



University Highlights for 2011 Legislative Session



The final budget assigns net cuts to the University of \$407 million. It is important to recognize that with these latest reductions, the University will have received more than \$1 billion in budget cuts and reversions over a five-year period.

Reductions: UNC received a net cut of \$407 million that includes a \$414 million management flexibility reduction, \$26 million cut to UNC Hospitals, an increase in enrollment dollars to account for growth, and operating dollars for UNC buildings completed in FY 2011-12. This equates to an average 15.6% cut across the board to campuses. Section 9.6 of SL 2011-145 provides direction on the allocation of cuts, including a prohibition on allocating the cuts using an across-the-board method. The Management Flexibility reduction range from 8.4%-17.9% in cuts to campuses with this direction and several other factors taken into consideration.

Funding Priorities: The following Board of Governors' priorities received funding:

- Full funding for enrollment growth (\$46.8 million)
- Operating Reserves for new or renovated UNC buildings (\$18.5 million)
- Partial funding of UNC Need-Based Financial Aid. Funds for the UNC Need-Based Aid Program are cut from \$162 million to \$127 million, a 22% (\$35 million) reduction. This loss of funding would reduce the number of eligible students who could receive need-based aid by 5,500 (an 8.3% decline) and reduces the average award per student by \$333 (a 13.5% reduction)
- ECU School of Dentistry (\$3.5 million) in operating dollars to prepare for its first class of students
- NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering (\$1 million)

Salaries: The General Assembly provided no funding for salary increases for state employees for FY 2011-12. UNC did receive flexibility to use state funds for reallocations/promotions, in-range adjustments for job change, career progression, or any other increase in duties. Salary increases for faculty are allowed from the Distinguished Professors Endowment Fund, University Cancer Research Fund, and faculty recruiting and retention fund. Salary increases are allowed for all employees for any purpose, including retention, if non-state funds are used.

UNC Self Liquidating Projects:

- UNC Non-General Fund capital projects are authorized in SL 2011-145.
- Includes 19 new or supplemental capital improvements projects at 11 institutions totaling \$544,060,566

Capital: The General Assembly did not authorize any new state funded capital projects but did fund \$62.5 million in repairs and renovations.

Policy Agenda: Nine items from the University's legislative agenda were approved in addition to several additional efficiency policy items:

- Chancellors may approve repair projects (under \$1 million) from available operating funds
- NCSU may self-perform energy related projects financed with indebtedness
- Investment flexibility for campuses and UNC Healthcare
- Eliminate the required review by the Department of Administration for purchases between \$250,000 and the campus purchasing threshold set by the Board of Governors
- UNC assumes responsibility for quality acceptance inspection process
- NCSU may sell timber without paying a charge or surcharge to the State Surplus Property Agency
- Constituent Institutions may purchase motor vehicles independent of Motor Fleet Management
- Permanently extend phased retirement
- Vesting reciprocity between TSERS and ORP
- UNC Healthcare may offer ORP
- Board of Governors may approve capital projects funded from non-GF sources
- Board of Governors may allocate and reallocate funds in Repairs and Renovations Reserve
- OC-25 shall be prepared only after advanced planning for a project has been completed
- Advisory Commission on Military Affairs expanded to include UNC President's designee