

Amendment to the 2007-09 Budget Priorities

At its November meeting, the Board of Governors approved its *2007-09 Budget Priorities*. It is now recommended that the *Budget Priorities* be amended to include a request for funds to support research and programs at North Carolina Central University School of Law. The request will be added as Item 7B in the *Regional and Statewide Transformation and Competitiveness* section of the 2007-09 biennial budget priorities.

During the process of campus requests for budget priorities, the Chancellors submitted items to General Administration on August 4, 2006, so that additional work and discussions could take place before the Board of Governors considered the budget priorities in October and November. After the campus items were submitted, NCCU received a letter from the American Bar Association (ABA) reaffirmation team concerning their evaluation as part of the reaccreditation process of NCCU's Law School. The ABA team expressed concerns about the disproportionate use and dependency on federal Title III funding to support core Law School activities. The ABA team also strongly recommended that NCCU's Law School expand and enhance academic and student support services. The disproportionate use and dependency on Title III funding, as well as the modest academic and student support services, has been exacerbated by state budget reductions and lack of increases in state funding for inflation. In order to address the concerns of the ABA team, it is recommended that a portion of these needs be covered from the realigned Title III funds, from an increase in tuition, and from additional state appropriations.

During the campus-initiated tuition and fees proposal process, NCCU proposed a four-year tuition increase that would have resulted in a \$6,000 tuition increase for new students and a \$3,500 increase for current students. The supplemental revenue from the proposed tuition increase would have provided for additional funding for addressing the ABA team's concern

about dependence on Title III, faculty retention through salary competitiveness, and additional financial aid to students. Upon receiving the tuition request, it became evident that a different solution was needed to ensure that adequate state funding was available to support the School of Law. During the UNC-GA Committee review of the campus tuition and fee proposals, the group recommended reviewing the way the state supports the NCCU School of Law, without passing along large tuition increases for students that would result in a 135% increase for new students in fiscal year 2007-08, and an overall four-year impact of a 225% increase in tuition rates for new students. To accomplish the goal of reasonable tuition rate increases and increased level of state support for core activities, General Administration and NCCU staff developed a strategy to address the critical budgetary issues.

For the 2007-08 academic year, it was recommended that tuition rates be increased by \$1,000 for all students, which translates to a 37% increase. It is further proposed to allow NCCU to increase tuition \$1,000 for fiscal years 2008-09, 2009-10 and 2010-11. The Law School would still remain in the lowest quarter of its peer institutions with these increases. These funds would support the transition of personnel from Title III Funds, increase faculty salaries, and provide need-based financial aid to “hold students harmless.”

The realigned Title III funds will be used to partially address needed enhancements to programs and academic support that will augment student success and the Law School’s stature among its peer institutions. Additional initiatives are needed to advance the Law School by creating and enhancing distinctive centers and institutes. NCCU School of Law would like to capitalize on the success of the BRITE program by building expertise on related issues into the law program. NCCU’s Biotech and Pharmaceutical Law Institute and Dispute Resolution Institute would allow this to happen.

It is recommended that the Board of Governors amend the 2007-09 biennial budget request to seek \$2.5 million in fiscal year 2007-08 and an additional \$2.5 million in 2008-09 to support the transition from Title III funds, make enhancements to academic and student services, and provide additional programs through the Biotechnology and Pharmaceutical Law Institute and the Dispute Resolution Institute.

**NCCU Proposed Budget Changes - School of Law
FY 2007-09 Tuition and Biennial Budget Request**

| | FY 2007-08 | | FY 2008-09 | |
|--|---------------------------------|------------------------------|---------------------------------|------------------------------|
| | Tuition Increase Revenues | Revised Budget Request | Tuition Increase Revenues | Revised Budget Request |
| Faculty Salary Competitiveness | 200,000 | – | 200,000 | – |
| Financial Aid | 225,000 | – | 225,000 | – |
| Transition from Title III Funding * | | | | |
| Academic Support; Career services | 125,000 | 644,000 | 125,000 | 690,659 |
| Student Services | | | | |
| Expanded Program Offerings: | | | | |
| Biotech and Pharmaceutical Law Institute | – | 208,000 | – | 208,000 |
| Dispute Resolution Institute | – | 75,000 | – | 75,000 |
| ABA Recommendations to Enhance Academic and Student Services Infrastructure | – | 1,573,000 | – | 1,526,341 |
| Student Services; Academic Advising and Support | | | | |
| Enhanced technology infrastructure | | | | |
| Expanded library operations | | | | |
| Total | \$550,000 | \$2,500,000 | \$550,000 | \$2,500,000 |

* The realigned Title III funds would be used to enhance programs and academic support efforts that augment student learning, support student preparation for professional exams, expand faculty development opportunities, and increase library collections. In addition, the funding would provide for start-up initiatives in an effort to address other concerns raised by the ABA review team; these initiatives would advance the law school by assisting distinctive centers and institutes with start-up funds in novel research areas.

THE UNIVERSITY OF NORTH CAROLINA
Summary - 2007-09 Operating Budget Priorities

| | 2007-08 Request | 2008-09 Additional Request |
|--|----------------------------|---|
| 1. Need-Based Financial Aid | 35,605,210 | 19,200,000 |
| 2. Academic Salary Increases | 116,783,547 | 115,930,504 |
| <i>a. Competitive Salaries for Faculty - 80th percentile of Peers</i> | 43,879,435 | 43,879,435 |
| <i>b. Merit-Based Increases - 4% each year</i> | 70,904,112 | 72,051,069 |
| <i>c. Distinguished Professorships</i> | 2,000,000 | – |
| 3. Student Success & Retention and Graduation | 6,380,000 | 2,880,000 |
| <i>a. Academic Summer Bridge & Retention Pilot Programs</i> | 2,180,000 | 880,000 |
| <i>b. University of North Carolina Online</i> | 2,000,000 ^R | 2,000,000 ^R |
| | 2,200,000 ^{NR} | |
| 4. Research | 61,707,410 | 45,447,730 |
| <i>a. Competitiveness Fund</i> | 15,000,000 | 15,000,000 |
| <i>b. Graduate Student Recruitment & Retention</i> | 5,133,450 | 5,133,450 |
| <i>c. Research Technologies</i> | | |
| Center for Bioenergy Technologies | 3,500,000 | 3,500,000 |
| Computing-enabled Research Environment - RENC1 | 5,000,000 | 5,000,000 |
| Center for Design Innovation | 470,000 | – |
| <i>d. NC Research Campus (Kannapolis)</i> | 12,581,121 ^R | 7,641,441 ^R |
| | 13,700,000 ^{NR} | 2,100,000 ^{NR} |
| <i>e. Joint Program in Nanosciences & Nanoengineering</i> | 2,919,500 ^R | 1,419,500 ^R |
| | – | 4,000,000 ^{NR} |
| <i>f. Biomanufacturing Research Institute and Technology Enterprise Initiative (BRITE)</i> | 2,000,000 | – |
| <i>g. Photonics Consortium</i> | 1,153,339 | 1,153,339 |
| <i>h. Research Vessel Hatteras</i> | 250,000 ^R | 250,000 ^R |
| | | 250,000 ^{NR} |
| 5. More and Better Teachers & Improved Schools | 13,876,285 | 7,775,030 |
| <i>a. Teacher Recruitment</i> | | |
| NC High Need Teacher Scholarship Loan Program | 987,500 | 987,500 |
| Lateral Entry Scholarship Program | 1,625,000 | 1,625,000 |
| Prospective Teacher Scholarship Loan Program | 1,571,465 | 874,000 |
| Future Teachers of North Carolina | 325,000 | – |
| Millennium Teacher Scholarships | 130,000 | 260,000 |
| Teacher Education Enrollment Planning & Recruitment Efforts | 1,000,000 | – |
| Summer Term Teacher Education Pilot Programs | 750,000 | 750,000 |
| Science, Technology, Engineering & Mathematics (STEM) Education | 1,000,000 | 1,000,000 |
| UNC/NCCCS Partnership Online 2+2 Joint Initiative | 1,000,000 | – |
| UNC Charlotte Lateral Entry Program | 750,000 | 750,000 |
| Support for Lateral Entry and Teacher Assistants: NCMTEC Program Expansion | 360,320 | 128,530 |
| Success for All | 300,000 | 300,000 |

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| | 2007-08 Request | 2008-09 Additional Request |
|--|----------------------------|---|
| <i>b. Improving Low-Performing Schools</i> | | |
| Principals' Executive Program (PEP) and Kenan-Flagler Leadership Program for Priority Middle & High Schools | 607,000 | – |
| <i>c. Supporting New Teachers</i> | | |
| New Teacher Support and Mentoring Aimed at Retention | 2,156,000 | 1,100,000 |
| NCCAT Connections Program | 344,000 | – |
| <i>d. Partnerships to Better Prepare K-12 Students</i> | | |
| MSEN Pre-College Program | 670,000 | – |
| A+ Schools | 100,000 | – |
| North Carolina in the World (NCCIU) | 200,000 | – |
| 6. Healthcare | 21,597,200 | 13,350,000 |
| <i>a. Expanding Healthcare Services in NC</i> | | |
| ECU Dental School - pending BOG approval | 1,300,000 | – |
| Area Health Education Centers | 3,097,200 | – |
| Graduate Nurse Scholarships for Faculty Production | 1,200,000 | – |
| Nurse Scholars Program | 2,750,000 | 100,000 |
| UNC-CH Schools of Medicine and Dentistry - Pipeline Programs | 750,000 | 750,000 |
| <i>b. Indigent Care</i> | | |
| East Carolina University | 5,000,000 | 5,000,000 |
| UNC Hospitals | 7,500,000 | 7,500,000 |
| 7. Regional & Statewide Economic Transformation and Competitiveness | 12,100,000 | 12,500,000 |
| <i>a. NCSU College of Engineering</i> | 5,000,000 | 10,000,000 |
| <i>b. <u>NCCU School of Law</u></i> | <u>2,500,000</u> | <u>2,500,000</u> |
| <i>c. Small Business Assistance</i> | | |
| Entrepreneurship and Regional Cluster-based Economic Development | 2,000,000 | – |
| Support for North Carolina Communities | 1,000,000 | – |
| Management Academy for High Growth Companies | 1,000,000 | – |
| <i>d. Hickory Engineering and Technology Center</i> | 600,000 | – |
| 8. Campuses Specializing in the Arts & Sciences | 1,250,000 | 1,250,000 |
| 9. Disaster Recovery | 400,000 | – |
| | 2,000,000 NR | |

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Summary - 2007-09 Operating Budget Priorities

| | 2007-08 Request | 2008-09 Additional Request |
|--|----------------------------|---|
| 10. Affiliated Entities | 1,744,607 | 524,591 |
| <i>a. NCSSM Tuition Grant</i> | 401,133 | 224,591 |
| <i>b. UNC-TV Statewide Public Affairs and Informational Program Services</i> | 878,485 | – |
| <i>c. NC Arboretum Educational Outreach and Economic Development</i> | 300,000 | 300,000 |
| <i>d. UNC Press Digital Books</i> | 164,989 | – |
| Total Budget Priorities - recurring | 255,544,259 | 212,507,855 |
| Total Budget Priorities - nonrecurring | 17,900,000 | 6,350,000 |
| Total 2007-09 Budget Priorities | 273,444,259 | 218,857,855 |

| Continuation Budget | 2007-08 | 2008-09 |
|--|----------------------|----------------------|
| Authorized Continuation Budget | 2,433,985,463 | 2,574,379,052 |
| Enrollment | 48,312,908 | 45,772,062 |
| Operating Reserves for New Facilities | 26,918,321 | 13,125,471 |
| Utilities | 15,750,590 | 1,740,860 |
| Required Staff Benefits & Continuing Personnel Costs | 13,991,483 | 2,016,306 |
| Replacement of Vehicles and Equipment | 16,381,467 | (7,445,218) |
| Inflationary Increase - Library Books and Materials | 7,509,844 | 2,545,140 |
| Other Adjustments | 11,528,976 | 3,158,817 |
| Total Continuation Budget Increases | 140,393,589 | 60,913,438 |
| TOTAL Continuing Operations | 2,574,379,052 | 2,635,292,490 |

* At the request of the Office of State Budget and Management, \$67,638,016 currently appropriated from the Escheats fund was also included in the continuation budget to be replaced with a General Fund appropriation. It is not added in this list since it would be a change in funding source but not an increase in the total budget.

Note : All requests are for recurring funding unless noted NR (nonrecurring). Amounts in the second year of the biennium are listed as the additional amount needed over and above the first year.