

December 17, 2024 at 4 p.m.
Via Videoconference and PBS North Carolina Livestream

AGENDA

- A-1. 2024-25 Operating Budget Allocations.....Jennifer Haygood
- A-2. Adjourn

AGENDA ITEM

A-1. 2024-25 Operating Budget AllocationsJennifer Haygood

Situation: During the Short Session, the North Carolina General Assembly approved adjustments to the FY 2024-25 State budget already enacted through the 2023 Appropriations Act (S.L. 2023-134).

Background: One of the principal responsibilities of the University of North Carolina Board of Governors is to “develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for the constituent institutions of the University of North Carolina” [G.S. 116-11(9)a]. In odd numbered years, the governor recommends and the General Assembly enacts a biennial (two-year) budget. In even-numbered years, adjustments are made to the budget for the second fiscal year of the biennium. Unless funds are appropriated directly to institutional budgets, the Board of Governors is responsible for allocating appropriated funds among the institutions, consistent with applicable legislation.

Assessment: The General Assembly approved adjustments to the 2024-25 State budget through Session Law 2024-55 on November 20, 2024, and Session Law 2024-57 on December 11, 2024. Many of the budget adjustments appropriated funds to the Board of Governors for allocation and require Board action. The recommended allocations meet all the General Assembly directives as enacted. In addition, changes were made directly to institutional budgets.

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

2024-25 Operating Budget Allocations

This document includes actions taken by the North Carolina General Assembly for the University of North Carolina System on December 11, 2024, in Session Law 2024-57, *Disaster Relief-3/Budget/Various Law Changes* and on November 20, 2024, in Session Law 2024-55, *Require ICE Cooperation and Budget Adjustments*. A comparison of the short session 2024-25 budget adjustments to the University of North Carolina Board of Governors budget priorities can be found in Appendix A. A summary of UNC-related provisions is provided in Appendix B.

It is recommended that the following proposed allocations for FY 2024-25 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

1. UNC Performance Funding

The General Assembly appropriated \$13,068,267 in nonrecurring funds for performance funding. Funding allocations are based on each institution's performance according to metrics related to student success, affordability, and productivity. As presented and discussed during the meeting of the Committee on Budget and Finance in September 2024, institutions will receive a pro rata share of the combined two-year total performance funding allocated by the General Assembly. The calculation accounts for nonrecurring allocations campuses received in FY24. This funding method ensures that performance outcomes are funded on an equal basis across the two funding years. It is recommended the funding be allocated as shown in Table 1.

Table 1: 2024-25 UNC Performance Funding

Institution	Nonrecurring Performance Funding
App State	\$1,985,252
ECU	1,421,459
ECSU	(42,737)
FSU	641,872
N.C. A&T	582,454
NCCU	46,535
NC State	2,767,920
UNCA	155,533
UNC-CH	775,092
UNCC	1,530,251
UNCG	1,385,671
UNCP	45,236
UNCW	734,729
UNCSA	404,651
WCU	1,002,352
WSSU	(368,003)
Total	\$13,068,267

2. UNC Enrollment Loss Mitigation

The General Assembly appropriated \$7,837,646 in nonrecurring funds for enrollment loss mitigation funding. The funding ensures that no institution experiences more than a 4.5 percent decline in its student credit hour enrollment funding over the past two years. Consistent with Section 2A.4 of Session Law 2024-57 it is recommended the Board approve the allocations as shown in Table 2 below.

Table 2: 2024-25 UNC Enrollment Loss Mitigation

Institution	Nonrecurring Enrollment Loss Mitigation
ECU	1,364,971
UNCA	1,500,000
UNCG	19,687
UNCP	3,701,653
WSSU	1,251,335
Total	\$7,837,646

3. UNC Building Reserves

The General Assembly appropriated \$2,786,673 in recurring funds and \$470,404 in nonrecurring funds to operate and maintain Randall Library at the University of North Carolina Wilmington and Joiner Hall and other buildings at the Morganton Campus of North Carolina School of Science and Mathematics. The allocation is based on the UNC System building reserve model. Consistent with Section 2A.5.(b) of Session Law 2024-57 it is recommended the funds be allocated as shown in Table 3.

Table 3: 2024-25 UNC Building Reserves

Institution	Recurring	Nonrecurring
UNCW	\$2,077,391	\$420,198
NCSSM	709,282	50,206
Total	\$2,786,673	\$470,404

4. North Carolina Collaboratory to Establish and Operate the Office of Learning Research

The General Assembly appropriated \$1,500,000 in recurring funds for the 2024-25 fiscal year for the North Carolina Collaboratory to establish and operate the Office of Learning Research. Consistent with Section 2A.8.(a) of Session Law 2024-57 the Board is requested to approve the allocation as shown in Table 4 below.

Table 4: 2024-25 North Carolina Collaboratory Office of Learning Research

Institution	Recurring
UNC-CH	\$1,500,000

5. UNC Student Credit Hour Enrollment Changes

The General Assembly appropriated \$574,578 in recurring funds due to higher enrollments at the University of North Carolina System institutions. At its July 2024 meeting in item A-3, "FY 2024-25 Enrollment Change Budget Adjustments," the Board approved the allocations of the \$574,578 as shown in Table 5 below contingent upon the passage of legislation appropriating the \$574,578. This item is included for information only.

Table 5: 2024-25 UNC Student Credit Hour Enrollment Changes

	Recurring
Institution	Enrollment Change
App State	\$72,229
FSU	77,107
N.C. A&T	68,826
NC State	104,355
UNC-CH	136,885
UNCC	82,453
UNCW	30,326
NCSSM	2,397
Total	\$574,578

B. Appropriated Directly to Campuses and Other Entities

The General Assembly increased appropriations directly to the North Carolina State Education Assistance Authority budgets, which do not require Board allocation. These are described below, for information only.

1. State Education Assistance Authority

The General Assembly made several appropriations to the North Carolina State Education Assistance Authority in Session Law 2024-55. S.L. 2024-55 appropriated \$248,000,000 nonrecurring in additional program awards for the Opportunity Scholarship program, \$215,460,000 recurring for the Opportunity Scholarship Grant Fund reserve, and \$24,700,000 recurring for Personal Education Student Accounts for Children with Disabilities program.

	UNC Budget Priorities	Conference Budget
UNC Enacted Budget (excludes SEAA & aid to private institutions)	3,763,683,884	3,763,683,884
UNC System Priorities		
Performance-Weighted Enrollment Change Funding	46,564,200	574,578
UNC Enrollment Loss Mitigation	4,952,988 NR	13,068,267 NR
Building Reserves	2,786,673	7,837,646 NR
	470,404 NR	2,786,673
Completion Assistance Programs (from Escheats Fund)	\$8.5M in receipts	470,404 NR
		-
Total Recommended UNC System Priority Budget Changes	54,774,265	24,737,568
Faculty and Staff Salaries		
Labor Market Adjustment Salary Reserve	15,000,000	-
Other UNC System Items (Not Requested)		
UNC-CH Office of Learning Research	-	1,500,000
Total Recurring Operating Changes	64,350,873	4,861,251
Total Nonrecurring Operating Changes	5,423,392	21,376,317
Total Recommended FY 22-23 UNC Budget	3,833,458,149	3,789,921,452
Total Percent Change	1.9%	0.7%

SEAA & Aid to Private Institutions (Budget Codes 16012 & 16015)		
Enacted Budget	643,805,179	643,805,179
Opportunity Scholarship Program Additional Awards ¹ (House includes \$97M in receipt support from the State Lottery Fund)	-	248,000,000 NR
Opportunity Scholarship Grant Fund Reserve ¹	-	-
Personal Education Student Accounts for Children with Disabilities Program ¹	-	215,460,000
		24,700,000
Total Recommended SEAA & Aid to Private Institutions	643,805,179	1,131,965,179

Note: All items are recurring unless specified as nonrecurring.

¹Items included in HB 10/S.L. 2024-55

Section & Title		Conference Provision Summary
UNC Section		
1B.1	Clarify Employee Compensation During Instructional Days Deemed Completed in November of 2024 Due to Hurricane Helene	Clarifies that employees of public schools, including lab schools, shall be paid for the days the schools were closed due to the hurricane.
1B.2	Allow Chancellor of the University of North Carolina at Asheville to Use Remaining Tuition Grant Funds to Help UNCA	Allows the Chancellor to use remaining tuition grant funds to help UNCA at their discretion.
2A.2	UNC Performance Funding	Appropriates \$13,068,627 in nonrecurring funds for performance.
2A.3	UNC Student Credit Hour Enrollment Changes	Appropriates \$574,478 in recurring funding for enrollment based on the funding model.
2A.4	UNC Enrollment Loss Mitigation	Appropriates \$7,837,646 in nonrecurring funds for enrollment loss mitigation for ECU, UNCA, UNCG, UNCP, and WSSU.
2A.5	UNC Building Reserves	Appropriates \$2,786,673 in recurring funds and \$479,404 in nonrecurring funds for building reserves at UNCW and NCSSM.
2A.6	Permit Chair of Board of Governors to Designate a Member of Board of Directors for Project Kitty Hawk	Allows the Chair of the BOG to select a designee to serve on the Board of Directors for Project Kitty Hawk.
2A.7	Campus Law Enforcement Teaching Hospital Clarification	Clarifies that certain teaching hospitals can establish campus law enforcement agencies.
2A.8	North Carolina Collaboratory to Establish and Operate the Office of Learning Research	Establishes the Office of Learning Research within the Collaboratory to identify and evaluate the efficacy and efficiency of programs, activities, initiatives, procedures, and any other factors related to elementary and secondary education. Requires the Collaboratory to report to the Joint Legislative Education Oversight Committee by July 1, 2025 on the progress made in establishing the new office and include information on the activities of the office in its annual report.
2E.1	OSBM Grant Changes	Allows FSU to carryforward nonrecurring funds for the risk management school until June 30, 2026.
3J.20	Permit UNC to Enter into Agreements with Vendors to Buy Back or Trade in Technological Equipment	Allows constituent institutions to enter into buy back agreements with vendors for surplus technological equipment. Changes the annual report due date from December to March.
UNC/SEAA Section		
2A.9	Revise State Education Assistance Authority Board of Directors Member Requirements	Revises eligibility criteria for appointed members of the SEAA Board of Directors.
2A.10	Extend Certain Opportunity Scholarship Domicile Verification Requirements	Extends by one year the requirement that parents certify that they meet the domicile requirements to the SEAA and the requirement for the SEAA to verify domicile requirements.
3J.21	Common Digital Credential Pilot	Instructs SEAA to transfer up to \$1 million to the Community College System Office to conduct a digital credential pilot program.

Section & Title		Conference Provision Summary
UNC/SEAA Section (cont'd)		
3J.22	Data Sharing for Children of Wartime Veterans Scholarships	Requires the Department of Military and Veterans Affairs and SEAA to enter into a data sharing agreement concerning scholarships for children of wartime veterans.
3J.23	Reports on Opportunity Scholarship Testing	Requires the Office of Learning Research within the Collaboratory to develop recommendations for national standardized tests that would be appropriate to administer to students receiving Opportunity Scholarships and study the feasibility of developing an assessment for third and eighth grade students. SEAA shall report on the data submitted by the nonpublic schools by December 1, 2027 and annually thereafter.
6.15	Additional Funds for the Opportunity Scholarship Program	This item was included in HB 10/S.L. 2024-55. Appropriates \$248M in nonrecurring funds from the General Fund to SEAA to use for scholarship awards in the 2024-25 school year. Increases future appropriations from the General Fund to the Opportunity Scholarship Grant Fund Reserve and the Personal Education Student Accounts for Children with Disabilities Program.
Capital		
2H.3	UNC-Wilmington I.S.A.T. Building Clarification	Changes the name of the UNCW's Health Education Building in Section 40.1(a) of S.L. 2023-134 to the Integrated Science and Technology (I.S.A.T.) Building and directs UNCW to use the \$8M in nonrecurring funds appropriated in 2023-24 for the planning and design of the I.S.A.T. Building and related capital improvements or equipment.
2H.6	Poe Hall Assessment Funds	Appropriates \$5M NR to NCSU for costs associated with rehabilitating or replacing Poe Hall.
1F.3	Delay 2024 North Carolina State Building Code Effective Date	Delays the effective date of the new codes to July 1, 2025.
Other UNC-Related Sections		
3J.6	Transition Support for Schools for the Deaf and Blind	Instructs the Collaboratory in consultation with DPI and DOA to study each school's administrative structure, operations, and policies, including the cost and positions needed for the support of the schools and how to optimize operation of that school to maximize the educational outcomes for the school's students and ensure the school's success and independence. The Collaboratory shall report its findings to FRD and the Joint Legislative Education Oversight Committee by May 1, 2025.
4.2	Effective Date	This act is effective when it becomes law.