the underserved, rural, low-wealth school districts in northeastern North Carolina.

3d. Closing the Achievement Gap (\$209,920 in 2005-06, \$203,920 in 2006-07)

Mathematics and Science Education Network (NC-MSEN) Pre-College Center at East Carolina University (ECU). The mission of NC-MSEN is to increase the pool of students from North Carolina's high schools who are prepared to pursue careers requiring mathematics and science, using research-based structured interventions with students in grades 6-12 at seven university-based Pre-College Program sites across the state. The intervention has been quite successful, as 97 percent of Pre-College Program graduates enroll in four-year institutions of higher education, and 84 percent pursue mathematics- and science-based majors. An additional site at ECU would help attract more students from the underserved rural areas of eastern North Carolina into science, mathematics, and related disciplines. The location of a Pre-College Program site at ECU also would serve to ensure the sustainability of student encouragement/parental involvement efforts after the \$21.3 million federally funded North Carolina Partnership for Improving Mathematics and Science (NC-PIMS) ends.

**3e. Expanded Partnerships and Collaborations
(\$1,027,531 in 2005-06, \$1,027,531 in 2006-07)**

Summer Ventures in Science and Mathematics (SVSM). SVSM is an inter-institutional program of the University that targets rising high school juniors and seniors with the goal of attracting academically talented students into careers in science and mathematics. The application process is open and there is no direct cost to the nearly 600 participants, thereby serving to address the kinds of gaps described in the No Child Left Behind legislation. However, increasing costs make it difficult to bring even the same number of students into

the program each summer. Program directors request funds to support increasing operating costs for food and housing at the participating campuses.

North Carolina Education Research Council. The Council directly serves the needs of the North Carolina Education Cabinet and is also a source of information concerning educational policy development for members of the General Assembly, the State Board of Education, the North Carolina Community Colleges Board, and the UNC Board of Governors. Additional funding would provide the necessary support to allow this important agency to continue providing its annual “First in America” updates, develop report cards for every school in North Carolina, produce the research reports requested by the Education Cabinet, and support important seminars for educational policymakers.

University of North Carolina at Greensboro A+ Schools. A comprehensive school reform that integrates the arts throughout the curriculum, the A+ Schools Program has served K-12 public schools since 1995. It provides an approach to whole-school reform that combines arts integration, continuous professional development, and the use of statewide support networks for teachers and school administrators. The program is widely recognized as a successful and effective strategy for long-term school reform. Fees paid by the A+ Schools defray only partial costs of the program. Legislative appropriation was discontinued after 2002, and the only new schools added to the program in recent years have been those able to raise their own funding. Many schools, particularly in more rural and low-wealth districts, are unable to achieve this and must defer the opportunity to benefit from this tested and proven program for long-term school reform. The requested funding would allow the A+ schools program to respond appropriately to these and other North Carolina districts seeking to benefit from this program.

Line 4 – Creation, Transfer, and Application of Knowledge

The fourth request, Creation, Transfer, and Application of Knowledge, is presented in two parts: (a) Major Research Initiatives, and (b) Economic Development and Outreach. The request items do not represent the full spectrum of research and outreach activities under way at UNC campuses, but merely highlight the areas that are ripe for leverage and would significantly contribute to the state of North Carolina.

4a. Major Research Initiatives

(\$25,021,600 in 2005-06; \$26,021,600 in 2006-07)

From the art of manipulating materials on an atomic scale to the prevention and mitigation of disasters and emergencies, this budget request for research reflects institutional responsiveness to the demands of the local and global economies and the need for a prepared workforce. Research is changing the way people live and encouraging economic growth in our state by transferring new knowledge and technologies and training workers for North Carolina's new economy as it shifts from its manufacturing roots to a rapidly changing, technology-driven economy. A strong, forward-reaching research enterprise provides the competitive edge needed to ensure the state's success as a leader in research breakthroughs and workforce preparation.

Major Research Initiatives Request	2005-06	2006-07
Nanotechnology Initiative	\$ 3,000,000	\$ 3,000,000
Biotechnology/Genomics Initiative	2,500,000	2,500,000
UNC Institute for Renaissance Computing	3,800,000	3,800,000
National Institute for Design	1,000,000	2,000,000
Digital Technologies Initiative	600,000	600,000
Obesity Research and Prevention Initiative	3,000,000	3,000,000
Minority Health Disparities Initiative	800,000	800,000
Highlands Biological Station	100,000	100,000
UNCA National Environmental Modeling and Analysis Center (NEMAC)	500,000	500,000
Energy Initiative	1,000,000	1,000,000
UNC Institute of Disaster Studies	1,000,000	1,000,000
North Carolina Space Grant Consortium	300,000	300,000
Pisgah Astronomical Research and Science Education Center (PARSEC)	500,000	500,000
North Carolina Undergraduate Research Initiative	1,000,000	1,000,000
NCSU William & Ida Friday Institute for Educational Innovation	1,921,600	1,921,600
Revolving Equipment Fund	4,000,000	4,000,000
Total	25,021,600	26,021,600

4b. Economic Development and Public Outreach
(\$24,605,639 in 2005-06 and \$27,279,619 in 2006-07)

A major challenge currently facing the state of North Carolina is creating, attracting, and retaining technology- and knowledge-based businesses that produce high-quality jobs to replace those being lost in the traditional manufacturing-based sectors of the economy. The following items represent key areas of UNC's ongoing or proposed activities that respond to identified statewide economic development needs and community priorities.

The specific programs for which General Fund appropriations are being requested are listed below:

Economic Development and Public Outreach Request	2005-06	2006-07
Small Business and Technology Development Center	\$ 900,000	\$ 900,000
The UNC Economic Development Portal	1,200,000	1,200,000
Bio-supported Products and Systems for the National Defense	1,500,000	1,500,000
Advanced Military Initiative	1,000,000	1,000,000
Technology Development and Transfer	400,000	400,000
Business Acceleration	500,000	500,000
Existing Business Innovation and Competitiveness	300,000	300,000
Strengthen Support for the University's Role in Economic Development	100,000	100,000
NCCU Biomanufacturing Research Institute and Technology Enterprise (BRITE) Initiative	6,029,438	6,537,115
NCSU Biomanufacturing, Training and Education Center (BTEC)	2,941,079	4,902,885
NCA&T and UNCG Transportation – Logistics Initiative	1,500,000	2,000,000
Precision Engineering Partnership	1,000,000	1,000,000
North Carolina Japan Center	150,000	150,000
Motorsports Industry	1,500,000	750,000
Center for Craft, Creativity, and Design and the Kellogg Conference Center	200,000	200,000
UNCA Craft Campus	200,000	200,000
Contemporary Arts Collaborative	250,000	250,000
University of North Carolina Press	323,172	302,382
UNC Center for Public Television	1,429,896	1,575,225
NC Arboretum Public Programs	543,354	793,746
NC Arboretum Research for Biodiversity, Conservation, and Economic Development	638,700	718,266
Education and Training for Judges, Emergency Responders, and Local Officials	2,000,000	2,000,000
Total	24,605,639	27,279,619

Line 5 – Internationalization

The fifth request, Internationalization, is presented in five parts: (a) Faculty Development and Research; (b) Curriculum Development; (c) Public Service and Outreach; (d) Student Exchange and Study Abroad; and (e) Technology and Internationalization. In January 2002, the Board of Governors adopted Internationalization as the University's sixth long-range strategic direction. The following requests will help the University prepare its students for our increasingly global society, make significant contributions to increasing the understanding of international forces and events, and address challenges through teaching, research, and public service.

5a. Faculty Development and Research (\$1,000,000 in 2005-06, \$1,000,000 in 2006-07)

Faculty Development Fund. Given the teaching, research, and service responsibilities of UNC faculty, many are unable to take advantage of international faculty travel and exchange programs as well as research and teaching grants without campus support. Of the requested funds, \$25,000 would be distributed to each of the sixteen campuses to provide international development opportunities for faculty. The remaining \$200,000 would be distributed to campuses based on budgeted faculty FTE.

Seed Grants for International Research. This fund would be administered by Research and Sponsored Programs and International Programs to support the initiation of international research by UNC faculty, particularly at the non-doctoral-level campuses. Funds would be allocated based on proposals to identify potential international research partners and develop preliminary proposals for external grant funds to support research activities.

International Undergraduate Research Program. Study abroad opportunities promote an international perspective among undergraduate students and better prepare them to become leaders in a multi-ethnic and global society. The international undergraduate research program would be administered by Research and Sponsored Programs and International Programs and build on existing research, study abroad, and exchange programs. Funds are requested to create and administer a program to provide stipends for research activities, travel, and living expenses in the amount of \$8,000 per undergraduate for twelve weeks, as they undertake international research projects relevant to their course of study. The stipends would be awarded competitively to twenty students from any UNC institution each year.

5b. Curriculum Development (\$500,000 in 2005-06; \$500,000 in 2006-07)

Foreign Language Consortia. In 2001 the UNC Foreign Language Access Committee recommended the establishment of foreign language consortia by which UNC campuses share foreign language courses delivered via videoconferencing and Web-based instruction. In addition, funds would be used to provide access to less commonly taught languages offered by only a few UNC campuses but important to government and industry in an increasingly diverse global society. The

request of \$250,000 would be distributed based on proposals from multi-campus consortia to expand access to foreign language instruction and strengthen the collaborative offerings available to foreign language majors.

Curricular Development Funds for Internationalization. Although UNC institutions have increasingly included the development of global competence in their mission and vision statements, many campuses are unable to provide the resources for developing new curricula and obtaining the teaching and learning resources (including communications hardware and software and library resources) necessary to fulfill these goals. A revolving fund offering grants up to \$50,000 for developing international curricula would provide for released time for faculty members to develop courses or degree components with a global perspective, for licenses or purchases of resources for teaching and learning in these new curricula, and for on-campus workshops to prepare other faculty members who will teach in these new programs.

5c. Public Service and Outreach
(\$1,060,000 in 2005-06, \$1,060,000 in 2006-07)

Support for Outreach to Public Schools. The Board of Governors and the University Council on International Programs have identified the involvement of UNC faculty and international students in school-based international programs as essential in building a foundation of interest and competency in international education and foreign languages among entering students. Based on campus proposals, \$500,000 of these funds would be used for existing K-12 outreach programs. The remaining \$150,000 in the request would be used to strengthen the foundation for the programs offered by the North Carolina Center for International Understanding (NCCIU) to involve teachers and educational and public policy leaders in international study and exchange. Funds are requested for additional staff to expand programming within North Carolina, including professional development activities to assist teachers in internationalizing the curriculum and classroom activities.

Support for Outreach to International Partners, Global Businesses. The University Council on International Programs identified, as an important public service activity, collaboration with international education partners and with businesses, organizations, and public agencies involved in international activities. To support outreach efforts, \$320,000 is requested to provide each campus with \$20,000 on a recurring basis to support collaboration with international partner institutions and businesses and organizations in their local communities. The remaining \$40,000 would be used to support University-wide initiatives, including visits by international educators from existing and potential partner institutions; professional development opportunities for the staffs of international, study abroad, and international student offices; and statewide outreach.

5d. Student Exchange and Study Abroad
(\$905,000 in 2005-06, \$905,000 in 2006-07)

Because they are developing active international and study abroad offices but have fewer institutional funds to support these programs, the smaller UNC campuses (the seven focused growth institutions and UNC Asheville) have a particular need for funding. Each of these institutions would be allocated \$35,000 (for a total of \$280,000) to strengthen the infrastructure to support student international education. In addition, both nationally and across UNC, first-generation, low-income, and minority students participate in study abroad and student exchange at a much lower rate than students generally. An additional \$250,000 would be allocated based on student FTE to provide UNC students from the smaller UNC campuses with funds administered by the UNC Exchange Program (UNC-EP) as a part of its Diversity Initiative. UNC-EP would develop methods for identifying groups of students at all UNC campuses whose financial need limits their participation. UNC-EP's Diversity Initiative would also address the issue of less participation on smaller campuses through the appointment of an associate director to supplement the small staff and lead UNC-EP's outreach and recruitment. UNC-EP would be allocated \$125,000 to hire an Associate Director and support the operating costs for these activities. Finally, \$250,000 would be allocated to students at the remaining eight campuses based on student FTE to expand international education opportunities to all UNC students.

5e. Technology and Internationalization
(\$500,000 in 2005-06, \$500,000 in 2006-07)

Virtual International Education. Because only a small percentage of students across the University elect to participate in study abroad or international exchange programs, UNC campuses need to develop cost-effective ways to enable students to interact with their peers in other countries without leaving the campus. Internet and other low-cost technologies now make such interaction possible. A fund of \$300,000 would be established to allow UNC campuses, based on competitive proposals, to use technology to link with international partner institutions. Funding of up to \$50,000 for six campuses per year would be used to purchase required equipment and software, establish partnerships and develop joint curricula, and assign and train faculty members to develop courses that effectively use technology to link students on campus to students in other countries.

Virtual Foreign Language and International Resources Portal. Funds are requested to establish a Web-based Virtual Foreign Language and International Resources Portal to support international education across UNC. Based on an existing Virtual International Studies Center at UNC Greensboro, the portal would provide information, teaching and learning resources, and support for international and foreign language on-line and distance learning courses. The site would include information from all sixteen UNC campuses as well as national and international resources. The portal would also provide access to foreign language television news and language instruction broadcast via a system-wide

membership in an organization such as SCOLA. The requested \$200,000 would support the appointment of a web master, graduate assistants, system-wide licenses for on-line resources and the necessary equipment and operating funds to keep the site up to date and useful for all UNC constituencies.

Line 6 – Transformation and Change

The sixth Strategic Direction, Transformation and Change, is organized into four categories: (a) Computer and Network Security and IT [Information Technology] Infrastructure; (b) Information Systems and Data Management; (c) Research and High Performance Computing; and (d) UNC System-Wide Information Technology Initiatives. In September 1999, the Board of Governors approved a multi-year Information Technology Strategy that focused on teaching and learning with technology, student services, and campus collaborations. In response to the Board's request, the General Assembly provided \$10,000,000 in recurring funds for the first phase of the strategy, beginning in 1999-2000. Although the next two phases of the multi-year IT Strategy have not been funded, the needs identified in 1999 remain priorities for the campuses and the Office of the President.

6a. Computer and Network Security and Information Technology Infrastructure (\$7,450,000 in 2005-06, \$7,900,000 in 2006-07)

The University must respond to the urgent need to maintain adequate security of our computers and networks as well as the associated physical IT facilities. Specific enhancements to other components of campus' IT infrastructures are also requested, such as server upgrades, network electronics, and classroom equipment.

Computer and Network Security. The Wide Area Network (WAN) and individual Campus Area Networks (CAN) within the WAN enable the University to conduct its daily operations and fulfill the University's mission of serving the citizens of North Carolina. In addition to providing a range of services to students, faculty, and staff, the existing networks are an important tool in both disseminating information and allowing collaborative analysis of vital data. In response to increased threats of cyberterrorism, legislation has been introduced to ensure that state government agencies maintain security standards designed to mitigate the threat of cyberterrorism. Despite its unique operating environment, the University seeks to maintain security standards that are comparable to those established by the state chief information officer. One-time funds of \$950,000 for 2005-06 and \$400,000 for 2006-07 are requested to enhance security across campus networks and computer systems by providing support for appropriate consultative assessments and replacing and/or upgrading hardware and software to ensure the continued protection of campus data and resources.

IT Infrastructure. As the most critical element within IT infrastructure, the network integrates personal computers, servers, and applications, and it ensures users' access not only to IT resources but also to data structures on which campus entities depend for efficient and effective operations. With increases in student enrollment also come the requirement for additional connectivity ports and high performance hardware and software to support increasing demands. In

addition to the need for hardware and software upgrades, it is equally important to ensure the continued support of campus networks by securing appropriate network maintenance agreements. Funding is requested to establish computer labs and supply classrooms with laptops and/or personal digital assistants as well as data projectors for use by multiple faculty members. One-time funding is requested for 2005-06 in the amount of \$6,000,000 and \$7,200,000 for 2006-07, of which \$1,200,000 is a recurring request to support annual licenses and maintenance fees.

6b. Information Systems and Data Management
(\$19,600,000 in 2005-06, \$21,500,000 in 2006-07)

The University reaffirms its resolve to operate in the most efficient and cost-effective manner by upgrading its student, human resources, financial, and alumni information systems in a way that is consistent with its responsibility to be good stewards of the state's resources. A companion requirement to upgrading information systems is the need to build data management and analysis capacity through the creation of campus- and system-level data warehouses. By using existing and evolving structures, the campuses can achieve even greater efficiencies and cost reductions. Structures such as the Shared Services Alliance, the Teaching and Learning with Technology Collaborative (TLT), and Collaborative IT Procurement have already provided impressive returns on the state's investment in a very short period of time and will serve as vehicles for continuous improvements in IT efficiencies and effectiveness.

Information Systems. The University's request to upgrade its student, human resources, financial, and alumni information systems to SCT Banner was approved by the Office of the State Controller, and a contract with SCT was signed the end of June 2002. At this time, fourteen of the sixteen UNC campuses are moving forward with the implementation of the Banner suite of enterprise application software. The Office of the State Controller stands ready to be UNC's strategic partner as the University moves forward with this important initiative. As newer technologies are introduced into the workplace, it is imperative that University IT professionals consistently receive training to provide needed support for students, faculty, and staff. Support is requested for the creation of a dedicated training fund to help ensure that training needs of IT staff are met on a regular and consistent basis and that facilities are equipped for effective instruction. In addition, the University is planning to complete the upgrade of their administration systems over a five-year period. To support the purchases of hardware, software, and professional services, funds are requested in the amount of \$13,500,000 in 2005-06, and \$13,100,000 in 2006-07. Recurring funds for supplemental functional and technical staffing and IT training in the amount of \$3,800,000 are requested beginning in 2005-06.

Data Management. All sixteen campuses are participating in the creation of a unified data model for the purpose of building a system-level Data Warehouse. The Data Warehouse will provide for the creation of an infrastructure on the campuses and in the Office of the President. One-time funding of \$1,800,000 in 2005-06 and \$3,700,000 in 2006-07 is requested to provide for hardware, soft-

ware, and professional services to create the warehouse. To provide for the ongoing operational design, support, and training for the data warehouse system, a recurring operating budget of \$500,000 beginning in 2005-06 is requested.

**6c. Research and High Performance Computing
(\$5,900,000 in 2005-06, \$5,900,000 in 2006-07)**

Research and high performance computing continue to be extremely important components in the mission of the University of North Carolina. Investments in these areas are critical for maintaining leadership in UNC's research, education, and economic development efforts, as well as to the continued success of UNC's efforts to successfully attract grants and research funds.

Support for Knowledge Creation, Discovery, and Transfer. Funding is requested to enhance UNC's research computing environment to keep pace with growth in the research sector as well as to support the development of emerging research initiatives such as the genomic sciences and the development of a North Carolina Bioinformatics Grid (NCBioGrid). High performance and research computing resources have been increasingly recognized as fueling the next round of economic development and contribute directly to academic success at both the graduate and undergraduate levels. After several years without new investments in research computing, the closing of the NC Supercomputing Center, and reductions in state funding for high performance computing services, it is imperative that UNC augment and expand or replace existing or aging computational resources. For these reasons, UNC's request for research and high performance computing is two-pronged: 1. Funding to campuses in the amount of \$4,150,000 for 2005-06 and \$5,450,000 for 2006-07 would provide for institution-based computational resources and technical support; 2. Recurring funds of \$1,150,000 in 2005-06 and \$1,150,000 in 2006-07 to UNC-OP would support competitive grants among the UNC campuses that identify targeted "best-of-breed" proposals.

**6d. University-wide Information Technology Initiatives
(\$2,800,000 in 2005-06, \$2,800,000 in 2006-07)**

The University of North Carolina remains committed to meeting its critical information technology needs and performing its information technology functions in an effective and efficient manner. The University requests \$2,800,000 in recurring funds to support additional multi-campus and system-wide information technology initiatives. The following are currently under consideration for University-wide collaboration.

Managing Identities Across the Enterprise- Managing IDs across all students and employees across UNC has always been a significant challenge. Developing an enterprise identity management system is necessary to effectively manage access permissions in these increasingly integrated environments. Identity management software is middleware (the layer of software between the network and the applications); it provides access, authentication, authorization, and account-

ing. It is used both to find people and things, as with directory services, and to keep them hidden, as with security services. As the number of instructional delivery mechanisms has grown and UNC students have become increasingly mobile and diverse, access, authentication, authorization, and accounting have become critical infrastructure issues that must be addressed at a system-wide level.

Shared/Hosted Environment for Learning Management Systems- Establishing a shared, hosted environment for learning management systems, such as BlackBoard and WebCT, is another example of initiatives that might be supported with funds from this request. An environment to support these activities has become critical as UNC institutions extend their distance education/eLearning efforts, and establishing it on many of the campuses, on an individual basis, is cost-prohibitive.

Shared Business Continuity/Disaster Recovery Infrastructure- A final example of a potential collaborative information technology initiative is the establishment of a shared business continuity/disaster recovery infrastructure, which would enable several UNC institutions to share the costs associated with equipment and telecommunication/network costs. Creating a single shared infrastructure to be used for disaster recovery enables each institution to have a feasible, cost-effective business continuity plan.

The **Schedule of Priorities – Capital Improvements** presents the capital improvements requests of the Board of Governors for the 16 constituent institutions of the University and other affiliated entities. The request for the biennium is \$1,650,000,000.

Schedule of Priorities Request for General Fund Appropriations for Capital Improvements		2005-07
<u>Line</u>		
1.	Repairs and Renovations	\$ 250,000,000
2.	University-wide Facilities	1,300,000,000
3.	Land Acquisition	100,000,000
Total		\$1,650,000,000

Line 1, **Repairs and Renovations**, identifies high priority projects that the University proposes to fund from the statutorily-defined Reserve for Repairs and Renovations. As defined, the Reserve may be used to finance twelve different categories of projects. The Line documents institutional six-year plans for repairs and renovations that total \$749 million and requests \$250 million for these projects for the biennium.

Line 2, **University-wide Facilities**, includes those capital projects that address needs that have arisen since or were not funded through the 2000 Higher Education Bond Program. With the Bond program over half completed, the six-year plan identifies extensive capital needs. As each institution prepared its individual plan, unfunded pro-

jects in the 10-year plan approved by the Board of Governors in 1999 were reviewed and adjustments were made to provide for unanticipated enrollment growth, new academic programs, and other changes in the University. The Line documents six-year plans that total \$3.9 billion and requests \$1.3 billion for the biennium for an orderly progression of designing and constructing new facilities, renovating existing facilities, and making needed improvements in campus infrastructure.

Line 3, **Land Acquisition**, requests funds to be utilized by the University for the acquisition of land, without identification of specific requirements for individual institutions, as advance disclosure of firm land acquisition plans tends to push prices higher. Land acquisitions are planned to accommodate long-range University growth and development and usually involve properties adjoining or near campus boundaries.

Part II — Agricultural Programs

The UNC Agricultural Programs are carried out by North Carolina Agricultural and Technical State University, the North Carolina Agricultural Research Service at NCSU, and the North Carolina Cooperative Extension Service at NCSU. Requests for these programs are described in Part II of the 2005-07 Budget Request. The recommendations are presented in three parts. The requests for (1) Continuing Operations provide for continuation of activities at present service levels. The request for (2) Academic Salary Increases are presented on the same basis as the 7.5 percent request for other University employees who are exempt from the State Personnel Act. The (3) Expansions and Improvements requests address needs for increases in current operating funds for the Agricultural Programs at NCA&T and NCSU.

The requests for funds for **Continuing Operations** are \$84,280,984 in 2005-06 and \$83,449,172 in 2006-07.

The requests for **Academic Salary Increases**, based on the 7.5 percent increase for other University employees who are exempt from the State Personnel Act, are \$3,722,754 in 2005-06 and \$7,678,886 in 2006-07.

The requests for **Expansions and Improvements** in the Agricultural Programs, which are carried out by North Carolina Agricultural and Technical State University, the North Carolina Agricultural Research Service at NCSU, and the North Carolina Cooperative Extension Service at NCSU, are \$8,897,945 in 2005-06 and \$10,158,825 in 2006-07.

III — UNC Health Care System

The Board recommendations for the UNC Healthcare System are described in Part III of the 2005-07 Budget Request. The requests are presented in three parts: (1) Continuing Operations; (2) Academic Salary Increases; and (3) Expansions and Improvements.

The requests for funds for **Continuing Operations** are \$40,558,426 in 2005-06 and \$42,641,837 in 2006-07.

The requests for **Academic Salary Increases**, based on the 7.5 percent increase for other University employees who are exempt from the State Personnel Act, are \$291,616 in 2005-06 and \$602,702 in 2006-07.

The Board of Governors requests appropriations of \$15,000,000 in 2005-06 and \$15,000,000 in 2006-07 for **Expansions and Improvements**. The first of the requests for UNC Healthcare is for additional Operating Support (\$10,000,000 for each year of the biennium) and the second is for support of UNC Physicians & Associates (\$5,000,000 for each year of the biennium). Additional operating support is needed to underwrite the cost of training the next generation of health care practitioners and the associated insurance against malpractice litigation. In addition reimbursement cutbacks from virtually all payer sources have significantly affected the Hospitals' ability to meet its societal obligations such as providing indigent care. UNC Physicians & Associates (UNC P&A) is also experiencing declining reimbursements along with a higher percentage of indigent patients. The UNC P&A funds would be used to shore up clinical departments that bear much of the burden for indigent care and for departments particularly hard hit by declining reimbursement and a high percentage of underinsured patients.

IV — Related Educational Programs

Board recommendations for support of related Educational Programs constitute Part IV of the 2005-07 Budget Request. These programs are operated primarily through institutions and agencies external to the University of North Carolina. Although these programs are not part of the University's operating budget, the Board of Governors, as the contracting authority for the state, has certain responsibilities for the administration of these programs. The appropriations request for Continuing Operations totals 165,157,583 in 2005-06 and \$165,454,554 in 2006-07.

	2005-06	2006-07
Regional Education Programs	\$ 1,325,733	\$ 1,420,633
Private Medical School Aid	2,824,000	2,824,000
Aid to Private Colleges	36,245,800	36,245,800
NC Legislative Tuition Grants	51,337,412	51,337,412
NC Bible College Tuition Grants	420,000	420,000
BOG Medical Scholarships	2,331,915	2,474,570
NC Incentive Grants Program	3,633,777	3,633,777
UNC Need Based Financial Aid Program	47,365,000	47,365,000
BOG Dental Scholarships	739,120	798,536
Need-Based Loan Program	822,779	822,779
Nurse Scholars Program	3,426,482	3,426,482
Nurse Education Scholarship Loan Program	867,756	867,756
Strengthen Teacher Education - Private Colleges	63,635	63,635
Distinguished Professors Endowment Fund	8,000,000	8,000,000
Teacher Assistance Scholarship Fund	964,174	964,174
HBCU Teacher Education Scholarships	390,000	390,000
NCSSM College Scholarship Fund	780,000	780,000
Principal Fellows Program	3,620,000	3,620,000
Total	\$165,157,583	\$165,454,554

The Board of Governors requests appropriation of \$4,242,500 in 2005-06 and \$9,224,100 in 2006-07 for Expansions and Improvements in Related Educational Programs. The request contains the following components:

1. For the Aid to Private Colleges Scholarship Program an increase of \$1,285,100 in 2005-06 and \$3,161,700 in 2006-07 is requested for enrollment growth of 1,168 and 2,874 students in 2005-06 and 2006-07 respectively.
2. For the North Carolina Legislative Tuition Grants Program an increase of \$2,957,400 in 2005-06 and \$6,062,400 in 2006-07 is requested for enrollment growth of 1,643 and 3,368 students in 2005-06 and 2006-07 respectively.

Part V — North Carolina School of Science and Mathematics

*General fund appropriation requests for the North Carolina School of Science and Mathematics, as approved by the school's Board of Trustees and transmitted to the Board of Governors, are described in Part V of the 2005-07 Budget Request. The recommendations are presented in three parts. (1) **Continuing Operations** requests provide for continuation of activities at current service levels. (2) **Academic Salary Increases** are presented on the same basis as the 7.5 percent request for other University employees who are exempt from the State Personnel Act. (3) **Expansion and Improvements** requests present needs for three current operations in priority order. In addition, funds of \$200,000 in 2005-06 and \$400,000 in 2006-07 for NCSSM's enrollment request are included in Line 1a—Enrollment Changes of the Schedule of Priorities.*

The requests for funds for **Continuing Operations** are \$14,476,030 in 2005-06 and \$14,432,596 in 2006-07. The annual requests are \$679,402 and \$635,968 more than appropriations available for the current year.

The recommendations for **Academic Salary Increases** for NCSSM employees, who are exempt from the State Personnel Act, are \$474,998 for 2005-06 and \$985,628 for 2006-07.

The requests for **Expansions and Improvements** are \$4,486,133 for 2005-06 and \$4,486,133 for 2006-07. The following table summarizes the current operations request:

	2005-05	2006-07
1. Coordinated Growth of Outreach, Residential, and Support Services	\$3,547,951	\$3,547,951
2. Salary Plan	473,000	473,000
3. Residential Program Enhancements	465,182	465,182
Total	4,486,133	\$4,486,133

The capital improvements request consists of the three projects listed below:

Discovery Center	\$40,000,000
Track and Soccer Field	1,250,000
Campus House (Executive Directors House)	675,000
Total	41,925,000