



MEETING OF THE BOARD OF GOVERNORS
SPECIAL MEETING
Committee on Budget and Finance

December 15, 2021 at 11:30 a.m.
Via Videoconference and PBS North Carolina Live Stream
University of North Carolina System Office

AGENDA

- A-1. Remarks from a Member of the North Carolina General Assembly.....Representative Jon Hardister
- A-2. 2021-22 Operating Budget Allocations.....Jennifer Haygood
- A-3. 2021-22 Capital Budget Allocations.....Jennifer Haygood
- A-4. 2021-22 NC Promise Tuition Plan Annual Report.....Jennifer Haygood
- A-5. Enrollment Funding Model DiscussionLee Roberts
- A-6. Adjourn

AGENDA ITEM

A-2. 2021-22 Operating Budget Allocations.Jennifer Haygood

Situation: While most of the funding for each institution's current operations budget comes in the base budgets approved by the General Assembly, some funds for expansions and improvements are appropriated to the UNC Board of Governors for allocation to the institutions.

Background: By statute, the Board is directed to allocate such funds in accordance with its 2021-23 Budget Priorities and with any specifications in the 2021 Appropriations Act (S.L. 2021-180) and the Joint Conference Committee Report, dated November 15, 2021. The General Assembly also made appropriations and adjustments for designated programs in University Operations and Aid to Private Institutions.

Assessment: The allocations meet all the directives cited in the Appropriations Act and the related Joint Conference Committee Report. Many of the changes were made directly to each institution's budget; however, three items requiring Board action are shown in the table on the following page.

Assessment: This item requires a vote by the committee as delegated by the full Board of Governors.

2021-22 Operating Budget Allocations

This document includes recommended allocations for operating funding, as well as additional information about the 2021-22 budget and related bills. A comparison of the final enacted budget to the Board of Governors budget priorities can be found in Appendix A.

It is recommended that the following proposed allocations for 2021-22 be approved and that the president be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the president be authorized to seek such concurrence as may be required of the director of the budget in the allocation of budget priorities.

A. Recommended Allocations for Items Requiring Board Approval

Table 1 summarizes the operating allocations requiring Board of Governors approval. Following the table is a summary of the methodology for each allocation.

Table 1: 2021-22 Recommended Allocations Requiring Board Approval

Institution	Enrollment Change Funding		NC Promise Tuition Plan	Building Reserves
	2020-21	2021-22		
ASU	\$ 5,175,392	\$3,576,968	\$ –	\$ –
ECU	(1,111,913)	4,723,419	–	3,842,805
ECSU	1,049,297	1,100,211	2,226,297	372,406
FSU	2,541,505	3,097,941	–	440,141
N.C. A&T	(496,086)	857,472	–	2,559,870
NCCU	(2,262,933)	(2,488,775)	–	–
NC State	3,857,479	5,836,885	–	7,162,121
UNCA	(175,715)	(844,396)	–	299,638
UNC-CH	3,426,899	366,868	–	–
UNCC	2,694,895	7,030,206	–	2,330,121
UNCG	(1,766,615)	(2,237,068)	–	1,137,943
UNCP	4,986,392	5,082,128	2,116,066	1,753,123
UNCW	9,767,957	12,085,270	–	2,204,981
UNCSA	626,459	675,700	–	513,568
WCU	1,915,860	(52,034)	4,255,222	3,398,366
WSSU	(931,853)	(1,234,443)	–	1,026,476
NCSSM	95,211	(8,069)	–	1,810,974
System Office	–	–	*6,402,416	–
Total	\$29,392,231	\$37,568,283	\$15,000,000	\$28,852,533

FTE Enrollment Model programs include ECU Medical and Dental Schools, NCCU School of Law, NC State School of Veterinary Medicine, UNC-CH Schools of Dentistry, Law, Medicine, and Pharmacy, UNCSA, and NCSSM.

Funds for the NCSSM Morganton campus were allocated directly to NCSSM (see page 12). The enrollment amounts in the 2021-22 column include the comprehensive transition program for ASU, UNCG, and WCU per Section 3.5 of S.L. 2020-97.

**The NC Promise allocation will be adjusted for Spring 2022 actual enrollment after spring census.*

The amounts shown for Building Reserves include both recurring and nonrecurring dollars. See Table 2 for more detail, including project names.

2021-22 Operating Budget Allocations

1. Enrollment Change Funding

The General Assembly appropriated \$66,960,514 in recurring funds for the biennium in response to the Board's request for enrollment change funding. The General Assembly made the appropriation to the UNC System Office, Institutional Programs (BOG Reserve). The UNC System has based its enrollment funding request on actual credit hours completed in arrears. The request included \$37,255,539 for enrollment growth between calendar year 2019 and calendar year 2020, \$312,744 for enrollment in Comprehensive Transition Programs as required by Section 3.5 of S.L. 2020-97, and \$29,392,231 to make the enrollment funding appropriated in FY 2021 by S.L. 2020-67 recurring. It is recommended that the enrollment change funding be allocated as shown in Table 1.

2. NC Promise Tuition Plan

The General Assembly fully funded the Board's request of \$15,000,000 for 2021-22 and an additional \$5,000,000 for 2022-23 for the NC Promise Tuition Plan, which sets undergraduate tuition at \$500 per semester for NC residents and \$2,500 per semester for nonresidents at three UNC System institutions (ECSU, UNCP, and WCU). Funds will be used to support increased enrollment at each institution. The General Assembly also requires a report by the Board and the chancellors of the NC Promise institutions by October. More detailed information can be found in Appendix B. The General Assembly also provided recurring funds of \$11,500,000 to include Fayetteville State University in the NC Promise Tuition Plan beginning in 2022-23. See Section 8.25 in Appendix D for more information.

It is recommended that \$8,597,644 of the \$15 million appropriation for 2021-22 be allocated to three institutions as shown in Table 1. This funding will bring the total buy-down amount up to the appropriate level for the current year. It is recommended that the president be authorized to make further allocations for 2021-22 after Spring 2022 census and for 2022-23. Table 2 shown below provides more detail on the NC Promise buy-down calculation.

Table 2: NC Promise Buy-Down Allocation

Institution	Residency	Fall FTE	Estimated Spring FTE	Buy Down Rate	Total Buy Down	Previous Allocated	Difference to be Allocated
ECSU	Resident	1,360	1,244	\$ 1,856	\$ 2,416,512	\$ 2,094,487	
	Nonresident	418	382	11,400	4,560,000	2,655,728	
	Total	1,778	1,626		6,976,512	4,750,215	2,226,297
UNCP	Resident	5,164	4,756	2,602	12,905,920	12,484,556	
	Nonresident	431	397	10,573	4,377,222	2,682,520	
	Total	5,595	5,153		17,283,142	15,167,076	2,116,066
WCU	Resident	7,887	7,288	2,971	22,542,463	22,910,858	
	Nonresident	1,368	1,264	9,723	12,795,468	8,171,851	
	Total	9,255	8,552		35,337,931	31,082,709	4,255,222
Total	Resident	14,411	13,288		37,864,895	37,489,901	
	Nonresident	2,217	2,043		21,732,690	13,510,099	
	Total	16,625	15,331		\$59,597,585	\$51,000,000	\$8,597,585

2021-22 Operating Budget Allocations

3. UNC Building Reserves

The General Assembly provided recurring funds of \$26,047,751 and nonrecurring funds of \$2,804,782 for 2021-22 to be used for operation and maintenance of building projects. These funds were transferred to the UNC System Office, Institutional Programs (Board Reserve) and will be allocated, per Senate Bill 105 (S.L. 2021-180), as shown in Table 3.

Table 3: FY 2021-22 Building Reserves

Institution/Building	2021-22	
	Recurring	Nonrecurring
East Carolina University		
Life Sciences & Biotechnology	\$3,288,818	\$553,987
Elizabeth City State University		
Moore Hall	372,406	—
Fayetteville State University		
Lyons Science Renovation	405,320	34,821
N.C. A&T State University		
Engineering Building	2,115,963	443,907
NC State University		
Utility Infrastructure	585,615	—
Fitts-Woolard Hall	4,114,251	—
Plant Sciences Building	1,806,027	656,228
UNC Asheville		
Carmichael Hall Renovation	124,790	—
Owen Hall Renovation	174,848	—
UNC Charlotte		
Sciences Building	2,330,121	—
UNC Greensboro		
Nursing & Instructional Building	981,693	—
South Chiller Plant	156,250	—
UNC Pembroke		
West Hall Renovations	230,248	—
Business School	1,240,443	282,432
UNC Wilmington		
Allied Health (Veteran's Hall)	2,204,981	—
UNC School of the Arts		
Old Library Renovation	376,228	—
Performance Place Renovation	137,340	—
Western Carolina University		
STEM Building	3,398,366	—
Winston-Salem State University		
Science & General Office Bldg.	947,223	—
1602 Lowery Street Renovation	79,253	—
NCSSM		
NCSSM Morganton	977,567	833,407
TOTAL	26,047,751	2,804,782

2021-22 Operating Budget Allocations

B. Additional Budget Actions Not Requiring Board Approval (for information only)

The General Assembly increased appropriations directly to several institutional budgets, which do not require Board allocation. These are described on the following pages, for information only.

1. Compensation Increase Reserve

The General Assembly appropriated \$78,637,061 in recurring funds for 2021-22 for a 2.5 percent across-the-board salary increase for UNC System employees both subject to and exempt from the State Human Resources Act (SHRA and EHRA). Although funding for compensation and benefit changes was appropriated directly to the UNC System budget, Section 39.1 of the Appropriation Act (S.L. 2021-180) shown in Appendix D, directs the Office of State Budget and Management to determine the allocation of these funds. The recurring funds will impact the employee's base salary and retirement contributions.

2. Premium Pay Bonuses (State Fiscal Recovery Fund)

The General Assembly provided \$92,277,624 in nonrecurring funds in 2021-22 for a \$1,000 bonus for full-time state employees and local education employees, regardless of funding source. An additional \$500 bonus is provided to employees in at least one of the following employee groups: 1) employees with an annual salary of less than \$75,000; 2) law enforcement officers; 3) employees in the Department of Public Safety, Division of Adult Correction and Juvenile Justice, with job duties requiring frequent in-person contact, or 4) employees of the Department of Health and Human Services in a position at a 24-hour residential or treatment facility. See Section 39.2 in Appendix D for more information.

3. Faculty Recruitment and Retention

The General Assembly increased funding for faculty recruitment and retention efforts at UNC System institutions with a \$5,000,000 recurring appropriation. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

4. State Retirement Contributions – TSERS Members

Recurring funds of \$7,081,313 and nonrecurring funds of \$7,950,948 were appropriated to increase the state's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and retiree medical premiums, and to provide one-time cost-of-living supplements to retirees of 2 percent.

5. State Retirement Contributions – ORP Members

The state employer contribution rates were reduced for members of the Optional Retirement Program (ORP) to fund retiree medical premiums. This represents a decrease in General Fund net appropriations of \$4,944,590 in recurring funds for the 2021-22 fiscal year.

6. State Health Plan

The General Assembly provided additional recurring funds of \$23,372,891 in 2021-22 to continue health benefit coverage for enrolled active employees supported by the General Fund.

7. Unfunded Liability Solvency Reserve

Nonrecurring funds of \$7,398,652 from the Unfunded Liability Solvency Reserve will be allocated in 2022-23 to pay additional contributions to the TSERS and Retiree Health Benefit Fund. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve).

2021-22 Operating Budget Allocations

8. Project Kitty Hawk (State Fiscal Recovery Fund)

The General Assembly provided nonrecurring funds of \$97,000,000 in 2021-22 to establish a public-private partnership for digital learning courses with the goal of generating postsecondary learning and career advancement opportunities in response to the COVID-19 pandemic. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve). See Section 8.24 in Appendix D for more information.

9. Ultraviolet-C Sterilization Units (State Fiscal Recovery Fund)

Nonrecurring funds of \$2,000,000 were appropriated to purchase ultraviolet-C sterilization units to disinfect surfaces to prevent the spread of COVID-19. This equipment shall be divided equally between ECSU, FSU, and UNCP. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

10. NC Food Innovation Lab

The General Assembly provided \$1,500,000 in nonrecurring funds to the NC Food Innovation Lab at the NC Research Campus in Kannapolis to support new and existing staff salaries and benefits, added working capital, and expanded lease capacity. Funding for this purpose will be replaced by receipts generated by the lab. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

11. UNC Laboratory Schools

The General Assembly provided \$1,000,000 in recurring funds to the UNC Laboratory Schools for support services and expansion to nine schools. The revised net appropriation for this program is \$3 million. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

12. Education Facility Planning Funds for UNC Wilmington

Nonrecurring funds of \$994,000 were provided for 2021-22 to be held in reserve and allocated to UNCW for a new education facility at Isaac Bear Early College High School upon signing a memorandum of agreement with the New Hanover County Schools. The funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

13. Report on Implementation of Science of Reading by Educator Preparation Programs

The General Assembly appropriated \$500,000 in nonrecurring funds to contract for a report on the progress among educator preparation programs on the implementation of required changes related to the Science of Reading. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve).

14. Information Technology Rates – DIT Subscription Rate Increase

The General Assembly provided \$128,103 in recurring funds for the increase in the Department of Information Technology (DIT) subscription rates based on the 2021-22 approved rate. The subscription rate covers the administrative support provided for DIT, such as internal audit, finance, human resources, and facility management. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

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15. Advanced Placement Test Fees (NCSSM/UNCSA)

The General Assembly provided \$90,000 in recurring funds for the registration fees of Advanced Placement course tests of students enrolled in the high school academic program at NC School of Science and Mathematics and the UNC School of Arts. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations. See Section 8.13 in Appendix D for more information.

Financial Aid and SEAA Appropriations

16. Longleaf Commitment Grants (State Fiscal Recovery Fund)

The General Assembly provided nonrecurring funds of \$25,500,000 to SEAA to administer the Longleaf Commitment Program. This program provides need-based grants to eligible students graduating from high school in the 2021-22 academic year to cover tuition and fees at a community college for up to two years. These funds were appropriated to the UNC System Office, Related Educational Programs.

17. National Guard Tuition Assistance Program

The General Assembly transferred recurring funds of \$2,112,815 for the National Guard Tuition Assistance Program (NC TAP) from SEAA to the Department of Public Safety.

18. UNC Need-Based Financial Aid Program Expansion

The General Assembly provided \$6,296,525 in recurring funds to the UNC Need-Based Financial Aid Program to increase the program requirements by five percent of the amount provided in the base budget, which will be consolidated into the newly established NC Need-Based Scholarship Program for Public Colleges and Universities in 2022-23. These funds were appropriated to the UNC System Office, Related Educational Programs.

19. UNC Need-Based Financial Aid Program Consolidation

The General Assembly eliminated recurring funds of \$77,898,523 in 2022-23 for the NC Need-Based Financial Aid Program and consolidates these funds to the BOG Reserve under the newly established NC Need-Based Scholarship Program for Public Colleges and Universities.

20. NC Need-Based Scholarship Program for Public Colleges and Universities

Recurring funds of \$78,063,523 were appropriated for 2022-23 to establish a new NC Need-Based Scholarship Program for Public Colleges and Universities by consolidating the UNC Need-Based Financial Aid Program, the Community College Need-Based Assistance Program, and the NC Education Lottery Scholarship. The total requirements for the consolidated scholarship after expansion are \$179.9 million in 2022-23. The consolidated scholarship is supported by \$41.2 million from the Education Lottery Fund and \$53.1 million from the Escheat Fund. These funds were appropriated to the UNC System Office, Related Educational Programs.

21. SEAA Information Technology Systems Update

The General Assembly provided nonrecurring funds of \$3,500,000 in 2021-22 to update the higher education state scholarship system. These funds were appropriated to the UNC System Office, Related Educational Programs.

2021-22 Operating Budget Allocations

22. NCSSM and UNCSA Tuition Grants

The General Assembly provided recurring funds of \$1,750,000 in 2021-22 and an additional \$1,750,000 in 2022-23 to establish a 4-year scholarship for students graduating from the high school academic program at NCSSM or UNCSA who enroll full-time at a UNC System constituent institution, beginning with the classes of 2021. These funds were appropriated to the UNC System Office, Related Educational Programs. See Sec. 8A.1 in Appendix D for more information.

23. NC Principal Fellows Program

The General Assembly provided additional recurring funds of \$1,500,000 in 2022-23 to increase the number of school administrator candidates supported by the program. These funds were appropriated to the UNC System Office, Related Educational Programs.

24. SEAA Financial Aid Public Awareness Campaign

The General Assembly provided \$1,250,000 in nonrecurring funds in 2021-22 for SEAA to raise awareness of changes to the scholarship programs for students attending public colleges and universities. These funds were appropriated to the UNC System Office, Related Educational Programs.

25. SEAA Upfit and Moving Costs

The General Assembly provided \$850,000 in nonrecurring funds for 2021-22 to cover SEAA's relocation expenses to Raleigh. These funds were appropriated to the UNC System Office, Related Educational Programs.

26. Free Application for Federal Student Aid (FAFSA) Outreach

The General Assembly provided \$745,000 in recurring funds to SEAA for positions and associated operating costs to improve outreach to students, families, and schools to promote the Free Application for Federal Student Aid (FAFSA) completion. These funds were appropriated to the UNC System Office, Related Educational Programs.

27. Washington Center Internship Scholarship Program

Nonrecurring funds of \$500,000 were provided for a scholarship to students who are residents of North Carolina and are enrolled in their second year or higher at a UNC System constituent institution to attend a semester or summer term internship program at the Washington Center for Internships and Academic Seminars located in Washington, D.C. These funds were appropriated to the UNC System Office, Related Educational Programs.

28. Comprehensive Transition Postsecondary Scholarship Program

The General Assembly provided recurring funds of \$303,574 in 2022-23 to administer and distribute awards for the Comprehensive Transition Postsecondary Scholarship Program for certain students with intellectual disabilities who attend UNC System constituent institutions. These funds were appropriated to the UNC System Office, Related Educational Programs.

29. SEAA Data Analytics

The General Assembly provided \$125,000 in recurring funds to cover the cost of one position at SEAA to collect and analyze data related to state grants and other programs. These funds were appropriated to the UNC System Office, Related Educational Programs.

2021-22 Operating Budget Allocations

Campus-Specific Appropriations

30. COVID-19 Research Grants (State Fiscal Recovery Fund)

The General Assembly appropriated \$30,000,000 in nonrecurring funds for 2021-22 to the NC Policy Collaboratory to award research grants to monitor, assess, and address the public health and economic impacts of the COVID-19 pandemic. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

31. Innovative Highly Treated Wastewater Pilot Program (State Fiscal Recovery Fund)

The General Assembly appropriated \$20,000,000 in nonrecurring funds for 2021-22 to the NC Policy Collaboratory for a water and sewer project that establishes the Innovate Highly Treated Wastewater Pilot Program. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

32. Rapidly Emerging Antiviral Drug Development Initiative (State Fiscal Recovery Fund)

Nonrecurring funds of \$18,000,000 are provided for 2021-22 to the VC for Research at UNC-Chapel Hill for the Rapidly Emerging Antiviral Drug Development Initiative to advance development of the therapeutics for the COVID-19 pandemic. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

33. Water Safety Act

The General Assembly provided recurring funds of \$100,000 and nonrecurring funds of \$14,150,000 for 2021-22 to the NC Policy Collaboratory to implement requirements of the 2021 Water Safety Act, including \$100,000 for the creation and operation of an online database of Aqueous Film-Forming Foams. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

34. Study of Cyanobacterial Algal Bloom Treatment

Nonrecurring funds of \$5,000,000 are provided for 2021-22 to the NC Policy Collaboratory to evaluate the effectiveness and efficacy of an approved in situ treatment of the nutrient impaired surface waters in lakes and reservoirs on cyanobacterial harmful algal blooms. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

35. Collaboratory Research Funds

The General Assembly provided recurring funds of \$1,000,000 for 2021-22 to the NC Policy Collaboratory to facilitate the dissemination of the policy and research expertise of the University of North Carolina and other institutions of higher education within North Carolina for practical use by state and local governments. Funds provided for this purpose in 2021-22 shall be used for the study of coastal and marine fisheries. These funds were appropriated to UNC-Chapel Hill, Academic Affairs.

36. Research Grants for Historically Minority-Serving Institutions

The General Assembly provided recurring funds of \$500,000 and nonrecurring funds of \$500,000 for 2021-22 to the NC Policy Collaboratory to award competitive research grants to constituent institutions of the University of North Carolina System identified as historically minority-serving institutions. These funds were appropriated directly to UNC-Chapel Hill, Academic Affairs.

37. Jordan and Falls Lake Study

The General Assembly provided \$750,000 in nonrecurring funds for 2021-22 for the study and analysis of nutrient management strategies of Jordan Lake and Falls Lake. Recurring funds of \$500,000 will be eliminated for 2022-23. The adjustments were made directly to UNC-Chapel Hill, Academic Affairs.

2021-22 Operating Budget Allocations

38. FerryMon Water Monitoring

The General Assembly provided \$170,000 in nonrecurring funds for 2021-22 and 2022-23 from the Department of Environmental Quality (DEQ) to UNC-Chapel Hill, Academic Affairs, for the NC Policy Collaboratory to continue a ferry-based water quality monitoring system.

39. ModMon River Monitoring

The General Assembly transferred \$160,000 in nonrecurring funds for 2021-22 and 2022-23 from the Department of Environmental Quality to UNC-Chapel Hill, Academic Affairs, for the NC Policy Collaboratory to continue a water quality modeling and monitoring program in the Neuse River and the Neuse River estuary.

40. Western School of Medicine – Asheville

The General Assembly appropriated \$4,600,000 in recurring funds for 2021-22 for the UNC School of Medicine's Asheville Campus, a joint program between the UNC School of Medicine, other UNC System universities, and the Mountain Area Health Education Center. These funds were appropriated directly to UNC-Chapel Hill, Health Affairs.

41. Adult Care Home Accreditation Pilot Program

The General Assembly transferred \$1,500,000 in nonrecurring funds for 2021-22 from the Department of Health and Human Services to UNC-Chapel Hill, Health Affairs, for an adult care home accreditation pilot program to be administered by the Cecil G. Sheps Center for Health Services Research.

42. Southern Regional Area Health Education Center

The General Assembly provided \$4,800,000 in recurring funds for 2021-22 to the Southern Regional Area Health Education Center (SR AHEC) to support additional residencies in the SR AHEC service areas. These funds were appropriated directly to UNC-Chapel Hill, AHEC.

43. Engineering NC's Future at NC State

The General Assembly appropriated nonrecurring funds of \$12,500,000 for 2021-22 and \$7,500,000 for 2022-23 for faculty, staff, equipment, facility improvements, and other resources needed to support an expansion of the College of Engineering. These funds were appropriated directly to North Carolina State University, Academic Affairs.

44. Innovation in Manufacturing Biopharmaceuticals

The General Assembly appropriated nonrecurring funds of \$2,000,000 for 2021-22 for NC State's participation in a collaborative effort to accelerate the development of innovative manufacturing processes for biopharmaceutical products. Funds will support the Biomanufacturing Training and Education Center at NC State University and serve as matching funds for a federal grant from the National Institute of Standards and Technology. These funds were appropriated directly to North Carolina State University, Academic Affairs.

45. Soldier to Agriculture Program

The General Assembly provided \$150,000 in nonrecurring funds for 2021-22 for the Soldier to Agriculture Program at NC State's Agriculture Institute, which introduces veterans to career opportunities in agriculture. These funds were appropriated directly to North Carolina State University, Academic Affairs.

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46. Student Beekeeping Grant Program

The General Assembly provided \$150,000 in nonrecurring funds for 2021-22 to create beekeeping programs for high school chapters of Future Farmers of America located in North Carolina. These funds were appropriated directly to North Carolina State University, Academic Affairs.

47. NC Clean Energy Technology Center

The General Assembly provided \$133,334 in nonrecurring funds for 2021-22 to offset the elimination of a transfer of funds from the Department of Environmental Quality. These funds were appropriated directly to North Carolina State University, Academic Affairs.

48. Agricultural Educational Coordinators

The General Assembly provided \$244,330 in recurring funds for 2021-22 for two additional Agricultural Education Coordinators. These coordinators will assist with the program planning and instructional delivery of agriculture curriculum, coordinate professional development and teacher in-services, and conduct technical assistance visits to programs. These funds were appropriated directly to North Carolina State University, Agricultural Research.

49. 4-H Centers and Camps COVID-19 Support (State Fiscal Recovery Fund)

The General Assembly provided \$1,700,000 in nonrecurring funds for 2021-22 to offset revenue loss caused by the COVID-19 pandemic at 4-H centers and camps in the state. Of the funds provided, \$750,000 is allocated to the Betsy-Jeff Penn Center in Rockingham County, \$600,000 to the Eastern 4-H Center in Tyrrell County, and \$350,000 to the Millstone 4-H Camp in Richmond County. These funds were appropriated directly to North Carolina State University, Cooperative Extension.

50. NC State Food Safety Extension Program

The General Assembly provided \$62,500 in nonrecurring funds for 2021-22 for the NC State Food Safety Extension Program to develop standard operating procedures and training to recover unserved prepared food for the purpose of reducing food waste. These funds were appropriated directly to North Carolina State University, Cooperative Extension.

51. eSports Programs

The General Assembly provided \$2,400,000 in nonrecurring funds for 2021-22 for operation, equipment, technology, marketing, and programming costs associated with the creation of an eSports facility on UNCG's campus. These funds were appropriated directly to UNC Greensboro.

52. Engineering NC's Future at UNC Charlotte

The General Assembly provided \$5,000,000 in nonrecurring funds for 2021-22 and for 2022-23 for faculty, staff, equipment, facility improvements, and other resources needed to support an expansion of the College of Engineering at UNCC. These funds were appropriated directly to UNC Charlotte.

53. Burson Data Center

The General Assembly provided \$600,000 in recurring funds for 2021-22 for the expansion of the Burson Data Center at UNCC to create a hub for data science, cybersecurity, and artificial intelligence. These funds were appropriated directly to UNC Charlotte.

2021-22 Operating Budget Allocations

54. Undergraduate Student Enrollment and Success Funding

The General Assembly provided \$5,000,000 in recurring funds for 2021-22 to improve student enrollment and outcomes at UNC Asheville. The funding for this program shall be allocated to UNCA only after the chancellor and Board of Trustees submit plans for approval to the UNC System president and Board of Governors that address enhancements in undergraduate student enrollment, retention, timely degree completion, and career placement.

55. Student Debt Reduction

The General Assembly provided \$3,000,000 in nonrecurring funds for 2021-22 to reduce debt for students accepted and entering UNC Asheville with adjusted gross incomes of \$65,000 or less who are NC residents. These funds shall be applied as a credit to qualifying students' accounts to assist in limiting student debt. Funds made available to UNCA for this program shall be matched on the basis of \$1 in non-state funds for every \$1 in state funds. These funds were appropriated directly to UNC Asheville.

56. UNCA Talent Scholarship

The General Assembly provided \$2,000,000 in recurring funds for 2021-22 for a merit-based scholarship for up to 400 students annually from rural, first-generation, or underrepresented communities who attend UNC Asheville. These funds were appropriated directly to UNC Asheville.

57. ECU Residency Program Support

The General Assembly provided \$2,950,000 in recurring funds for 2021-22 to support the residency program at the ECU Brody School of Medicine. These funds were appropriated directly to East Carolina University.

58. N.C. A&T Doctoral Programs

The General Assembly appropriated recurring funds of \$5,500,000 in 2021-22 and an additional \$2,000,000 in 2022-23 to North Carolina A&T State University to support doctoral programs. These funds will support new faculty and graduate student services for the doctoral programs, including computer science, various engineering fields, energy and environmental systems, education, and rehabilitation counseling. These funds were appropriated directly to N.C. A&T State University.

59. N.C. A&T Agricultural Research and Cooperative Extension

The General Assembly appropriated recurring funds of \$3,000,000 in 2021-22 to support the agricultural research and cooperative extension activities by matching federal funds awarded to N.C. A&T as a land-grant university pursuant to the National Agricultural Research, Extension, and Teaching Policy Act of 1977. These funds were appropriated directly to N.C. A&T State University.

60. Engineering NC's Future at N.C. A&T State University

The General Assembly provided \$2,500,000 in nonrecurring funds for 2021-22 and for 2022-23 for faculty, staff, equipment, facility improvements, and other resources needed to support an expansion of the College of Engineering. These funds were appropriated directly to N.C. A&T State University.

61. N.C. A&T Center for Energy Research and Technology

The General Assembly provided \$133,333 in nonrecurring funds for 2021-22 to offset the elimination of a transfer of funds from the Department of Environmental Quality. These funds were appropriated directly to N.C. A&T State University.

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62. Rural Medicine Resource Initiative

The General Assembly provided \$500,000 in nonrecurring funds for 2021-22 for the Rural Medical Resource Initiative. These funds were appropriated directly to Appalachian State University.

63. Appalachian Energy Center at ASU

The General Assembly appropriated \$133,333 in nonrecurring funds for 2021-22 to offset the elimination of a transfer of funds from the Department of Environmental Quality. These funds were appropriated directly to Appalachian State University.

64. Mobile Medical Units (State Fiscal Recovery Fund)

The General Assembly provided \$500,000 in nonrecurring funds for 2021-22 for the operation of mobile medical units in rural and at-risk communities to respond to the impacts of the COVID-19 pandemic. These funds were appropriated directly to UNC Pembroke.

65. NCCU Laboratory Equipment and Instruments

The General Assembly provided \$3,011,000 in nonrecurring funds for 2021-22 for laboratory equipment and instruments. These funds were appropriated directly to NC Central University.

66. NCCU Campus Security Improvements

The General Assembly provided \$821,627 in nonrecurring funds for 2021-22 for additional campus security measures and improvements. These funds were appropriated directly to NC Central University.

67. UNCSA COVID-19 Expenses (State Fiscal Recovery Fund)

The General Assembly provided \$364,253 in nonrecurring funds for 2021-22 to offset expenses incurred by the UNCSA High School Academic Program to directly respond to the COVID-19 pandemic. These funds were allocated directly to UNC School of the Arts.

68. NCSSM COVID-19 Expenses (State Fiscal Recovery Fund)

The General Assembly provided \$1,360,230 in nonrecurring funds for 2021-22 to offset expenses incurred to directly respond to the COVID-19 pandemic. These funds were appropriated directly to NC School of Science and Mathematics.

69. NCSSM – Morganton

The General Assembly provided recurring funds of \$2,608,160 in 2021-22 and an additional \$3,822,474 in 2022-23 plus nonrecurring funds of \$1,334,264 in 2021-22 and \$347,412 in 2022-23 for faculty, staff, equipment, and supplies for NCSSM – Morganton campus, which is scheduled to open in Summer 2022. These funds were appropriated directly to NC School of Science and Mathematics.

70. Aid to Private Institutions

The General Assembly appropriated funds to programs for private institutions. The funds for these programs were appropriated directly to Aid to Private Institutions. Descriptions of these items can be found in Appendix C.

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Appendix A: 2021-22 Operating Budget Comparison

Appendix B: 2021-22 UNC-Related Provisions Summary

Appendix C: Aid to Private Institutions

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	UNC System Budget Priorities				Senate's Recommended Budget				House's Recommended Budget				Conference Budget <i>(incl. tech. corrections)</i>			
	2021-22		2022-23		2021-22		2022-23		2021-22		2022-23		2021-22		2022-23	
Base Budget (excludes Aid to Private Institutions)	2,962,056,895		2,962,173,367		2,962,056,895		2,962,173,367		2,962,056,895		2,962,173,367		2,962,056,895		2,962,173,367	
Enrollment Change Funding ¹ (including NCSM Morganton Campus)	69,568,728		113,391,202		69,568,674		73,391,148		69,568,674		73,391,148		69,568,674		73,391,148	
	1,334,264	NR	347,412	NR	1,334,264	NR	347,412	NR	1,334,264	NR	347,412	NR	1,334,264	NR	347,412	NR
NC Promise Program	15,000,000		20,000,000		15,000,000		20,000,000		15,000,000		20,000,000		15,000,000		20,000,000	
Building Reserves	26,047,751		35,624,286		26,047,751		26,047,751		26,047,751		26,047,751		26,047,751		26,047,751	
	2,804,782	NR	1,242,230	NR	2,804,782	NR	–	NR	2,804,782	NR	–	NR	2,804,782	NR	–	NR
Faculty and Staff Salaries	<i>Equity with State agencies</i>				47,182,236		94,364,472		<i>Funded in Statewide Reserves Section</i>				78,637,061		157,274,123	
					92,277,624	NR*	–						92,277,624	NR*	–	
					FY22: 1.5% increase & \$1000 bonus \$500 bonus if salary <\$75K FY23: 1.5% increase				FY22: 2.5% increase (1.5% if EHRA NF <\$95K) \$500 bonus; \$1,500 bonus if salary <\$75K \$2,000 bonus if salary <\$40K FY23: 2.5% increase (1.5% if EHRA NF <\$95K) \$5M for UNC Faculty Retention				FY22: 2.5% increase \$1,000 bonus \$1,500 bonus if salary <\$75K FY23: 2.5% increase			
Other UNC Items (not requested)																
ORP Retirement Contribution	–		–		(4,691,022)		380,353		<i>Funded in Statewide Reserves Section</i>				(4,944,590)		(633,922)	
TSERS Retirement Contribution	–		–		7,329,780		16,647,297						7,081,313		15,653,429	
	–		–		–		–						7,950,948	NR	11,553,721	NR
State Health Plan Contribution	–		–		24,283,523		39,528,180						23,372,891		36,121,741	
Ultraviolet-C Sterilization Units	–		–		2,000,000	NR*	–		–		–		2,000,000	NR*	–	
UNCW Early College Education Facility Planning Funds	–		–		994,000	NR	–		–		–		994,000	NR	–	
Report on Implementation of Science of Reading	–		–		500,000	NR	–		–		–		500,000	NR	–	
DIT Subscription Rate Increase	–		–		128,103		128,103		128,103		128,103		128,103		128,103	
UNC-CH COVID-19 Research Grants	–		–		30,000,000	NR*	–		–		–		30,000,000	NR*	–	
Water Safety Act	–		–		100,000		100,000		–		–		100,000		100,000	
	–		–		15,000,000	NR	–		–		–		14,150,000	NR	–	
Fisheries Study	–		–		1,000,000	NR	–		–		–		–		–	
Research Grants for HMSIs	–		–		–		–		–		–		500,000		500,000	
	–		–		500,000	NR	500,000	NR	–		–		500,000	NR	–	
Jordan and Falls Lake Study	–		–		–		(500,000)		–		(500,000)		–		(500,000)	
	–		–		–		750,000	NR	–		750,000	NR	750,000	NR	–	
FerryMon Water Monitoring (\$170K NR)	–		–		<i>receipts-supported</i>				–		–		<i>receipts-supported</i>			
ModMon River Monitoring (\$160K NR)	–		–		<i>receipts-supported</i>				–		–		<i>receipts-supported</i>			
Western School of Medicine - Asheville	–		–		4,600,000		4,600,000		4,600,000		4,600,000		4,600,000		4,600,000	
Southern Regional AHEC	–		–		4,800,000		4,800,000		4,800,000	NR	–		4,800,000		4,800,000	
NCSU Engineering NC's Future	–		–		10,000,000	NR	10,000,000	NR	10,000,000	NR	10,000,000	NR	12,500,000	NR	7,500,000	NR
Innovation in Manufacturing Biopharmaceuticals	–		–		2,000,000	NR	–		2,000,000	NR	–		2,000,000	NR	–	
Soldier to Agriculture Program	–		–		150,000	NR	–		150,000	NR	–		150,000	NR	–	
NC Clean Energy Technology Center ²	–		–		133,334	NR	133,334	NR	400,000		400,000		133,334	NR	–	
Tyrrell County 4-H Program	–		–		500,000	NR*	–		–		–		–		–	
ECU Residency Program	–		–		2,300,000		3,600,000		–		–		2,950,000		2,950,000	

	UNC System Budget Priorities		Senate's Recommended Budget				House's Recommended Budget				Conference Budget <i>(incl. tech. corrections)</i>			
	2021-22	2022-23	2021-22	2022-23			2021-22	2022-23			2021-22	2022-23		
NC A&T Doctoral Programs	–	–	3,500,000	7,500,000			3,500,000	7,500,000			5,500,000	7,500,000		
NC A&T Ag. Research and Coop. Ext.	–	–	3,000,000	3,000,000			3,000,000	3,000,000			3,000,000	3,000,000		
NC A&T Center for Energy Research and Technology ²	–	–	133,333	NR	133,333	NR	133,333	133,333			133,333	NR		–
Appalachian Energy Center ²	–	–	133,333	NR	133,333	NR	133,333	133,333			133,333	NR		–
NCCU Campus Security Improvements	–	–	475,127	NR	346,500	NR	–	–			821,627	NR		–
NC Arboretum COVID-19 Expenses	–	–	–	–			138,000	NR*	–		138,000	NR*		–
PBS NC COVID-19 Expenses	–	–	–	–			22,500	NR*	–		22,500	NR*		–
Go Global NC	–	–	–	–			(440,000)	(440,000)			(440,000)	(440,000)		
Educational Career Alignment Study	–	–	–	–			1,000,000	NR	1,000,000	NR	2,000,000	NR		
UNC System Office Initiatives	–	–	–	–			850,000	850,000			850,000	850,000		
NC Food Innovation Lab	–	–	–	–			900,000	NR	900,000	NR	1,500,000	NR		–
AP Test Fees (UNCSA & NCSSM)	–	–	–	–			90,000	90,000			90,000	90,000		
UNC-CH Rapidly Emerging Antiviral Drug Development Initiative	–	–	–	–			18,000,000	NR*	–		18,000,000	NR*		–
UNC-CH Study Cyanobacterial Algal Bloom Treatment	–	–	–	–			2,000,000	NR	2,000,000	NR	5,000,000	NR		
NCSU Agricultural Educ. Coordinators	–	–	–	–			244,330	244,330			244,330	244,330		
NCSU 4-H Centers and Camps COVID-19 Support	–	–	–	–			1,700,000	NR*	–		1,700,000	NR*		–
NCSU Food Safety Extension Program	–	–	–	–			62,500	NR	–		62,500	NR		–
UNCG eSports Programs	–	–	–	–			1,400,000	1,400,000			2,400,000	NR		–
UNCC Engineering NC's Future	–	–	–	–			5,000,000	NR	5,000,000	NR	5,000,000	NR	5,000,000	NR
NC A&T Engineering NC's Future	–	–	–	–			2,500,000	NR	2,500,000	NR	2,500,000	NR	2,500,000	NR
ASU Rural Medicine Resource Initiative	–	–	–	–			500,000	NR	–		500,000	NR		–
NCCU Lab Equipment and Instruments	–	–	–	–			3,011,000	NR	–		3,011,000	NR		–
UNCSA COVID-19 Expenses	–	–	–	–			364,253	NR*	–		364,253	NR*		–
NCSSM COVID-19 Expenses	–	–	–	–			1,360,230	NR*	–		1,360,230	NR*		–
Capital and Infrastructure Staff (\$212,318 R)	–	–	–	–			–	–			<i>receipts-supported</i>			
Faculty Recruitment & Retention Fund	–	–	–	–			<i>Funded in Statewide Reserves Section</i>				5,000,000	5,000,000		
Unfunded Liability Solvency Reserve	–	–	–	–			–	–			<i>receipts-supported</i>			
Project Kitty Hawk	–	–	–	–			–	–			97,000,000	NR*		–
FSU Addition to NC Promise	–	–	–	–			<i>Funded in Statewide Reserves Section</i>				–	11,500,000		
UNC Lab Schools	–	–	–	–			–	–			1,000,000	1,000,000		
UNC-CH Innovative Highly Treated Wastewater Pilot Program	–	–	–	–			–	–			20,000,000	NR*		–
UNC-CH Collaboratory Research Funds	–	–	–	–			–	–			1,000,000	1,000,000		
UNC-CH Adult Care Home Accreditation Pilot (\$1.5M NR)	–	–	–	–			–	–			<i>receipts-supported</i>			
NCSU Student Beekeeping Grant Program	–	–	–	–			–	–			150,000	NR		–
UNCC Burson Data Center	–	–	–	–			–	–			600,000	600,000		
UNCA Undergraduate Student Enrollment and Success Funding	–	–	–	–			–	–			5,000,000	5,000,000		
UNCA Student Debt Reduction	–	–	–	–			–	–			3,000,000	NR		
UNCA Talent Scholarship	–	–	–	–			–	–			2,000,000	2,000,000		
UNCP Mobile Medical Units (\$500K NR)	–	–	–	–			–	–			500,000	NR*		–

	UNC System Budget Priorities		Senate's Recommended Budget		House's Recommended Budget		Conference Budget <i>(incl. tech. corrections)</i>	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Financial Aid and SEAA								
Longleaf Commitment Grants	–	–	25,500,000 NR*	–	–	–	25,500,000 NR*	–
National Guard Tuition Assistance Prog.	–	–	(2,112,815)	(2,112,815)	(2,112,815)	(2,112,815)	(2,112,815)	(2,112,815)
UNC Need-Based Aid Expansion	–	–	6,296,525	6,296,525	6,296,525	6,296,525	6,296,525	6,296,525
UNC Need-Based Aid Consolidation ²	–	–	–	(77,898,523)	–	(77,898,523)	–	(77,898,523)
NC Need-Based Scholarship Program for Public Colleges and Universities ²	–	–	–	78,063,523	–	78,063,523	–	78,063,523
NC Scholarship for Children of Wartime Veterans	–	–	–	–	2,669,504	2,669,504	–	–
NCSSM Tuition Grants	–	–	1,619,637	3,728,460	–	–	–	–
	–	–	2,108,823 NR	–	–	–	–	–
NCSSM and UNCSA Tuition Grants	–	–	–	–	4,017,516	6,026,274	1,750,000	3,500,000
	–	–	–	–	2,008,758 NR	–	–	–
SEAA IT Systems Update	–	–	–	–	3,500,000 NR	–	3,500,000 NR	–
SEAA Financial Aid Public Awareness Campaign	–	–	1,500,000 NR	–	1,000,000 NR	–	1,250,000 NR	–
NC Principal Fellows Program	–	–	–	–	–	1,500,000	–	1,500,000
SEAA Upfit and Moving Costs	–	–	750,000 NR	–	750,000 NR	–	850,000 NR	–
FAFSA Outreach	–	–	745,000	745,000	745,000	745,000	745,000	745,000
Washington Center Internship Scholarship Program	–	–	–	–	500,000 NR	–	500,000 NR	–
Comprehensive Transition Postsecondary Scholarship Program	–	–	–	–	–	250,000	–	303,574
SEAA Data Analytics	–	–	125,000	125,000	125,000	125,000	125,000	125,000
Total Recurring Operating Changes	110,616,479	169,015,488	209,822,392	302,534,474	136,396,254	152,642,486	258,489,243	388,298,987
Total Nonrecurring Operating Changes	4,139,046	1,589,642	189,794,620	12,343,912	65,406,287	22,497,412	364,941,728	26,901,133
Total Recommended UNC Budget Changes	114,755,525	170,605,130	399,617,012	314,878,386	201,802,541	175,139,898	623,430,971	415,200,120
Total Recommended UNC Budget	3,076,812,420	3,132,778,497	3,361,673,907	3,277,051,753	3,163,859,436	3,137,313,265	3,585,487,866	3,377,373,487
Total Percent Change	3.9%	5.8%	13.5%	10.6%	6.8%	5.9%	21.0%	14.0%
Total Percent Change without ARPA funds	3.9%	5.8%	8.4%	10.6%	6.1%	5.9%	20.3%	14.0%
Total Percent Change without ARPA or Salaries/Benefits	3.9%	5.8%	5.9%	5.5%	6.1%	5.9%	20.3%	14.0%

	UNC System Budget Priorities		Senate's Recommended Budget		House's Recommended Budget		Conference Budget <i>(incl. tech. corrections)</i>	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Aid to Private Institutions								
Base Budget	201,349,756	211,349,756	201,349,756	211,349,756	201,349,756	211,349,756	201,349,756	211,349,756
Opportunity Scholarship Grant Reserve	–	–	61,800,000 NR	15,000,000	–	–	19,000,000 NR	–
Personal Education Savings Accounts Expansion	–	–	9,650,000	9,650,000	15,600,000	15,600,000	3,000,000	9,650,000
Special Education Scholarship Expansion	–	–	–	–	16,043,166 NR	–	–	–
Special Education Scholarship Consolidation	–	–	5,950,000	5,950,000	–	–	2,000,000	5,950,000
Personal Education Savings Accounts	–	–	–	(16,043,166)	–	(16,043,166)	–	(16,043,166)
Wake Forest Institute for Regenerative Medicine	–	–	–	16,043,166	–	16,043,166	–	16,043,166
Patriot Foundation	–	–	7,000,000 NR	–	3,000,000	3,000,000	3,000,000	3,000,000
Marine Corps Scholarship Foundation	–	–	250,000 NR	250,000 NR	750,000	750,000	700,000	700,000
Private Colleges and Universities COVID-19 Support	–	–	250,000 NR	250,000 NR	300,000	300,000	350,000	350,000
Patriot Star Family Recovery Scholarship Program	–	–	–	–	100,000,000 NR*	–	–	–
NC Need-Based Scholarship	–	–	–	–	10,000,000 NR*	–	10,000,000 NR*	–
Marine Corps Scholarship Foundation Recovery Program	–	–	–	–	4,200,000	4,200,000	2,222,165	2,222,165
Opportunity Scholarship Program	–	–	–	–	–	–	3,000,000 NR*	–
Total Aid to Private Institutions	201,349,756	211,349,756	286,249,756	242,449,756	351,242,922	235,199,756	244,621,921	263,221,921

*Funded by the State Fiscal Recovery Fund (ARPA)

¹ Funding for FY 2022-23 enrollment growth is included in the Statewide Reserves

² Also includes receipt funding

Notes:

All items are recurring unless specified as nonrecurring (NR).

Highlighted items indicate that the item was not funded as requested.

Appendix B: 2021-23 UNC-Related Provision Summary

Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
UNC Section				
8.1	UNC/Escheat Fund for Student Financial Aid Programs	Appropriates funds from the Escheat Fund for the student financial aid programs as prescribed by G.S. 116B-7. If the interest on the fund is insufficient to meet the statutory requirements for aid to needy students the difference will come from the Escheat Fund principal provided that the principal amount does not drop below \$5M. Requires SEAA to evaluate the student aid programs and make recommendations to the Presidents of the UNC and CC Systems who may redistribute unutilized funds within a fiscal year.	Identical to Senate	Identical to Senate
8.2	In-State Tuition/Veterans/Federal Law Compliance	Simplifies eligibility requirements for the waiver of the residency requirement for in-state tuition for veterans to comply with federal law.	Identical to Senate	Not included in Conference Budget. Enacted in S.L. 2021-111.
8.3	NC Patriot Star Family Scholarship Program	Establishes the NC Patriot Star Family Scholarship Prog. to provide scholarships to eligible children and spouses of certain active duty military members and veterans to attend postsecondary institutions. The BOG shall provide the appropriated funds to the Patriot Foundation & the Marine Corps Scholarship Foundation to administer the program. By April 1 of each year, the Foundations must report to the Joint Legislative Oversight Committee & the FRD on the use of State funds.	Modified to makes technical changes to eligibility requirements.	Identical to House
8.4	Report on Science of Reading EPP Coursework Implementation	Requires the BOG to contract with a consultant to evaluate progress of the implementation of the changes in requirements for approval or renewal of approval of educator preparation programs (EPPs) for training of teachers in the Science of Reading and early literacy interventions.	Not included	Senate provision modified to change reporting dates to March 15, 2022 and June 15, 2022.
8.5	Falls Lake Nutrient Management Study/Funds	Allows for appropriated funds to remain available until December 31, 2023.	Identical to Senate	Identical to Senate
8.6	New Education Facility/UNCW/Planning Funds	Directs the BOG to allocate funds to UNCW when an agreement is signed between New Hanover County Schools and UNCW on the specifics of the new facility for Isaac Bear Early College HS. If an agreement is not signed by 6/30/22, the funds will revert.	Not included	Identical to Senate

Appendix B: 2021-23 UNC-Related Provision Summary

Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
8.7	Allow In-State Tuition/Athletic Scholarships	Amends G.S. 116-143.6 to include athletes receiving full scholarships to be considered residents for the purposes of tuition. This change applies beginning with the 2022-23 academic year.	Modified to apply beginning with the 2021-22 academic year.	Identical to House
8.8	Codify NC Collaboratory	Adds Article 31A to G.S. 116 to codify the duties and powers of the NC Collaboratory. By Dec. 1 of each year, the Collaboratory is required to report to the Joint Legislative Oversight Committee on Agricultural and Natural and Economic Resources, the Joint Legislative Oversight Committee on Health and Human Services, and JLEOC on its activities in the prior fiscal year.	Not included	Senate provision modified to move the first annual report from December 1, 2021 to February 1, 2022
8.9	Collaboratory/ Research Grants HMSI	Directs the Collaboratory to establish a research grant program for the UNC HMSIs. Funds allocated may not be used for administrative costs and do not revert at the end of the fiscal year.	Not included	Identical to Senate
8.10	Collaboratory/2021 Water Safety Act/ Firefighting Foam Registry	Directs the Collaboratory to continue coordinating among public and private institutions within the state to conduct analysis on PFAS, including GenX. Requires that the Collaboratory utilize faculty and staff at UNCW for assistance with project management. Requires that the Collaboratory continue reporting results to the Environmental Review Commission, DEQ, DHHS, and the US EPA. Does not allow appropriated funds to be used for overhead or indirect costs and funds do not revert at the end of the year. Requires that at least \$10M of the \$15M in funds appropriated be used to develop technology to mitigate the presence of PFAS from water. Also provides the apportionment for IP revenue related to ionic fluorogel water filtration or other technologies developed with the research funds. Adds Article 82B to G.S. 58 to codify a reporting requirement for the use of Aqueous Film-Forming Foams. Directs the Collaboratory, in partnership with the Office of the State Fire Marshal to develop and maintain the online reporting portal. The tool and database are required to be operational by 6/1/22.	Modified to exclude the Water Safety Act. Adds Article 82B to G.S. 58 to codify a reporting requirement for the use of Aqueous Film-Forming Foams. Directs the Collaboratory, in partnership with the Office of the State Fire Marshal to develop and maintain the online reporting portal. The tool and database are required to be operational by July 1, 2022.	Senate provision modified to reflect revised funding.
8.11	Collaboratory/Study of the Coastal and Marine Fisheries of the State	Directs the Collaboratory to conduct a study on the status of coastal and marine fisheries regulated by the state. A report is due to the Environmental Review Commission by December 31, 2022.	Not Included	Senate provision modified to change the report date to June 30, 2023. Directs the Collaboratory to prioritize funding for this study in the \$1M that the Collaboratory receives from the BOG for research studies.

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Section & Title	Senate Budget (Senate Bill 105)	House Budget	Conference Budget
8.12 Collaboratory/COVID-19 Research Initiatives	Allows for up to \$18M of the State Fiscal Recovery Fund appropriated to the Collaboratory to be used for the Rapidly Emerging Antiviral Drug Development Initiative. A report is due to the Joint Legislative Oversight Committee on Health and Human Services by September 1, 2024.	Not Included	Senate provision modified to allows for funding to go toward commercialization. Funds not allowed for indirect costs. Also stipulates that \$15M be used for a grant program with specific requirements.
8.13 AP Fees for NCSSM/ UNCSA High School Students	Not included	Exempts NCSSM and UNCSA students from paying registration and administration fees to take AP exams provided that funds are made available for that purpose. Requires an annual report on the number of students enrolled in AP courses, performance on the AP exams, and the amount of state funds expended, to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, FRD, and the JLEOC by December 15, 2022.	House provision modified to include a provision ensuring that all fees that were already paid during 2021-22 are reimbursable.
8.14 UNC Program Outcome Reporting	Not included	Requires an annual report on all UNC programs that received new or expanded State appropriations to be submitted to Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee beginning October 1, 2022, and annually thereafter.	Not included
8.15 Changes to UNC Carryforward Authority	Not included	Removes the requirement that carryforward funds be spent on R&R projects and the requirement that carryforward exceeding 2.5% but less than 5% be transferred to the System Office for redistribution. Allows carryforward to be used for one-time expenditures provided that the expenditures do not create additional financial obligations for the State.	House provision modified to cap carryforward at 2.5%.
8.16 CTP Postsecondary Scholarship Program	Not included	Creates the Comprehensive Transition Postsecondary Scholarship Program beginning with the 2022-23 academic year to provide scholarships to full-time North Carolina students with intellectual disabilities that enroll in the Integrative Community Studies program at UNCG effective 2022-23. Establishes a nonreverting fund to award the scholarships. Eligibility requirements include NC residency, enrollment standards, and demonstrated need.	House provision modified to expand program to cover certificate programs at all institutions, not just UNCG's Integrative Community Studies Program.

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
8.17	UNC System Educational Career Alignment	Not included	Requires the UNC BOG to contract with an independent research organization to evaluate the current programs at each UNC institution including operational costs, student outcomes, and return on investment for each program. A report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division on the findings is due by September 1, 2023.	House provision modified to change report deadline to two years from the enactment of the law (November 2023).
8.18	Collaboratory/Study of Cyanobacterial Algal Bloom Treatment	Not included	Establishes the requirements of a new treatment to remediate and prevent cyanobacterial algal blooms in lakes and reservoirs in NC. Requires the NC Policy Collaboratory to study the effectiveness and efficacy of the new treatments and report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division by April 1, 2023.	House provision modified to direct that unexpended funds for FY22 will not revert at the end of the year but will remain available through FY23.
8.19	NC Patriot Star Family Recovery Scholarship Program	Not included	Establishes the NC Patriot Star Family Recovery Scholarship Program and directs funds to the Patriot Foundation to provide scholarships to eligible children and spouses of veterans, active duty service members, and eligible disabled veterans to attend eligible postsecondary institutions. Establishes eligibility criteria to receive a scholarship and administrative requirements for the Patriot Foundation.	House provision modified to include the Marine Corps Scholarship Foundation. Requires a report due April 1 to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division
8.20	Student Beekeeping Grant Program	Not included	Requires NCSU to use \$150K of the funds appropriated to the NC Food Innovation Laboratory for grants to high school chapters of the Future Farmers of America to create beekeeping programs. Establishes criteria for the grants and sets the maximum grant amount at \$1,500 per county.	House provision modified to separate beekeeping program from the NC Food Innovation Lab.

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
8.21	UNC Pembroke Mobile Units/Funds	Not included	Directs \$500K of the funds appropriated from the State Fiscal Recovery Fund to the Community Colleges System Office to be appropriated to the BOG for UNCP to continue operation of the Mobile Medical Units in rural and at-risk communities to respond to COVID-19.	Provision not included. The \$500K for UNCP is allocated directly to UNCP from the State Fiscal Recovery Fund.
8.22	Transfer Position from NCCU to OSHR	Not included	Not included	Transfers a position from NCCU to OSHR in accordance with a 2003 Operating Budget Revision.
8.23	Food Innovation Lab Funds	Not included	Not included	Ensures that unexpended funds allocated for FY22 to the Food Innovation Lab do not revert at the end of FY22.
8.24	Kitty Hawk Public-Private Partnership Project for Digital Learning and Career Development in Response to the COVID-19 Pandemic	Not included	Not included	Appropriates \$97M to the UNC System institutions for digital learning and career development programs, to be operated by a nonprofit corporation that is operated by the BOG. Requires the UNC System Office to report to the Senate Appropriations Committee on Education/Higher Education, House Appropriations Committee on Education, Joint Legislative Education Oversight Committee, and FRD on the development and implementation of online degree programs. Digital learning SCH from this provision are not included in the enrollment funding model.
8.25	NC Promise/Add Fayetteville State	Not included	Adds FSU to the NC Promise program beginning with the 2022-23 academic year. Included in Section 5.13 in House budget.	Identical to House
8.26	Establishes Standards and Pilot Program for Highly Treated Wastewater	Not included	Not included	Provides \$1M to the NC Policy Collaboratory (UNC-CH) to implement a wastewater review program to evaluate existing wastewater systems, identify partner programs, and work with DEQ to help construct new systems. The Collaboratory will submit a report on December 1, 2024 to the Environmental Management Commission and the Environmental Review Commission.
8.27	Engineering NC's Future/Funds	Not included	Not included	Allows for the unexpended portion of the \$20M NR funds allocated to NC State (\$12.5M), UNCC (\$5M), and NC A&T (\$2.5M) to not revert at the end of FY22.
2.7*	BOG and President of UNC Establishing New Health Sciences Programs at UNCP	Not included	Not included	Directs the Board and president to study the feasibility of establishing new health science programs at UNCP, including a school of optometry, no later than the date that the new health sciences building at UNCP is open.

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
UNC/SEAA Section				
8A.1	Tuition Grants for NCSSM Graduates/UNCSA Graduates	Creates a new scholarship program for students graduating from NCSSM to attend a UNC institution. The scholarships must be used in the academic year immediately following graduation from NCSSM and students who receive initial grants can apply for tuition grants in subsequent academic years for up to four years. If the funds appropriated for the new scholarship program are insufficient to cover the full tuition costs for every eligible recipient, then each recipient will receive a pro rata share. A reserve fund is established to be administered by SEAA. Up to 5% of the annual appropriation can be used for administrative costs of SEAA. Intent language for fully funding the reserve through 2026-27 is included.	Revised to include high school graduates of UNC School of the Arts and for students who attended a private postsecondary institution in North Carolina at up to the highest amount of undergraduate resident tuition charged at a UNC institution.	House provision modified to no longer allow funds to be used at private institutions and clarifies that 2021 graduates are eligible for the funding. Intent language to fully fund future graduating classes is adjusted accordingly.
8A.2	Public Colleges and Universities Need-Based Financial Aid Consolidation	Establishes the NC Need-Based Scholarship for Public Colleges and Universities for residents of NC attending UNC or NCCCS. The scholarship is limited to 10 full-time academic semesters or the equivalent if enrolled part-time. Requires that the award be based on a payment schedule established jointly by the Presidents of the UNC and NCCC Systems in consultation with SEAA. Directs SEAA to administer the scholarship and report annually by 12/1/24 to JLEOC on the awards disbursed and the number of students receiving funds. Also establishes a reserve fund for the scholarship to be funded from the Education Lottery Fund, the Escheat Fund, and the General Fund. Directs that reserves be created for UNC System and NCCCS in the amount equal to the existing share of the Education Lottery Scholarship and the Need-Based Financial Aid Programs. SEAA is permitted to use up to 1.5% of the funds available in the reserve for administrative costs. Repeals Article 35A of Chapter 115C, G.S. 115D-40.2, G.S. 116-25.1, and Section 10.1 of S.L. 2000-67, and amends relevant language in G.S. 116-209.19A and G.S. 115D-40.1 to consolidate the existing programs.	Identical to Senate	Modified to provide that unexpended funds for FY22 will not revert at the end of the year.

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
8A.3	Equity in Opportunity Act	Amends G.S. 115C-562.1(3) to expand eligibility requirements for the Opportunity Scholarship Grant Program. Also amends the grant award amounts from up to \$4,200 per year to up to 90% of the average state per pupil allocation for ADM from the prior fiscal year. Allows for up to \$500k of unexpended funds to be used for marketing, outreach, and scholarship application assistance. Remaining funds do not revert. Also updates funding intent language to expand the program to up to \$270.54M by FY 2032. Amends G.S. 115C-590 to establish North Carolina Personal Education Savings Accounts for Children with Disabilities Program. The program expands eligibility, application, and award requirements from the previous program.	Modified to make a number of technical changes to the eligibility requirements and program administration of the Opportunity Scholarship Grant Program. Decreases the percentage allowed for administrative uses from 4% to 2.5% and excludes the intent language to increase funding over the next ten years. Also modified to make technical changes to the Personal Education Savings Accounts for Children with Disabilities Program and to include intent language to increase funding for the program by \$1M per year for the next ten years.	Similar to the Senate version. The provision now further expands and clarifies the eligibility requirements. Students that are "eligible" to enter K-2 are now eligible for the program, even if they are not enrolled. Defines FT and PT students and allows PT students to receive a grant at half the value. Clarifies appropriate use of the administrative funding. The reserve amount is increased to \$120M in FY24 and will increase by \$15M per year thereafter (\$30M less per year than proposed in the Senate version). Includes House revisions to the administrative rate (reduced to 2.5%), and increases to the Personal Education Savings Accounts for Children with Disabilities program. Modified to make prior applicants eligible as long as they applied during FY22. The funds may not be used for transaction fees beyond 2.5%.
8A.4	SEAA Governance Structure Modifications/ Budget Code Changes	Amends G.S. 116-203 to house SEAA administratively within the UNC System Office. Directs that SEAA should exercise statutory powers independently from the System Office and the BOG. Amends the appointments to the governing board of directors and directs the UNC System President to appoint the executive director of SEAA. Directs SEAA to publish an annual report to the BOG, Governor, and General Assembly.	Modified to make changes to the appointees of the board of directors to include three appointed by the BOG, four appointed by the Governor, and two ex officio members. Also modified to direct OSBM to create a new budget code to separate the budget codes of the UNC System Office and SEAA. The changed budget code shall be reflected in the base budget of the FY 2023-25 biennium.	Senate version modified to direct appropriation for programs administered by SEAA to be clearly identified in a separate budget code. Requires that one SEAA appointee have expertise in secondary or higher education.
8A.5	Longleaf Commitment Community College Grant	Establishes the Longleaf Commitment Grant Program to award funds to students graduating from high school in 2022 to cover tuition and fees at a community college for up to two years. Awards should be between \$700 and \$2,800 per eligible student. Allows SEAA to use up to 1% of the funds for administrative costs.	Not included	Senate provision modified to allow for a high school equivalent diploma to qualify for the program. The grant is no longer reduced by other state or federal awards.
8A.6	Changes to the NC Principal Fellows/ TP3 Program	Not included	Makes technical modifications to G.S. 116-74.41 to remove references to the Transforming Principal Preparation Program. Allows the commission to use unobligated funds for program monitoring and evaluations.	Not included in Conference Budget
8A.7	SEAA Disburse State's Scholarships for Children of Wartime Veterans	Not included	Transfers the responsibility of disbursing the Scholarships for Children of Wartime Veterans from the Dept. of Military and Veterans Affairs to SEAA. Allows SEAA to use up to \$150,000 of program funds for administration.	Not included in Conference Budget

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
8A.8	Washington Center Internship Scholarship Program	Not included	Establishes the Washington Center Internship Scholarship Program and directs the SEAA to award grants to eligible students enrolled in their second year or higher at UNC institutions. Grant awards may be up to \$7,000. Establishes criteria for eligible internship activities. Allows SEAA to retain 1% of program funds for administration. Requires SEAA to report by 3/1/23 to the JLEOC, the Senate Appropriations Comm. on Education/Higher Education, the House of Representatives Appropriations Committee on Education, and FRD on the implementation of the program.	Identical to House
Salaries and Benefits				
39.1	Eligible State-Funded Employees Awarded Legislative Salary Increases/Effective July 1, 2021 and July 1, 2022	Increases salaries for eligible state employees by 1.5% in both July of 2021 and July of 2022. Not applicable to UNC employees.	Modified to Increase salaries for eligible state employees by 2.5% in both July of 2021 and July of 2022. Not applicable to UNC employees.	House provision modified to adjust the excluded state employees.
39.2	Bonuses Awarded to State Employees for Work During the Pandemic	Awards \$1,000 bonuses to state employees that are employed as of October 1, 2021. Also awards an additional \$500 bonus to employees earning less than \$75K, law enforcement officers, employees of the Division of Adult Correction and Juvenile Justice, and employees in 24-hour resident or treatment facilities operated by DHHS. Bonuses are to be paid by October 31, 2021.	Modified to award \$500 bonuses to State employees employed continuously from March 10, 2020 to October 1, 2021. Bonus is increased by \$1,000 if the employee's annual salary is less than \$75,000 or if the employee is a law enforcement officer or school principal. Bonus is increased by \$1,500 if the employee's annual salary is less than \$40,000 and employee is a law enforcement officer or school principal.	Senate provision amended to direct that payments to be issued by January 31, 2022.
39.13	University of North Carolina System	Increases salaries for UNC employees by 1.5% in both July of 2021 and July of 2022.	Modified to increase salaries for UNC employees who are SHRA employees, EHRA faculty, and teachers at NCSSM by 2.5% in both July of 2021 and July of 2022. EHRA non-faculty with salary below \$95,000 would receive 1.5% increase in both July 2021 and July of 2022.	House provision modified to include all employees. No longer excludes EHRA Non-faculty
39.16	Most State Employees	Sets the effective date of the salary increase as June 30, 2021 and June 30, 2022.	Identical to Senate	Identical to Senate
39.17	All State-Supported Personnel	Excludes personnel that have separated from service prior to June 30, 2021 and June 30, 2022 from receiving a salary increase.	Identical to Senate	Modified to provide that employees will receive a prorated salary increase for July 1 through December 31, payable as a bonus on Dec 31.

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
39.22	Salary-Related Contributions	Increases employer contribution rates for State's retirement program as follows: Effective July 1, 2021 TSERS - 22.27%, LEO - 27.27%, and ORP - 13.24%. Effective July 1, 2022 TSERS - 23.02%, LEO - 28.02%, and ORP - 13.64%. Sets the maximum annual employer contributions for the state health plan at \$7,046 effective July 1, 2021 and \$7,498 effective July 1, 2022.	Modified to increase employer contribution rates for State's retirement program as follows: Effective July 1, 2021 TSERS - 22.86%, LEO - 27.86%, and ORP - 13.19%. Effective July 1, 2022 TSERS - 23.48%, LEO - 28.48%, and ORP - 13.46%. Sets the maximum annual employer contributions for the state health plan at \$6,996 effective July 1, 2021 and \$7,297 effective July 1, 2022.	Modified to increase employer contribution rates for State's retirement program as follows: Effective July 1, 2021 TSERS - 22.89%, LEO - 27.89%, and ORP - 13.22%. Effective July 1, 2022 TSERS - 24.19%, LEO - 29.19%, and ORP - 13.83%. Sets the maximum annual employer contributions for the state health plan at \$7,019 effective July 1, 2021 and \$7,397 effective July 1, 2022.
39.23	One-Time Cost of Living Supplements for Retirees of the TSERS, the Consolidated Judicial Retirement System, and the Legislative Retirement System	Not included	Provides a one-time cost-of-living supplement to beneficiaries who are living as of September 1 at 2% of the beneficiary's annual retirement allowance on or before October 31, 2021 and 2022.	House provision revised to direct that the first payment date be December 31, 2021. The second payment now is 3%.
39.25	Establish NC Retirement Health Reimbursement Arrangement	Not included	Establishes the NC Retirement HRA program. Program provides a Health Savings Account upon retirement to employees not eligible for enrollment in the State Health Plan in retirement due to not beginning State service prior to January 1, 2021. Upon retirement, eligible employees may draw down the funds for expenses allowed under federal law. Funds accrue to the trust fund for employees annually at the amount set by the General Assembly. The credited amounts for calendar years 2022 and 2023 shall be \$500 each year. Program is effective January 1, 2022.	Not included in Conference Budget

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
Capital				
40.1	Capital Improvement and Repairs and Renovations Appropriations	<p>Appropriates funds from the new State Capital and Infrastructure Fund. The provision authorizes the full amount of the project but spreads the appropriation over several years. The full cost of the project is not appropriated during the FY 2021-23 biennium for several projects. Authorizes and appropriates funds for the following projects:</p> <p>NCSU: STEM Building; Authorization: \$160M; Appropriation: FY 21-22: \$18.25M, FY 22-23: \$36.5M/Apiculture Facility; Authorization: \$4M; Appropriation: FY 21-22: \$4M</p> <p>ECSU: New Residence Hall; Authorization: \$40M; Appropriation: FY 21-22: \$10M, FY 22-23: \$30M/Sky Bridge; Authorization: \$2.5M; Appropriation: FY 21-22: \$2.5M/New Dining Facility; Authorization: \$7.5M; Appropriation: FY 21-22: \$7.5M/Flight School; Authorization: \$34M; Appropriation: FY 21-22: \$4M, FY 22-23: \$10M</p> <p>ASU: Peacock Hall; Authorization: \$25M; Appropriation: FY 21-22: \$12.5M, FY 22-23: \$12.5M</p> <p>NCSSM: R&R and Wellness Center; Authorization: \$12M; Appropriation: FY 21-22: \$12M</p> <p>NCCU: Lab Equipment; Authorization: \$3.011M; Appropriation: FY 21-22: \$3.011M</p> <p>ECU: School of Medicine Building; Authorization: \$215M; Appropriation: FY 21-22: \$21.5M, FY 22-23: \$53.75M</p> <p>UNCP: Health Sciences Center; Authorization: \$91M; Appropriation: FY 21-22: \$9.1M, FY 22-23: \$22.75M</p> <p>FSU: Dormitories; Authorization: \$20M; Appropriation: FY 21-22: \$2M, FY 22-23: \$5M</p> <p>WSSU: K.R. Williams Auditorium; Authorization: \$57M; Appropriation: FY 21-22: \$5.7M, FY 22-23: \$14.25M</p>	<p>Modified to also include:</p> <p>NCSU: E-Sports Facility; Authorization: \$12M; Appropriation: FY 21-22: \$6M, FY 22-23: \$6M/E-Sports Truck; Authorization: \$4M; Appropriation: FY 21-22: \$4M</p> <p>UNC-CH: Business School; Authorization: \$150M; Appropriation: FY 21-22: \$10M, FY 22-23: \$18.75M/Nursing School Renovation; Authorization: \$45M; Appropriation: FY 21-22: \$13.75M, FY 22-23: \$18M/Ackland Art Museum; Authorization: \$120M; Appropriation: FY 21-22: \$6M, FY 22-23: \$15M</p> <p>FSU: Dormitories; Authorization: \$40M; (prev \$20M);Appropriation: FY 21-22: \$4M, FY 22-23: \$10M/College of Education; Authorization: \$63M; Appropriation: FY 21-22: \$6.3M, FY 22-23: \$15.75M/Parking Deck; Authorization: \$10M; Appropriation: FY 21-22: \$10M</p> <p>WCU: Moore Building/Upper Campus Infrastructure; Authorization: \$9.2M; Appropriation: FY 21-22: \$9.2M</p> <p>UNC System Office: 2 positions to support construction projects</p> <p>Engineering NC's Future: Authorization: \$90M; Appropriation: FY 21-22: \$45M, FY 22-23: \$45M</p>	<p>Modified to also include:</p> <p>ASU: Innovation Campus; Authorization: \$54M/Appropriation: FY21-22: \$54M</p> <p>BOG: Lease Funds; Authorization: \$15M; Appropriation: FY22-23: \$3.75M</p> <p>FSU's FY23 appropriation for the College of Education is reduced to \$13.75M (no change to total budget).</p> <p>UNC-CH's Nursing School Renovation is revised to a total authorized budget of \$60M (prev \$45M), with an FY22 appropriation of \$21.25M (prev \$13.75M) and an FY23 appropriation of \$25.5M (prev \$18M).</p> <p>UNC-CH's Ackland Art Museum is not authorized.</p>

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
40.1	Capital Improvement and Repairs and Renovations Appropriations (cont.)	The provision appropriates \$500M over the biennium for repairs and renovations for UNC. Prioritization of the listed repair, renovation, rehabilitation, and comprehensive renovation projects is delegated to the BOG up to the amount authorized. The Legislative Services Office is directed to expand the Gov. Facilities Master Plan to evaluate R&R for specified state-owned property and to consider options for consolidating facilities of the Dept. of Commerce, the UNC System Office, the NCCC System Office, and DPI into a single location in the downtown government complex.	The provision appropriates \$500M over the biennium for repairs and renovations for UNC, but was modified to require \$60M be allocated for repairs and renovations to Dabney Hall and \$10M to Polk Hall at NCSU. Prioritization of the listed repair, renovation, rehabilitation, and comprehensive renovation projects is delegated to the Board of Governors up to the amount authorized. Removes the requirement that matching funds raised by UNC-CH for the Business School and NCSU for the STEM building be actually available to the university as money or pledged gifts. Removes the requirement that matching funds be spent equally with State appropriations. Requires \$60M of the \$120M authorization for the Ackland Art Museum at UNC-CH be non-State matching funds raised before June 30, 2024.	Matches Senate version (except the Ackland Art Museum is not authorized)
40.2	Six-Year Intended Project Allocation Schedule	States that it is the intent of the General Assembly to fund capital projects on a cash flow basis and to provide \$250m to UNC for authorized R&R projects in each of the next six years. This provision and the authorizations in the previous provision do not constitute an appropriation of funds or an obligation of the General Assembly. These provisions express legislative intent, but do not guarantee funding beyond the 2021-23 biennium.	Modified to include additional projects.	Modified to include additional projects.
40.9	Connect NC Bond Changes	Removes authority for the General Assembly to increase or decrease allocation of funds for projects in the Connect NC Bond or to reallocate funds from projects listed to other capital projects listed in the six-year capital improvement plan.	Technical changes to reduce the amount OSBM is directed to allocate to fund authorized projects.	Identical to House version

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
40.10	Capital Project Reporting/Other Changes	Requires each State agency to report on the status of its capital projects by October 1 and April 1 annually to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division. Beginning January 1, requires each State agency to report quarterly on the status of its capital projects to the Office of State Budget and Management. The reports should include the current construction phase of the project, expenditure information, timeline, and an estimate of operating costs for the first five years after completion of the project. Also amends G.S. 143C-8-13 to simplify the reporting requirements for allocation and reallocation of funds.	Modified to require the BOG to report to the Fiscal Research Division on the reallocation of capital funds for repairs and renovations projects prior to the expenditure of funds. By August 1 of each year, the BOG shall report on all reallocations made in the previous year to the Joint Legislative Capital Improvements Oversight Committee and the Fiscal Research Division. Allows non-State Capital and Infrastructure funds to be used for capital planning, expenditures for capital improvements funded and operated without General Fund money, and a change in scope to previously authorized capital projects.	Identical to House version
40.11	Engineering NC's Future	Not included	Requires the BOG to allocate the \$90M appropriated for engineering programs at UNC equally between N.C. A&T, NCSU, and UNCC. Funds may be used for building improvements to expand offerings and enrollments in engineering programs.	Identical to House version
40.14	Reallocation of Special Indebtedness Funds for the ECU School of Dentistry	Not included	Adds life safety improvements at the Brody School of Medicine and renovation of space at ECU Health Science Campus to accommodate the dental school to the allowable uses of special indebtedness from 2008.	Identical to House version
Other UNC-Related Sections				
2.1	General Fund Appropriations	Includes budget code specific appropriations.	Modified to account for changes in House budget.	Modified to account for changes in Conference budget
2.2	General Fund Availability	Directs the State Controller to transfer \$986M in FY 21-22 and \$701.75M in FY 22-23 of the unreserved fund balance to the State Capital and Infrastructure Fund.	Modified to account for changes in House budget.	Modified to account for changes in Conference budget
4.1	Other Appropriations	Appropriates the base budget and requires that funds be expended only for the specified purpose.	Identical to Senate	Identical to Senate
4.2	Other Receipts from Pending Award Grants	Allows for state agencies to spend grant funds, pending the approval of the Director of the Budget, and as long as accepting the grant does not obligate the state to make future expenditures.	Identical to Senate	Identical to Senate
4.3	Education Lottery Funds	Appropriates the Lottery Fund for 2021-23. Includes \$10,744,733 for UNC Need-Based Financial Aid and \$30,450,000 for Education Lottery Scholarship in FY22 and \$41,194,733 to a reserve for FY23.	Modified to change Public School Capital Fund allocation.	Modified to remove Smart Start, reduce the Public School Repair & Renovations, and increase the Need-Based Public School Capital Fund

Appendix B: 2021-23 UNC-Related Provision Summary

Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
4.8	Modifications of Previous Appropriations and Reporting on ARPA Funds	Amends S.L. 2021-25 to expand programs funded by ARPA and changes reporting requirements to direct state agencies receiving funds to provide to the Senate Committee on Appropriations/Base Budget, the House Appropriations Committee, and Fiscal Research Division (FRD) a copy of any report required to be submitted to the federal government within five days of the due date.	Modified to make technical changes.	Modified to add several COVID-related programs
4.9	General Provisions for American Rescue Plan Act of 2021 Funding	Directs OSBM to work with state agencies to budget ARPA receipts awarded. Requires state agencies to track funds separately using either separate account or fund codes. Directs that funds appropriated from the State Fiscal Recovery Fund shall not revert until the end of the 2021-23 biennium.	Identical to Senate	Modified to make technical changes
5.5	Revisions to Base Budget Definition and Recommended State Budget	Makes technical changes to the State Budget Act.	Identical to Senate	Identical to Senate
5.6	Savings Reserve Clarification	Provides for salaries and benefits to be distributed.	Makes technical changes to the Savings Reserve.	Modified to make technical changes
5.8	UNC Constituent Institutions/Prohibit Charging Indirect Facilities and Administrative Costs	Prohibits UNC institutions from charging indirect facilities and administrative costs to state agencies.	Not included	Not included in Conference Budget
6.1	CC Economic Impacts/Study/Grant for Targeted Programs	Directs a study on the overall regional economic impacts of community colleges in the state. Requires partnership with the Center for Applied Research at CPCC, the NCCC System Office, the NCACCP, and the Belk Center for Community College Leadership and Research at NC State.	Not included	Senate provision modified to expand the recipients of the report.
6.3	CC Joint Program Enrollment of Public School Students	Amends G.S. 115C-238.55 to require information on the cost of students participating in the Career and College Promise Program be included in the evaluation of the program.	Modified to expand the recipients of the report.	Identical to House version
7.9	Report on K-12 Computer Science Data	Directs DPI and the Friday Institute at NC State to report to JLEOC and FRD on teaching and student learning of computer science in K-12 public schools by February 15, 2022.	Modified to exclude the Friday Institute at NC State in the reporting requirement.	Modified to expand the recipients of the report.

Appendix B: 2021-23 UNC-Related Provision Summary

Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
7.27	Elementary and Secondary School Emergency Relief Fund/Use of Reserve Funds/DPI Inform Schools About Federal Funds for School-Based Health Services Personnel	Not included	Modified to include \$5M in ARP funds for the BOG to allocate to the National College Advising Corps (CAC), Inc. for a temporary expansion of college advisors in public schools. The BOG may appropriate up to \$2.5M before July 1, 2022. CAC shall match the federal money with private funds on a 2:1 basis. CAC shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the success of the program.	House provision revised to adjust the amount from \$5M to \$7,042,000.
7.37	Opportunity Gap Task Force	Not included	Adds the President of the University of North Carolina or designee to the Opportunity Gap Task Force.	Not included in Conference Budget
7.56	Adoption of Standard Course of Study/Advisory Commission/SBE Rulemaking	Not included	Makes technical changes to the Standard Course of Study Advisory Commission including adding the UNC System President or designee as a non-voting member.	Not included in Conference Budget
7.61	Student Digital Learning Access	Not included	Directs the Department of Public Instruction to work with the Friday Institute for Educational Innovation at NCSU on a statewide assessment of internet access during school closure and at home learning due to the COVID-19 pandemic.	House provision modified to combine the NC Digital Learning and Media Inventory with the digital learning dashboard. The State BOE will submit a report in April.
7A.3	Bonuses for Teachers	Establishes a one-time \$300 bonus for teachers that includes UNC lab schools.	Identical to Senate	Senate provision modified to adjust effective date of the bonus.
7A.4	Advanced Course and CTE Teacher Bonuses	Establishes a bonus program to reward teacher performance and includes UNC lab schools.	Identical to Senate	Identical to Senate
9B.8	Funds for the Statewide Telepsychiatry Program	Directs DHHS to allocate \$1.5M in nonrecurring funds to the ECU Center for Telepsychiatry and e-Behavioral Health for the statewide telepsychiatry program in FY 2022. Requires a report from ECU by July 1, 2022 to the Joint Legislative Oversight Committee on Health and Human Services and FRD on the use of the funds.	Identical to Senate	Identical to Senate
9E.6	Adult Care Home Accreditation Pilot Program	Not included	Allocates \$1.85M of funds appropriated to DHHS to the BOG for UNC-CH for the Program on Aging, Disability, and Long-Term Care within the Cecil G. Sheps Center for Health Services Research to pay for a	Identical to House
18.9	Crime Lab Study	Not included	Not included	Directs DOJ to use up to \$1.5M to conduct a study in partnership with ECSU on the Eastern Regional Laboratory to be located on ECSU's campus. A report on the study is due February 1, 2023.

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Section & Title		Senate Budget (Senate Bill 105)	House Budget	Conference Budget
20.10	DOA Lease Lake Wheeler Field Lab Property to USDA	Allows DOA to lease up to 15 acres of state property allocated to NC State to the USDA for up to 40 years for interdisciplinary plant research.	Identical to Senate	Identical to Senate
37.1	Department of Administration	Added reporting requirement to Joint Legislative Oversight Committee on General Government for Minority and underutilized business participation and participation administration. Changes report date to September 1.	Identical to Senate	Modified to changes report date to June 1
38.11	State Surplus Computers for Nonprofits	Not included	Requires the University of North Carolina to keep records of computer equipment donated to nonprofit entities. Nonprofit entities receiving computers through this program shall provide a report to the BOG annually by December 1. The BOG shall report to the Joint Legislative Education Oversight Committee by February 1, 2022 and annually thereafter on the information collected in the reports from the nonprofits.	Identical to House
38.13	Cybersecurity/State Agencies Prohibited from Making Ransomware Payments	Not included	Not included	Amends G.S. 143-800 to direct that no state agency may make a payment or communicate with an entity engaged in a cybersecurity incident. Directs that state agencies experiencing a ransom request must consult with DIT.
42.9	Modify Excise Tax on Cigars and Clarify Delivery Sales and Remote Sales of Tobacco Products	Makes modifications to Chapter 105 of the General Statutes related to tobacco products. Requires that 6% of the net proceeds of taxes collected pursuant to G.S. 105-113.39D are credited to the University Cancer Research Fund.	Modified to direct 6.4% of the net proceeds of taxes collected pursuant to G.S. 105-113.39D to be credited to the University Cancer Research Fund.	Identical to House
43.8	Effective Date	Provides that the act becomes effective July 1, 2021.	Identical to Senate	Identical to Senate

*Added in the Technical Corrections bill (S.L. 2021-189)

The 2021 General Assembly appropriated funds for the following programs. The funds were appropriated directly to Aid to Private Institutions.

1. Patriot Foundation Recovery Scholarship Program (State Fiscal Recovery Fund)

The General Assembly appropriated \$10,000,000 in nonrecurring funds in 2021-22 for a need-based scholarship recovery program for children of currently serving members of the Armed Forces and for certain disabled veterans along with their children and spouses to attend postsecondary institutions to recover from learning loss caused by the COVID-19 pandemic.

2. Marine Corps Scholarship Foundation Recovery Program (State Fiscal Recovery Fund)

The General Assembly appropriated \$3,000,000 in nonrecurring funds in 2021-22 for a need-based scholarship recovery program for children of currently serving members of the Armed Forces and for certain disabled veterans along with their children and spouses to attend postsecondary institutions to recover from learning loss caused by the COVID-19 pandemic.

3. Opportunity Scholarship Grant Fund Reserve

The General Assembly appropriated \$19,000,000 in nonrecurring funds for 2021-22 in addition to the amount provided per G.S. 115C-562.8(b) to the Opportunity Scholarship Grant Fund Reserve. Funds appropriated to the Reserve in a given fiscal year are used to award scholarship grants the subsequent fiscal year.

4. Opportunity Scholarship Program

Recurring funds of \$30,000,000 are appropriated in 2022-23 to the Opportunity Scholarship Program. The additional funds provided for this purpose shall not be allocated to the Reserve and shall instead be made available for awards in the year the funds are provided. The revised amount allocated for awards is \$74.8 million in 2021-22 and \$103.8 million plus the additional \$30 million for a total of \$133.8 million in 2022-23.

5. Personal Education Savings Accounts Expansion

Recurring funds of \$3,000,000 for 2021-22 and an additional \$6,650,000 for 2022-23 are provided to the Personal Education Savings Account (ESA), which will be consolidated into the Personal Education Student Accounts for Children with Disabilities (PESA) Program in 2022-23. Of the additional funds allocated in 2021-22, SEAA shall prioritize awards to those families who received a grant through federal funds provided in S.L. 2020-97.

6. Special Education Scholarship for Children with Disabilities Expansion

The General Assembly appropriated recurring funds of \$2,000,000 in 2021-22 and an additional \$3,950,000 in 2022-23 for the Special Education Scholarship for Children with Disabilities, which will be consolidated into the PESA Program in 2022-23. Of the additional funds allocated in 2021-22, SEAA shall prioritize awards to those families who received a grant through federal funds provided in S.L. 2020-97.

7. Special Education Scholarship for Children with Disabilities and ESA Consolidation

The General Assembly eliminated recurring funds of \$16,043,166 in 2022-23 for the Special Education Scholarship for Children with Disabilities and for Personal Education Savings Accounts (ESA) consolidating these funds into the newly established NC Personal Education Student Accounts for Children with Disabilities (PESA) Program.

8. Personal Education Student Accounts for Children with Disabilities Program

The General Assembly consolidated the Special Education Scholarship for Children with Disabilities and Personal Education Savings Accounts (ESA) and allocates recurring funds of \$16,043,166 in 2022-23 to the newly established NC Personal Education Student Accounts for Children with Disabilities (PESA) Program.

9. Wake Forest Institute for Regenerative Medicine

The General Assembly provided \$3,000,000 in recurring funds in 2021-22 to the Wake Forest Institute for Regenerative Medicine. The revised net appropriation is \$10 million.

10. NC Need-Based Scholarships

The General Assembly appropriated recurring funds of \$2,222,165 in 2021-22 for the NC Need-Based Scholarship for students attending private postsecondary institutions. The revised net appropriation for the program is \$91.1 million.

11. Patriot Foundation

Recurring funds of \$700,000 are provided in 2021-22 to the Patriot Foundation for the NC Patriot Star Family Scholarship Program. This program provides scholarships for children of currently serving members of the Armed Forces and for certain disabled veterans along with their children and spouses to attend eligible postsecondary institutions.

12. Marine Corp Scholarship Foundation

Recurring funds of \$350,000 are provided in 2021-22 for the NC Patriot Star Family Scholarship Program. This program provides scholarships for children of currently serving members of the Armed Forces and for certain disabled veterans along with their children and spouses to attend eligible postsecondary institutions.

Appendix D: Significant UNC-Related Special Provisions of S.L. 2021-180 (Senate Bill 105) as Amended by S.L. 2021-189 (House Bill 334)

ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS

SECTION 8.7.(a) G.S. 116-143.6 reads as rewritten:

"§ 116-143.6. Full scholarship students attending constituent institutions.

(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full scholarships, ~~unless the scholarship is for athletics, scholarships~~ to the institution from entities recognized by the institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The University of North Carolina.

(b) The following definitions apply in this section:

(1) "Full cost" means an amount calculated by the constituent institution that is no less than the sum of tuition, required fees, and on-campus room and board.

(2) "Full scholarship" means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(c) This section shall not be applied in any manner that violates federal law.

~~(d) This section shall be administered by the electing constituent institution so as to have no fiscal impact.~~

(e) In administering this section, the electing constituent institution shall maintain at least the current number of North Carolina residents admitted to that constituent institution.

(f) A change in residency status under this section shall not impact the financial aid amount a student is able to receive as determined by the Free Application for Federal Student Aid."

SECTION 8.7.(b) This section applies beginning with the 2021-2022 academic year.

AP FEES FOR NCSSM/UNCSA HS STUDENTS

SECTION 8.13.(a) Part 5 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-43.30. Advanced Placement courses for secondary school students.

(a) It is the intent of the State to enhance accessibility and encourage secondary school students to enroll in and successfully complete more rigorous Advanced Placement courses to enable success in postsecondary education for all students. To attain this goal, to the extent funds are made available for this purpose, secondary school students enrolled in the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts shall be exempt from paying any fees for registration and administration of examinations for Advanced Placement courses in which the student is enrolled, regardless of the score the student achieves on an examination.

(b) The University of North Carolina System Office shall report annually by December 15 to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on Advanced Placement course information for the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts. The report shall include, at a minimum, the following information from the prior fiscal year:

(1) Number of students enrolled in Advanced Placement courses and participating in Advanced Placement course examinations, including demographic information by gender and race.

(2) Student performance on Advanced Placement course examinations, including information by course and school.

(3) Amount of State funds expended for fees for Advanced Placement courses by school."

SECTION 8.13.(b) Of the funds appropriated to the Board of Governors of The University of North Carolina in this act for the 2021-2022 fiscal year for test fees for Advanced Placement courses for secondary school students, the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts shall reimburse secondary school students for all fees already paid by a student for the registration and administration of examinations for Advanced Placement courses in which the student has enrolled in the 2021-2022 school year, regardless of the score the student achieves on the examination. For purposes of this subsection, the term "secondary school students" refers to students enrolled in the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts.

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SECTION 8.13.(c) The initial report required pursuant to G.S. 116-43.30(b) shall be submitted to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by December 15, 2022.

CHANGES TO UNC CARRYFORWARD AUTHORITY

SECTION 8.15. G.S. 116-30.3 reads as rewritten:

"§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for the ~~purpose~~ purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed ~~five percent (5.0%)~~ two and one-half percent (2.5%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

- (1) Each special responsibility constituent institution.
- (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.
- (3) University of North Carolina System Office Budget Code 16010.

~~Each budget code in subdivisions (1) through (3) of this subsection may retain a carryforward amount of up to two and one-half percent (2.5%). One-half of any amounts carried forward exceeding two and one-half percent (2.5%) shall be distributed to The University of North Carolina System Office, to be disbursed to the constituent institutions at the discretion of the Board of Governors, with the remaining amount being retained in that budget code.~~

- (b) Repealed by Session Laws 1998-212, s. 11(b).
- (c) Repealed by Session Laws 1998-212, s. 11(a).
- (d) Repealed by Session Laws 1998-212, s. 11(b).
- (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.
- (f) Funds carried forward pursuant to subsection (a) of this section ~~shall be used for projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures may be used for one-time expenditures; provided, however, expenditures~~ authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions."

UNC SYSTEM EDUCATIONAL CAREER ALIGNMENT

SECTION 8.17.(a) The Board of Governors of The University of North Carolina shall contract with an independent research organization to conduct an evaluation of its current programs at each constituent institution of The University of North Carolina related to its operational costs, student outcomes, and return on investment (ROI) of each program. The evaluation conducted by the independent research organization shall include an analysis of at least the following information by constituent institution and undergraduate and graduate degree programs:

- (1) The number of students in each program.
- (2) The number of faculty and other staff employed for each program.
- (3) The related costs to operate each program, inclusive of total staff compensation and benefits, facility costs, and any other related expenses, including overhead.
- (4) A detailed correlation between degree of study and directly related career roles and associated expected starting compensation, as well as expected career earnings for students upon completion of those programs.
- (5) A detailed ROI for each program.
- (6) ROI for State funding expenditures.
- (7) ROI for student funding expenditures.

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SECTION 8.17.(b) Two years from the date this act becomes law, the Board of Governors shall report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division of the General Assembly on the results of the evaluation conducted by the independent research organization pursuant to subsection (a) of this section.

KITTY HAWK PUBLIC-PRIVATE PARTNERSHIP PROJECT FOR DIGITAL LEARNING AND CAREER DEVELOPMENT IN RESPONSE TO THE COVID-19 PANDEMIC

SECTION 8.24.(a) The General Assembly finds that:

- (1) Postsecondary enrollment has declined during the COVID-19 pandemic, particularly among low-income and minority students
- (2) Providing a digital learning option for postsecondary education is critical to reach students who were forced off campus and into the workforce by education changes caused by the COVID-19 pandemic.
- (3) The University of North Carolina is well-positioned to provide enhanced postsecondary learning and career advancement opportunities to citizens of this State.
- (4) It is of salient importance that higher education in North Carolina generate postsecondary learning and career advancement opportunities for individuals whose postsecondary education was impacted by the COVID-19 pandemic.
- (5) It is vital for The University of North Carolina to immediately work toward (i) enhancing digital learning programs offered by the constituent institutions of The University of North Carolina and (ii) meeting postsecondary attainment goals consistent with G.S. 116C-10, which sets the goal that 2,000,000 residents between the ages of 25 and 44 will have completed a high-quality credential or postsecondary degree by 2030.

SECTION 8.24.(b) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Board of Governors of The University of North Carolina for the 2021-2022 fiscal year, the sum of ninety-seven million dollars (\$97,000,000) shall be allocated to support digital learning and career development programs offered by constituent institutions of The University of North Carolina through the Project Kitty Hawk public-private partnership (Project Kitty Hawk).

SECTION 8.24.(c) Project Kitty Hawk shall be conducted by a nonprofit corporation created in accordance with this section and G.S. 116-30.20. The nonprofit corporation shall include in its corporate bylaws that the organization will be governed by a board of directors consisting of nine members, as follows:

- (1) Two ex officio voting members as follows:
 - a. The President of The University of North Carolina.
 - b. The Chair of the Board of Governors of The University of North Carolina.
- (2) Seven voting members appointed by the Board of Governors, in consultation with the President of The University of North Carolina, as follows:
 - a. Three members who shall be chancellors or chief academic officers of constituent institutions of The University of North Carolina.
 - b. Four members who shall be individuals having experience in business management, higher education, or both.

SECTION 8.24.(d) Beginning March 1, 2022, and annually thereafter:

- (1) The nonprofit corporation board of directors shall report to the General Assembly on its activities, corporate performance, and any other relevant matters pertaining to its corporate mission.
- (2) The University of North Carolina System Office shall report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division regarding the public-private partnership established under this section and the progress made toward reaching the State's digital learning attainment goals. The report shall

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include information on the development and implementation of online degree programs in collaboration with constituent institutions, including participation by constituent institutions, student demographics for course enrollment, tuition receipts and fees for online courses, and completion of student degree programs through digital courses by institution.

SECTION 8.24.(e) G.S. 116-11(9) is amended by adding a new sub-subdivision to read:

"e. Digital learning student credit hours provided with the support of a nonprofit corporation established by The University of North Carolina System Office pursuant to G.S. 116-30.20 shall not be included in an enrollment change funding request under sub-subdivision a1. of this subdivision."

SECTION 8.24.(f) G.S. 116-36.1(g) is amended by adding a new subdivision to read:

"(13) Moneys received by an institution as tuition for digital learning programs provided with the support of a nonprofit corporation established by The University of North Carolina System Office pursuant to G.S. 116-30.20."

NC PROMISE/ADD FAYETTEVILLE STATE

SECTION 8.25.(a) G.S. 116-143.11 reads as rewritten:

"§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations; annual report.

(a) The NC Promise Tuition Plan shall be established and implemented as provided by this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University as follows: ~~beginning with the 2018 fall academic semester,~~ the rate of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five hundred dollars (\$500.00) per academic semester and the rate of tuition for nonresident students shall be two thousand five hundred dollars (\$2,500) per academic semester.

(b) Notwithstanding any other provision of law, the State shall "buy down" the amount of any financial obligation resulting from the established tuition rate that may be incurred by Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University.

(c) When implementing the provisions of this section, the Board of Governors shall give due consideration to maintaining the unique historical character of each institution, including service to students who are first generation, college-going, economically disadvantaged, or minority.

(d) ~~By October 1, 2018, and by October 1 of each year thereafter, year,~~ the Board of Governors and the chancellors of Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University, respectively, shall submit a report to the Joint Legislative Education Oversight Committee, the House Appropriations Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Fiscal Research Division on the amount of any financial obligation resulting from the established tuition rate incurred at each constituent institution and at least the following information for the fiscal year:

- (1) The amount required to offset the forgone tuition receipts at each of the ~~three~~ four constituent institutions as a result of the tuition rate established by this section and how those funds were allocated to each constituent institution.
- (2) The number of enrolled resident students at each constituent institution.
- (3) The number of enrolled nonresident students at each constituent institution."

SECTION 8.25.(b) Notwithstanding G.S. 116-143.11(d), as amended by this section, the initial report for Fayetteville State University shall be submitted by October 1, 2022.

SECTION 8.25.(c) This section applies beginning with the 2022-2023 academic year.

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ENGINEERING NORTH CAROLINA'S FUTURE/FUNDS

SECTION 8.27. Of the twenty million dollars (\$20,000,000) in nonrecurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2021-2022 fiscal year and allocated as follows, any unexpended funds remaining at the end of the 2021-2022 fiscal year shall not revert to the General Fund, but shall remain available until the end of the 2022-2023 fiscal year:

- (1) Twelve million five hundred thousand dollars (\$12,500,000) for the College of Engineering at North Carolina State University at Raleigh.
- (2) Five million dollars (\$5,000,000) for The William States Lee College of Engineering at the University of North Carolina at Charlotte.
- (3) Two million five hundred thousand dollars (\$2,500,000) for the College of Engineering at North Carolina Agricultural and Technical State University.

TUITION GRANTS FOR NCSSM/UNCSA GRADUATES

SECTION 8A.1.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts.

"§ 116-209.90. Tuition grants for graduates to attend a constituent institution.

(a) Within the funds available, a high school graduate from the North Carolina School of Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts (UNCSA) in each school year who meets the following conditions shall be eligible for a tuition grant awarded under this Part:

- (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- (2) Enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation.

(b) Students who receive initial tuition grants as a cohort of a high school graduating class of NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic years for up to a total of four academic years. A student must be continuously enrolled in a constituent institution of The University of North Carolina after the award of the initial tuition grant to be eligible for tuition grants in subsequent academic years. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship.

(c) The amount of the tuition grant to each graduate shall be determined and distributed as provided in G.S. 116-209.91.

"§ 116-209.91. Administration of tuition grants.

(a) The Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

(b) Except as otherwise provided in this section, the amount of the grant awarded to a student shall cover the tuition cost at the constituent institution in which the student is enrolled. No tuition grant awarded to a student under this section shall exceed the cost of attendance at a constituent institution for which the student is enrolled.

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(c) If a student, who is eligible for a tuition grant under this section, also receives a scholarship or other grant covering the cost of attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each constituent institution.

(d) In the event there are not sufficient funds to provide each eligible student who has applied in accordance with the application process and the schedule established by the Authority with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata share of funds available for the academic year covered by the appropriation in the preceding fiscal year.

(e) The Authority may use up to five percent (5%) of the funds appropriated each year for tuition grants under this Part for administrative costs."

SECTION 8A.1.(b) It is the intent of the General Assembly to appropriate the following additional funds for the purpose of awarding tuition grants for future high school graduating classes of the North Carolina School of Science and Mathematics (NCSSM), including students graduating from the Morganton campus of NCSSM, and the University of North Carolina School of the Arts:

- (1) For the 2023-2024 fiscal year, the sum of one million seven hundred fifty thousand dollars (\$1,750,000) in recurring funds.
- (2) For the 2024-2025 fiscal year, the sum of two million three hundred thousand dollars (\$2,300,000) in recurring funds.
- (3) For the 2025-2026 fiscal year, the sum of five hundred fifty thousand dollars (\$550,000) in recurring funds.
- (4) For the 2026-2027 fiscal year, the sum of five hundred fifty thousand dollars (\$550,000) in recurring funds.
- (5) For the 2027-2028 fiscal year, the sum of five hundred fifty thousand dollars (\$550,000) in recurring funds.

SECTION 8A.1.(c) Subsection (a) of this section applies beginning with graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts from the 2020-2021 school year.

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022

SECTION 39.1.(a) Effective July 1, 2021, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2021, is awarded:

- (1) A legislative salary increase in the amount of two and one-half percent (2.5%) of annual salary in the 2021-2022 fiscal year.
- (2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(a1) Effective July 1, 2022, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2022, is awarded:

- (1) A legislative salary increase in the amount of two and one-half percent (2.5%) of annual salary in the 2022-2023 fiscal year.
- (2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(b) For the 2021-2023 fiscal biennium, the following persons are not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this section:

- (1) Employees of local boards of education.
- (2) Local community college employees.
- (3) Employees of The University of North Carolina.
- (4) Clerks of superior court compensated under G.S. 7A-101.
- (5) Correctional employees to which Section 39.14 of this Part applies.
- (6) Law enforcement officers to which Section 39.15 of this Part applies.

Appendix D: Significant UNC-Related Special Provisions of S.L. 2021-180 (Senate Bill 105) as Amended by S.L. 2021-189 (House Bill 334)

- (7) Probation and parole officers to which Section 39.15A of this Part applies.
- (8) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 39.1.(c) Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 39.1.(d) No eligible State-funded employee shall be prohibited from receiving the full salary increases provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

BONUSES AWARDED TO STATE EMPLOYEES FOR WORK DURING THE PANDEMIC

SECTION 39.2.(a) The General Assembly finds that North Carolina's response efforts to the COVID-19 pandemic have included the extraordinary work of State employees and local school employees at all levels and in all agencies. Essential services were continuously provided throughout the pandemic to the citizens of North Carolina, including, but not limited to, public health, public safety, transportation, education, and public recreation. Therefore, it is appropriate that State employees and local education employees who worked to continue the operations and services of government during the pandemic receive additional pay for their efforts during the emergency.

SECTION 39.2.(b) Further, the General Assembly finds that certain employees were at increased risk of exposure to COVID-19 due to job duties that required significant in-person interaction. These employees should receive additional pay due to the increased personal risk involved in providing the essential services associated with their job duties.

SECTION 39.2.(c) By January 31, 2022, employers of State employees and local education employees shall administer a one-time, lump sum bonus of one thousand dollars (\$1,000) to all permanent full-time State employees and local education employees who are employed as of December 1, 2021.

SECTION 39.2.(d) By January 31, 2022, employers of State employees and local education employees shall provide an additional one-time, lump sum bonus of five hundred dollars (\$500.00) to all permanent full-time State employees and local education employees who are employed as of December 1, 2021, and who meet at least one of the following eligibility criteria for the additional bonus:

- (1) The employee earns an annual salary that does not exceed seventy-five thousand dollars (\$75,000).
- (2) The employee is employed as a law enforcement officer.
- (3) The employee is an employee in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with job duties requiring frequent in-person contact.
- (4) The employee is employed in a position at a 24-hour residential or treatment facility operated by the Department of Health and Human Services.

SECTION 39.2.(e) The following definitions apply for the purposes of the bonuses authorized in subsections (c) and (d) of this section:

- (1) The term "State employee" includes all State employees in all State agencies, departments, and institutions regardless of funding source.
- (2) The term "local education employee" includes all employees of community colleges, local school administrative units, innovative schools, regional schools, and public charter schools regardless of funding source.

SECTION 39.2.(f) Of the funds appropriated in this act from the State Fiscal Recovery Fund, the sum of five hundred forty-five million dollars (\$545,000,000) for the 2021-2022 fiscal year is allocated to provide the one-time, lump sum bonuses authorized in this section to State employees and local education employees for work performed during the COVID-19 pandemic.

SECTION 39.2.(g) The premium pay bonuses awarded by this section:

- (1) Are in addition to any regular wage or other bonuses the employee receives or is scheduled to receive.

Appendix D: Significant UNC-Related Special Provisions of S.L. 2021-180 (Senate Bill 105) as Amended by S.L. 2021-189 (House Bill 334)

- (2) Are not considered compensation for any retirement system administered by the State.

SECTION 39.2.(h) Permanent part-time employees shall receive the bonuses authorized in this section on a prorated and equitable basis.

SECTION 39.2.(i) The Office of State Budget and Management shall ensure that the funds for the bonuses authorized by this section are used only for the purposes set forth in this section. If the Director of the Budget determines that funds appropriated to a State agency for these bonuses exceed the amount required by that agency, the Director may reallocate those funds to another State agency for payment of these bonuses. Notwithstanding G.S. 143C-4-9, funds appropriated for these bonuses in excess of the amounts required for implementation shall not be credited to the Pay Plan Reserve.

SECTION 39.2.(j) Any funds remaining after these bonuses are awarded in accordance with this section shall be credited to the State Fiscal Recovery Fund.

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.13. The University of North Carolina shall receive the following legislative salary increases:

- (1) Effective July 1, 2021, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of two and one-half percent (2.5%).
- (2) Effective July 1, 2022, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of two and one-half percent (2.5%).

AGENDA ITEM

A-3. 2021-22 Capital Budget AllocationsJennifer Haygood

Situation: The 2021 Appropriations Act (S.L. 2021-180) authorized repairs and renovations (R&R) projects totaling \$978,877,433 and appropriated \$250M for each fiscal year of the biennium. While the Act includes the specific projects to be funded from the R&R funding, the Board of Governors determines the allocation of the R&R funds to the institutions.

Background: The Act includes an appropriation of \$250M of R&R funds to fund specific named R&R projects at each institution. The R&R projects authorized by the General Assembly include all 2021-23 capital projects that were approved by the Board of Governors on February 18, 2021. The capital projects were grouped into three categories: immediate repair, renovation, and rehabilitation projects; maintenance repair and renovation projects; and comprehensive renovation and modernization projects.

It is recommended that \$174,467,000 of the 2021-22 R&R funds be allocated as follows:

- \$72,967,000 for initial design funds (10 percent of the proposed project costs) for the immediate repair, renovation, and rehabilitation projects and comprehensive renovation and modernization projects
- \$40M for repairs and renovations at Dabney Hall and Polk Hall at North Carolina State University as required by Section 40.1.(c2)
- \$1.5M for Lyons Science Building at Fayetteville State University
- \$60M for maintenance repairs and renovations projects distributed in accordance with the approved R&R allocation model

The specific projects and associated allocations for each institution are included at Attachments A and B.

The General Assembly also authorized additional capital projects totaling \$1,073,211,000 and included appropriations of \$510,311,000 for the current biennium. An additional \$90M of capital funding is provided for Engineering N.C.'s Future to fund capital projects at North Carolina State University, the University of North Carolina at Charlotte, and North Carolina Agricultural and Technical State University. These projects do not require approval from the Board of Governors and are included for information only (Attachment C).

Assessment: It is recommended that Board approve the initial allocation of 2021-22 R&R funds in the amount of \$174,467,000 to be distributed to the institutions.

Action: This item requires a vote by the committee as delegated by the full Board of Governors.

2021-22 Capital Budget Allocations

ISSUE OVERVIEW

The 2021 Appropriations Act (S.L. 2021-180) authorized capital projects for the University of North Carolina System totaling \$2,142,088,433. The 2021 General Assembly appropriated \$529,811,000 for fiscal year 2021-22 and \$552,500,00 for fiscal year 2022-23, including \$250M for each fiscal year of the biennium specifically for the capital repairs and renovations (R&R) projects approved by the Board of Governors on February 18, 2021. The Board is responsible for determining the allocation of R&R funds for the specific capital projects authorized in the act, which are grouped in three categories: immediate repair, renovation, and rehabilitation projects; maintenance repairs and renovations projects; and comprehensive renovation and modernization projects. Section 40.1.(c2) also requires an 2021-22 total R&R allocation of \$40M to North Carolina State University for two capital projects: the repairs and renovations at Dabney Hall (\$30M) and the repairs and renovations at Polk Hall (\$10M).

A. 2021-22 Allocations for Repairs and Renovations

Of the 2021-22 R&R funds, it is recommended that \$114,467,000 of the \$250M be allocated to initially fund the immediate repair, renovation, and rehabilitation projects and comprehensive renovation and modernization projects. The recommendation includes an initial allocation of 10 percent of the proposed project costs for each project for the purpose of funding project design to the bidding phase, the required funding of \$40M for Dabney Hall and Polk Hall at NC State, and \$1.5M for Lyons Science Building at Fayetteville State University to complete the current construction project (Attachment A).

It is also recommended that \$60M of the 2021-22 R&R funds be allocated to fund the maintenance repairs and renovations projects. The distribution of funds to each institution (Attachment B) is in accordance with the R&R allocation model approved by the Board of Governors on September 20, 2019. The Board is required to report to the Fiscal Research Division on the initial allocation of funding for specific repair and renovations projects prior to expenditure of funds. The prioritized R&R project lists from each institution will be brought to the board for approval early 2022.

In summary, the recommendation for the initial allocation of FY 2021-22 R&R funds is:

Design Authorization (10%) for repair, renovation, and rehabilitation projects and comprehensive renovation and modernization projects	\$ 72,967,000
Repairs and renovations for Dabney Hall and Polk Hall (NCSU) as required by Section 40.1.(c2)	\$ 40,000,000
Completion of Lyons Science Building (FSU)	\$ 1,500,000
Maintenance repairs and renovation projects	<u>\$ 60,000,000</u>
TOTAL	\$174,467,000

The allocation of the remaining \$75,533,000 of 2021-22 R&R funds will be brought to the board for consideration at a future meeting prior to the end of the fiscal year to support projects that are ready for construction.

B. Additional Capital Project Authorizations by the 2021 General Assembly (for information only)

Additional projects authorized by the 2021 General Assembly are included on Attachment C as “Other Authorized Projects.” The budget act included appropriations of \$234,811,000 and \$257,500,000 respectively for each year of the biennium and the General Assembly intends to fund the balance of the authorized project costs during the 2023-25 fiscal biennium. The total authorization for additional capital projects is \$1,073,211,000.

The General Assembly also allocated \$90M to the Board of Governors for Engineering N.C.’s Future to be distributed equally among the North Carolina State University, the University of North Carolina at Charlotte, and North Carolina Agricultural and Technical State University for capital improvements to existing buildings to support the campus engineering program.

The list of additional capital projects included in S.L. 2021-180 does not require any board action and is provided for information only.

RECOMMENDATION

It is recommended that the Board of Governors approve the initial allocation of 2021-22 R&R funds.

Attachment A
2021-2022 CAPITAL BUDGET R&R ALLOCATION
IMMEDIATE REPAIR, RENOVATION AND REHABILITATION NEEDS
AND COMPREHENSIVE RENOVATION AND MODERNIZATION PROJECTS

	<u>Proposed</u> <u>Project Cost</u>	<u>FY2021-2022 Allocation</u>
<u>Appalachian State University</u>		
Wey Hall Envelope & Roof Repair	\$5,000,000	\$500,000
Wey Hall Partial Renovation—Building Systems	\$10,000,000	\$1,000,000
Duncan Hall Renovation	\$20,000,000	\$2,000,000
Total	\$35,000,000	\$3,500,000
<u>East Carolina University</u>		
Brody High-Rise Code Compliance, Phase 2	\$6,000,000	\$600,000
Main Campus-College Hill Drive Steam, Phase 3	\$2,500,000	\$250,000
Whichard Building Comprehensive Renovation	\$10,000,000	\$1,000,000
Speight Building Roof, Window, & Envelope Replacement	\$4,000,000	\$400,000
Chilled Water Extension to Whichard & Graham	\$6,475,000	\$647,500
Main Campus-Relocate Steam & Condensate, Phase 1	\$5,000,000	\$500,000
Health Science Building Envelope Infiltration Repairs	\$5,000,000	\$500,000
Howell Science Building South	\$30,000,000	\$3,000,000
Total	\$68,975,000	\$6,897,500
<u>Elizabeth City State University</u>		
Repair Campus Main Switch	\$700,000	\$70,000
Repair Campus Pump Station	\$650,000	\$65,000
Infrastructure Upgrades—Water & Electrical, Phase 1	\$12,000,000	\$1,200,000
Emergency Generator Power—Operations	\$4,900,000	\$490,000
Emergency Generator Power—Residence Halls	\$2,100,000	\$210,000
Campus-Wide Lockdown System	\$2,000,000	\$200,000
Building Demolition (4 Buildings)	\$1,500,000	\$150,000
Butler Residence Hall Renovations	\$2,500,000	\$250,000
Infrastructure Upgrades—Water & Electrical, Phase 2	\$27,000,000	\$2,700,000
Total	\$53,350,000	\$5,335,000
<u>Fayetteville State University</u>		
Lyons Science Renovation	\$1,500,000	\$1,500,000
Butler Renovation—(HVAC, Bldg. Envelope, Fire Alarm)	\$3,450,000	\$345,000
A.B. Rosenthal Building—Targeted Renovation	\$10,000,000	\$1,000,000
Campus-Wide Utility Infrastructure	\$9,950,000	\$995,000
H.T. Chick—Targeted Renovation	\$9,500,000	\$950,000
Total	\$34,400,000	\$4,790,000
<u>North Carolina Agricultural & Technical State University</u>		
Carver Hall—Comprehensive Modernization, Phase 1	\$9,700,000	\$970,000
Price Hall—Renovation, Phase 1	\$8,000,000	\$800,000
Marteena Hall Renovation	\$9,100,000	\$910,000
Carver Hall—Comprehensive Modernization, Phase 2	\$10,400,000	\$1,040,000
Price Hall Renovation, Phase 2	\$8,500,000	\$850,000
Total	\$45,700,000	\$4,570,000
<u>North Carolina Central University</u>		
Lee Biology Renovation	\$8,100,000	\$810,000
Taylor Education Building Renovation	\$13,750,000	\$1,375,000
Total	\$21,850,000	\$2,185,000
<u>North Carolina School of Science and Mathematics</u>		
Campus-Wide HVAC Renovations	\$2,000,000	\$200,000
Chiller Replacement	\$3,000,000	\$300,000
Building Envelope Repairs	\$5,850,000	\$585,000
Academic Commons & Dining Hall Renovation	\$12,400,000	\$1,240,000
Total	\$23,250,000	\$2,325,000
<u>North Carolina State University</u>		
Page Hall—Building Envelope Repairs & Plumbing Upgrades	\$4,000,000	\$400,000
Scott Hall—HVAC Renovation	\$5,000,000	\$500,000
Mann Hall—HVAC & Plumbing Renovation	\$10,000,000	\$1,000,000
Kilgore Hall—HVAC Renovation	\$10,000,000	\$1,000,000
North & Central Campus—Domestic Water Line Replacement	\$4,303,000	\$430,300
Poe Hall—Fire Protection Systems	\$3,500,000	\$350,000
Thomas Hall—HVAC Renovation	\$4,000,000	\$400,000
111 Lampe Drive Renovation*	\$42,000,000	-
NCSU Dabney Hall*	\$60,000,000	\$30,000,000
NCSU Polk Hall*	\$10,000,000	\$10,000,000
Total	\$152,803,000	\$44,080,300

	Proposed Project Cost	FY2021-2022 Allocation
<u>University of North Carolina at Asheville</u>		
Campus Safety Improvements, Access Control, Cameras	\$2,300,000	\$230,000
Campus Roadway Repairs	\$4,400,000	\$440,000
Lipinsky Renovation	\$10,000,000	\$1,000,000
Total	\$16,700,000	\$1,670,000
<u>University of North Carolina at Chapel Hill</u>		
Wilson Library—Means of Egress	\$9,300,000	\$930,000
Swain Hall—Targeted Renovation	\$5,800,000	\$580,000
Phillips Hall—1958 Central HVAC System	\$6,000,000	\$600,000
Hamilton Hall—Central HVAC System	\$8,800,000	\$880,000
Wilson Library—1953 Central HVAC System AHU 1 & 2	\$7,000,000	\$700,000
Wilson Library—1953 Central HVAC System AHU 3	\$4,000,000	\$400,000
Total	\$40,900,000	\$4,090,000
<u>University of North Carolina at Charlotte</u>		
Atkins Library Tower—ADA & Elev.	\$10,000,000	\$1,000,000
Smith—Replace HVAC & Controls, Envelope, Replace Roof	\$5,950,000	\$595,000
Atkins Library Tower—Fire & Smoke Systems	\$3,840,000	\$384,000
Woodward—Controls & Lab HVAC Modernization	\$2,700,000	\$270,000
Friday—HVAC, Controls & Electrical Upgrade	\$9,700,000	\$970,000
Cameron—Second Floor Renovation	\$19,100,000	\$1,910,000
Burson—Renovation	\$25,900,000	\$2,590,000
Total	\$77,190,000	\$7,719,000
<u>The University of North Carolina at Greensboro</u>		
Coleman—Fire Alarm Replacement	\$2,440,000	\$244,000
Steam Distribution Replacement, Phase IV-B	\$1,550,000	\$155,000
Campus Chiller Water Infrastructure & Equip. Improvements	\$10,400,000	\$1,040,000
Jackson Library—Renovation/Addition	\$81,000,000	\$8,100,000
Total	\$95,390,000	\$9,539,000
<u>The University of North Carolina at Pembroke</u>		
Jacobs Hall—Demolition/Site Restoration	\$1,250,000	\$125,000
Campus Roof Replacements	\$1,500,000	\$150,000
Campus Safety & Regional Emergency Response Center	\$4,480,000	\$448,000
Business Administration Renovation	\$12,500,000	\$1,250,000
Total	\$19,730,000	\$1,973,000
<u>UNC School of the Arts</u>		
Stevens Center—Roof, Water Intrusion, Bldg. Envelope	\$4,800,000	\$480,000
Gray Building—Roof, Bldg. Envelope, HVAC, Fire Suppression	\$3,350,000	\$335,000
Performance Place/Workplace/WPV—Roof Replacements	\$2,435,000	\$243,500
Stevens Center Renovation, Phase 1	\$25,000,000	\$2,500,000
Total	\$35,585,000	\$3,558,500
<u>University of North Carolina Wilmington</u>		
Coastal Marine Studies—Plumbing, Mech., Elec. Renovation	\$9,930,000	\$993,000
Randall Library Renovation & Expansion	\$56,000,000	\$5,600,000
Total	\$65,930,000	\$6,593,000
<u>Western Carolina University</u>		
Killian Building—HVAC Upgrades/Window Replacement	\$3,570,000	\$357,000
Reid Building—Roof Replacement	\$2,520,000	\$252,000
Moore Building—Abatement, Demo. & Struct. Improvements	\$7,100,000	\$710,000
Moore Building—Infrastructure & Accessibility	\$4,200,000	\$420,000
Moore Building Renovation	\$15,000,000	\$1,500,000
Total	\$32,390,000	\$3,239,000
<u>Winston-Salem State University</u>		
Hauser Hall Renovations—Restore the Core	\$9,500,000	\$950,000
Hauser Hall—Renovation, Phase 2	\$7,500,000	\$750,000
Total	\$17,000,000	\$1,700,000
<u>PBS North Carolina</u>		
Tower Lighting/FAA Markers/Tower Elev. Repair	\$2,200,000	\$220,000
Bryan Center—Replace HVAC Air Handler & Controls	\$2,707,000	\$270,700
Bryan Center—Chiller & Cooling Tower Replacement	\$1,120,000	\$112,000
Total	\$6,027,000	\$602,700
<u>North Carolina Arboretum</u>		
Infrastructure Restoration & Road Projects	\$1,000,000	\$100,000
Total	\$1,000,000	\$100,000
GRAND TOTAL	\$843,170,000	\$114,467,000

* Funds are allocated for the repairs and renovations at Dabney Hall and Polk Hall in accordance with Section 40.1.(c2). To support cash flow management, design funds for 111 Lampe Drive Renovation will be deferred to a future allocation cycle.

Attachment B
2021-22 CAPITAL R&R ALLOCATION
FOR MAINTENANCE REPAIR AND RENOVATION PROJECTS

\$60,000,000 Total Allocation							
Institution	Base Model					12.5% GSF 12.5% # of Bldgs 25% Condition 25% # of FTE 25% Avail. Res.	% Allocation
	Gross Square Footage (GSF)	Adjustment for Building Condition	# of Bldgs	# of Students (Fall 2021) ²	Available Resources ³		
ASU	2,362,740	3,343,824	40	19,795	\$69,732,879	\$3,198,431	5.3%
ECU	4,417,306	6,364,443	103	24,743	\$34,413,687	\$5,024,712	8.4%
ECSU	745,397	913,392	28	1,856	\$25,242,318	\$2,000,000	3.3%
FSU	813,963	1,161,237	27	5,576	\$23,349,426	\$2,000,000	3.3%
N.C. A&T	2,299,295	3,188,607	64	12,387	\$20,206,870	\$3,117,066	5.2%
NCCU	1,381,916	1,492,107	37	7,208	\$9,418,755	\$2,147,192	3.6%
NC State	9,456,974	13,381,530	328	33,043	\$81,643,321	\$9,842,614	16.4%
UNCA	846,681	1,325,202	20	3,010	\$377,798	\$2,000,000	3.3%
UNC-CH	10,840,788	16,045,035	167	29,463	\$35,913,766	\$8,151,456	13.6%
UNCC	3,460,946	4,732,689	48	27,599	\$42,651,932	\$4,162,870	6.9%
UNCG	2,720,087	3,857,946	55	17,025	\$11,324,267	\$3,447,594	5.7%
UNCP	1,286,321	1,912,867	32	7,154	\$13,320,010	\$2,103,128	3.5%
UNCW	1,894,624	1,896,296	47	15,981	\$8,322,242	\$2,949,049	4.9%
UNCSA	815,069	915,715	31	1,109	\$1,696,844	\$2,000,000	3.3%
WCU	1,681,162	1,923,828	30	10,714	\$16,004,720	\$2,355,889	3.9%
WSSU	1,062,996	1,279,529	26	4,813	\$10,145,193	\$2,000,000	3.3%
NCSSM	442,877	442,877	8	680	\$12,915,167	\$2,000,000	3.3%
Total	46,529,142	64,177,124	1,091	222,156	\$416,679,194	\$58,500,000	97.5%
System Reserve¹						\$1,500,000	2.5%
System Total						\$60,000,000	100.0%

Notes: ¹ System Office, UNCTV and NC Arboretum will be addressed from reserve balance.

² # Students is based on Full-Time Equivalent (Fall 2021), including undergraduate and graduate students, degree-seeking only, and excludes fully online student enrollment

³ Available Resources includes Change in F&A Fund Balance (Revenues less Expenses) + Carryforward (5%) + Infrastructure Fee Revenue + R&R-Related Capital Earmarks (all items budgeted in SCIF or otherwise) - System-approved reductions

2021-23 CAPITAL BUDGET ALLOCATIONS

Project	FY2021-23 Capital Budget		
	2021-22	2022-23	Total Project Authorization
Repair, Renovation, and Rehabilitation^{1,4}			
Comprehensive Renovation and Facility Modernization	\$250,000,000	\$250,000,000	\$978,877,433
ASU Duncan Hall Renovation			\$20,000,000
ECU Howell Science Building South			\$30,000,000
ECSU Infrastructure Upgrades			\$27,000,000
FSU Rosenthal and Chick Building Renovations			\$9,500,000
NC A&T Carver Hall Comp. Modernization Phase 2			\$10,400,000
NC A&T Price Hall Renovation Phase 2			\$8,500,000
NCCU Taylor Education Building Renovation			\$13,750,000
NCSSM Academic Commons/Dining Hall Renovation			\$12,400,000
NCSU Renovation of 111 Lampe Drive			\$42,000,000
NCSU Dabney Hall ⁴	\$30,000,000	\$30,000,000	\$60,000,000
NCSU Polk Hall ⁴	\$10,000,000		\$10,000,000
UNCA Lipinsky Renovation			\$10,000,000
UNCC Cameron Second Floor Renovation			\$19,100,000
UNCC Burson Renovation			\$25,900,000
UNCG Jackson Library Renovation/Addition			\$81,000,000
UNCP Business Administration Renovation			\$12,500,000
UNCSA Stevens Center Renovation			\$25,000,000
UNCW Randall Library Renovation/Expansion ²			\$56,000,000
WCU Moore Building Renovation			\$15,000,000
WSSU Hauser Hall - Renovation Phase 2			\$7,500,000
UNC Engineering (N.C. A&T, NCSU, & UNCC)⁵	\$45,000,000	\$45,000,000	\$90,000,000
Other Authorized Projects	\$239,811,000	\$257,500,000	\$1,073,211,000
ASU Peacock Hall	\$12,500,000	\$12,500,000	\$25,000,000
ASU Innovation Campus	\$54,000,000	–	\$54,000,000
ECSU Flight School	\$4,000,000	\$10,000,000	\$34,000,000
ECSU New Dining Facility	\$7,500,000	–	\$7,500,000
ECSU New Residence Hall	\$10,000,000	\$30,000,000	\$40,000,000
ECSU Sky Bridge	\$2,500,000	–	\$2,500,000
ECU Brody School of Medicine ³	\$21,500,000	\$53,750,000	\$215,000,000
FSU College of Education	\$6,300,000	\$13,750,000	\$63,000,000
FSU Dormitories	\$4,000,000	\$10,000,000	\$40,000,000
FSU Parking Deck	\$10,000,000	–	\$10,000,000
NC State Apiculture Facility	\$4,000,000	–	\$4,000,000
NC State E-Sports Facility	\$6,000,000	\$6,000,000	\$12,000,000
NC State E-Sports Truck	\$4,000,000	–	\$4,000,000
NC State STEM Building ³	\$18,250,000	\$36,500,000	\$160,000,000
NCCU Lab Equipment	\$3,011,000	–	\$3,011,000
NCSSM R&R and Wellness Center	\$12,000,000	–	\$12,000,000
UNC-CH Ackland Art Museum	–	–	–
UNC-CH Business School ³	\$10,000,000	\$18,750,000	\$150,000,000
UNC-CH Carrington Hall Renovation	\$21,250,000	\$25,500,000	\$60,000,000
UNCP Health Sciences Center ³	\$9,100,000	\$22,750,000	\$91,000,000
WCU Moore Building/Upper Campus Infrastructure	\$9,200,000	–	\$9,200,000
WSSU K.R. Williams Auditorium	\$5,700,000	14,250,000	\$57,000,000
UNC Lease Funds	–	\$3,750,000	\$15,000,000
Center for Digital Engineering	\$5,000,000	–	\$5,000,000
Total Capital Funding/Authorization	\$534,811,000	\$552,500,000	\$2,142,088,433

¹ The budget provides \$250 million in each year of the biennium to support repair, renovation, rehabilitation, and comprehensive renovation projects. Project prioritization is delegated to the Board of Governors up to the amount authorized. The General Assembly intends to fund the balance of the authorized project costs during the 2023-25 fiscal biennium.

² S.L. 2018-5 appropriated \$5.5 million in advanced planning funds for the Randall Library Renovation and Expansion at UNC Wilmington.

³ Only advanced planning was requested.

⁴ Section 40.1.(c2) requires the BOG to allocate \$30M in each fiscal year to renovations for NCSU' Dabney Hall and \$10M in FY22 for NCSU's Polk Hall.

⁵ Section 40.11.(b) requires the BOG to allocate the funds in equal amount to NC State, UNCC, and N.C. A&T to be used for improvements to existing buildings that will allow for expanded offerings and enrollments related engineering programs. The Board may determine priority and timing of funds allocated.

AGENDA ITEM

A-4. 2021-22 NC Promise Tuition Plan Annual ReportJennifer Haygood

Situation: General Statute 116-143.11(d) requires the Board of Governors to report annually on the amount required to offset the foregone tuition receipts at each of the NC Promise institutions, how the funds were allocated to the institutions, the number of enrolled resident students at each institution, and the number of enrolled nonresident students at each institution.

Background: Session Law 2016-94 created the NC Promise Tuition Plan at Elizabeth City State University, UNC Pembroke, and Western Carolina University. The plan set resident tuition at \$500 per semester and nonresident tuition at \$2,500 per semester beginning in the fall 2018 academic semester. The state promised to buy down the difference in tuition receipts created by the lower tuition compared to the established tuition rate at the three NC Promise schools. The General Assembly appropriated \$66 million to offset the lower tuition receipts for FY 2021-22.

Assessment: The NC Promise Tuition Plan Annual Report includes all the information required by G.S. 116-143.11(d). To offset the decrease in tuition revenue, ECSU will receive \$6.98 million, UNCP will receive \$17.28 million, and WCU will receive \$35.34 million. The System Office will make initial allocations to the institutions based upon fall census data and an average of fall-to-spring retention rates. Funds will be reallocated in the spring after the spring census to match actual enrollment.

Action: This item is for information only.



**NC Promise Tuition Plan
FY 2021-22 Annual Report
as required by G. S. 116-143.11(d)**

December 15, 2021

NC Promise Tuition Plan Annual Report 2021-22

Session Law 2016-94 created the NC Promise Tuition Plan, which sets tuition at \$500 per semester for residents and \$2,500 per semester for nonresidents at Elizabeth City State University, The University of North Carolina at Pembroke, and Western Carolina University. The General Assembly implemented a “buy down” of any financial obligations resulting from the loss of tuition receipts with a \$40 million appropriation in the first year (2018-19) and \$51 million in recurring funds for the 2019-20 academic year. The General Assembly appropriated an additional \$15 million in nonrecurring funds in 2020-21, which was then appropriated on a recurring basis in 2021-22 in the 2021 Appropriations Act, for a total of \$66 million.

The \$66 million buy down that is appropriated to offset the reduced tuition will be allocated for the 2021-22 fiscal year by the UNC System Office to ECSU, UNCP, and WCU based upon the enrollment at each institution and the difference in the tuition rate charged by the campus and the NC Promise rate.

The 2021 Appropriations Act also added Fayetteville State University to the NC Promise Program beginning in FY 22-23. There is an additional \$11.5M appropriated on a recurring basis beginning in FY 22-23 for the tuition buy down of FSU students and an additional \$5M recurring in FY 22-23 for enrollment growth at ECSU, UNCP, and WCU. The total appropriated in FY 22-23 is \$82.5M recurring. Session Law 2018-5 requires an annual report on how the UNC System Office allocated the appropriated funds and the number of students enrolled at the NC Promise institutions.

The NC Promise Program has generated significant enrollment increases at the three NC Promise institutions. UNCP and WCU enrolled their largest classes ever in the fall of 2018, and ECSU reversed a decreasing enrollment trend. Undergraduate fall 2021 full-time equivalent (FTE) enrollment remained steady at ECSU and dipped slightly at UNCP and WCU. Enrollment at all three NC Promise institutions remains well above enrollments prior to the implementation of the NC Promise program.

The table below shows the buy down calculation for the three current NC Promise institutions. To keep up with higher costs and for parity with other institutions, the base tuition rate for nonresidents attending NC Promise institutions increased by 2.5 percent. The increase is equal to the average increase in nonresident tuition at the other non-research institutions in the UNC System since Fall 2018 (the beginning of the NC Promise Program). Increasing the base tuition will increase the buy down rate for the institutions but not increase the tuition paid by students.

Table 1: Buy Down Rate Calculation

		Annual Rates			
Institution	Residency	Previous Base Tuition	New Base Tuition	NC Promise Tuition	Buy Down Rate
ECSU	Resident	\$ 2,856	\$ 2,856	\$1,000	\$ 1,856
	Nonresident	16,000	16,400	5,000	11,400
UNCP	Resident	3,602	3,602	1,000	2,602
	Nonresident	15,193	15,573	5,000	10,573
WCU	Resident	3,971	3,971	1,000	2,971
	Nonresident	14,364	14,723	5,000	9,723

Now that enrollment has been verified at census, the initial FY 2021-22 allocation of the NC Promise funds will be distributed. Spring semester enrollment was estimated using a three-year average fall-to-spring retention at each institution. ECSU averaged 91.5 percent retention, UNCP averaged 92.1 percent retention, and WCU averaged 92.4 percent. The methodology was the same as required by G. S. 116-30.7 and previously used for the enrollment funding allocation.

Table 2: FY 2021-22 Calculated Buy Down and Initial Allocation

Institution	Residency	Fall FTE	Estimated Spring FTE	Buy Down Rate	Calculated Buy Down
ECSU	Resident	1,360	1,244	\$ 1,856	\$ 2,416,512
	Nonresident	418	382	11,400	4,560,000
	Total	1,778	1,626		6,976,512
UNCP	Resident	5,164	4,756	2,602	12,905,920
	Nonresident	431	397	10,573	4,377,222
	Total	5,595	5,153		17,283,142
WCU	Resident	7,887	7,288	2,971	22,542,463
	Nonresident	1,368	1,264	9,723	12,795,468
	Total	9,255	8,552		35,337,931
Total	Resident	14,411	13,288		37,864,895
	Nonresident	2,217	2,043		21,732,690
	Total	16,628	15,331		\$ 59,597,585

G.S. 116-143.11(d) requires the System Office to submit an NC Promise report by October 1 of each year; however, the spring census data is not available until late February. The final allocation of the NC Promise buy down does not occur until after the spring census. Changing the reporting date to April 1 would allow the System Office to collect all the relevant data for the current academic year.

The NC Promise Program has been a success on multiple fronts. College affordability has increased, and ECSU, UNCP, and WCU have increased their enrollment. The System Office expects the enrollment growth trend to continue as the program becomes effective for FSU.

AGENDA ITEM

A-5. Enrollment Funding Model Discussion.....Lee Roberts

Situation: The UNC System uses a formula based on completed student credit hours to request and allocate enrollment funding to institutions on an annual basis. The current formula is complex and does not include a performance-based component.

Background: In 2017 and 2018 a task force was convened to review the UNC System enrollment funding model. The results of this work were presented to the Board in May of 2018 and included a number of recommendations for improvements to the model, including basing the funding on completed rather than projected credit hours. Simultaneously, the General Assembly required the 2017-19 enrollment funding be verified based on actual enrollment before it could be allocated. In response to the conclusions of the task force and the new requirement from the General Assembly, the UNC System enrollment funding model was updated to be based on actual credit hours completed in arrears.

However, other recommendations made by the task force in 2018, including incorporating some measure of performance funding, have not been integrated into the funding model. As such, concerns raised by the task force related to complexity, incentives, and variation by institution remain unaddressed.

Assessment: The current UNC System enrollment funding model is not aligned with strategic goals, is unnecessarily confusing and complex, and does not accommodate a diverse system. The model should be updated to address these concerns.

Action: This item is for discussion only.



FUNDING MODEL DISCUSSION

Board of Governors
Committee on Budget and Finance
December 15, 2021

Stakeholder Perspectives



Chancellor: “The only way to increase resources is to grow.”



BOG member: “Our goals are focused on undergraduate students, but all the incentives seem to encourage graduate instruction.”



Legislator: “The university in my district is growing so why is their appropriation going down?”



CFO: “The model does not reward being the best university you can be at your size.”



Student: “Campuses are not funded equitably.”

Policy Concerns

Not aligned with strategic goals

- Lacks incentives for undergraduate education, completion, and efficiency
- Only incentivizes enrollment even though enrollment growth is not our top priority
- Does not fund on-campus summer instruction – a key strategy for improving completion rates

Incentivizes campuses to add more costly programs

- Current model is designed to fully reimburse costs regardless of program expense, return on investment, or mission
- Higher appropriation for graduate students and courses that are expensive to provide incentivizes enrollment in these areas

Unnecessarily confusing and complex

- Calculating requirements and then subtracting tuition complicates the model, particularly for nonresident students
- Multiple calculation steps leads to a lack of understanding and transparency
- Nonresident students subsidized if tuition does not cover their costs

Does not accommodate a diverse system

- Current model is not well designed for special-focus institutions or those that are unable or choose not to grow enrollments
- Does not reward campuses for optimizing their existing capacity

Current funding model calculation

Part 1

$$\begin{array}{ccccccc} \text{Enrollment Measure} & \div & \text{Instructional Cost Factor} & = & \text{Estimated Instructors} & \times & \text{Average Faculty Salary} & = & \text{Instructional Costs} \\ \text{change in completed student credit hours (SCH)} & & \text{12 Cell Matrix (Delaware data)} & & & & \text{average of budgeted salary expense/budgeted faculty FTE} & & \end{array}$$

Part 2

$$\begin{array}{ccccc} \text{Instructional Costs} & \times & \text{Weight Factors for Costs Associated with Student Enrollment} & = & \text{Total Cost (Requirements)} \\ & & \text{based on historic relationship between budgeted instructional costs and other associated costs} & & \end{array}$$

Part 3

$$\begin{array}{ccccc} \text{Enrollment Measure} & \times & \text{Tuition Rates By Campus} & = & \text{Tuition Revenue (Receipts)} \\ \text{enrollment measure used for tuition purposes – either change in projected SCH or change in projected FTE} & & & & \end{array}$$

Part 4

$$\begin{array}{ccccc} \text{Total Cost (Requirements)} & - & \text{Tuition Revenue (Receipts)} & = & \text{Appropriation} \end{array}$$

Desired Attributes of Revised Model

A revised model should:

- Clearly connect funding to strategic goals
- Enable campuses to generate revenue by improving performance
- Be more intuitive and easier to understand
- Eliminate tuition as a factor in the model
- Recognize undergraduate instruction as a priority and reduce incentives to prioritize graduate instruction
- Incentivize campuses to keep actual costs at or below national averages
- Recognize differences in cost among academic disciplines
- Provide more equitable funding across campuses for similar instruction
- Support summer instruction as a key strategy to improve on-time completion