

February 25, 2026

*15 minutes after the adjournment of the Committee on Budget and Finance*

Via Videoconference and PBS North Carolina Livestream

UNC System Office

223 S. West Street, Board Room

Raleigh, North Carolina

## AGENDA

### OPEN SESSION

- A-1. Preview of Short Session Budget Priorities..... Jennifer Haygood
- A-2. Preview of 2026-27 Self-Liquidating Capital Improvement Projects..... Jennifer Haygood
- A-3. Preview of State Legislative Policy Considerations..... Bart Goodson
- A-4. Preview of Continuing Federal Priorities .....Elizabeth Morra
- A-5. Adjourn

## AGENDA ITEM

A-1. Preview of Short Session Budget Priorities .....Jennifer Haygood

**Situation:** 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 North Carolina 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.

**Background:** In preparation for the upcoming short session of the General Assembly, the UNC System Office has developed a draft set of Systemwide operating and capital priorities that focus on critical enterprise needs. Unlike prior budget development cycles, the System Office did not solicit a broad set of institutional budget requests this year. This approach reflects the fact that the General Assembly did not provide enrollment growth funding in the prior long session, and the System’s near-term strategy is focused on advocating for this funding.

This draft proposal outlines the recommended priorities and approximate request amounts; however, specific request amounts and supporting details will be finalized prior to formal submission.

**Assessment:** Enrollment growth is the focus of our 2026-27 operating budget priorities. Actual resident student credit hours (SCHs) increased by 1.6 percent in 2024 and 3.7 percent in 2025. Over the past two years, 92 percent of the enrollment funding change has occurred in STEM — most notably in engineering, biology, and nursing — and business disciplines. This request also includes funding to fully support current and anticipated growth in NC Promise.

Our 2026-27 capital budget priorities focus on State Capital and Infrastructure Fund (SCIF) projects previously authorized by the General Assembly. Many projects require additional SCIF allocations to complete construction, while others have completed the design phase but need additional SCIF funds to proceed with construction. All requested increases in project authorization were included in both the Senate and House versions of the budget proposed during the 2025 Long Session but were not enacted into law.

**Action:** This item is for discussion only.

# University of North Carolina

## FY 2026-27 Budget Priorities



### FY 2026-27

Certified Appropriation \$3,773,254,785

*(Excludes State Education Assistance Authority & Aid to Private Institutions)*

### Operating Budget Priorities

#### Enrollment Change

**\$158,445,386**

Adjusts funding to reflect each institution's change in enrollment. Actual resident student credit hours (SCHs) increased by 1.6% in 2024 (funding was not appropriated during 2025 Long Session) and 3.7% in 2025. Over the two years, 92% of the enrollment funding change occurred in STEM - most notably in Engineering, Biology, and Nursing -and business disciplines. This request also includes funding to fully support current and anticipated growth in NC Promise.

\$46,375,508 FY 2025-26 Δ  
 \$107,119,878 FY 2026-27 Δ  
 \$4,950,000 NC Promise Δ

#### Building Reserves

**\$9,450,701**

Provides maintenance and operation funding needs for new or expanded facilities funded through the State Capital and Infrastructure Fund (SCIF) coming online in FY27. Includes facilities at App State, ECSU, FSU, NC State, NCSSM, and UNC-Chapel Hill.

**\$1,513,601 NR**

**\$167,896,087**

**\$1,513,601 NR**

Total Requested Increase in Appropriation

**\$169,409,688**

Total Percent Change

**4.5%**

### State Capital and Infrastructure Fund (SCIF) Priorities

#### UNC Repairs & Renovations

**\$250M NR**

Ongoing investment in the UNC R&R program is critical to eliminate the backlog of deferred maintenance and enable campuses to move toward a preventive maintenance approach.

#### Previously Authorized SCIF Named Projects

**see reverse side**

Prior enacted legislation authorized a number of specifically named projects at designated campuses that require continued funding to complete.

### Policy Priorities

- Increase dollar threshold for "capital project" definition from \$100,000 to \$150,000.
- Increase dollar threshold for "formal" capital projects from \$500,000 to \$1.5 million.
- Provide construction management capacity flexibility for low-capacity institutions.
- Align NCSSM residency definition with "legal North Carolina resident for tuition purposes" and enable use of Residency Determination Service.

#### Special Provision Requests

*Note: All items are recurring unless specified as nonrecurring.*

**THE UNIVERSITY OF NORTH CAROLINA FY26-27 STATE CAPITAL AND INFRASTRUCTURE FUND (SCIF)  
NAMED CAPITAL PROJECTS**

NC GA Code	Project Name	Total Project Authorization	Proposed Increased Authorization	Prior Appropriations	FY26-27 Funds Request
		<b>\$1,509,461,264</b>	<b>\$741,892,451</b>	<b>\$563,417,031</b>	<b>\$490,138,964</b>
<b>Appalachian State University</b>					
UNC/ASU21-2	Innovation Campus	\$54,000,000	\$74,000,000	\$54,000,000	\$20,000,000
UNC/ASU22-1	Hickory Campus	\$50,000,000		\$34,700,000	\$11,350,000
UNC/ASU23-1	Walker Hall-Interior Renovation	\$18,000,000		\$0	\$11,700,000
<b>East Carolina University</b>					
UNC/ECU21-1	Brody School of Medicine	\$265,000,000		\$155,250,000	\$109,750,000
UNC/ECU23-1	Howell Science Building North-Comprehensive Renovation	\$46,000,000		\$4,600,000	\$28,400,020
UNC/ECU23-3	Medical Examiner Office	\$35,000,000		\$26,250,000	\$8,750,000
<b>Elizabeth City State University</b>					
UNC/ECS21-2	Sky Bridge	\$2,500,000	\$7,500,000	\$2,500,000	\$5,000,000
UNC/ECS23-1	Infrastructure Repairs-Phase 3	\$20,000,000		\$19,172,727	\$827,273
<b>Fayetteville State University</b>					
UNC/FSU23-2	H.L. Cook Building Renovation and Addition	\$10,000,000		\$4,500,000	\$5,500,000
<b>North Carolina Agricultural &amp; Technical State University</b>					
UNC/A&T23-2	Health and Human Sciences Building	\$125,500,000		\$0	\$5,335,000
<b>North Carolina Central University</b>					
UNC/NCC23-1	Dent Building - Comprehensive Renovation	\$12,073,798		\$1,207,380	\$2,000,418
UNC/NCC23-2	Edmonds Classroom Building - Comprehensive Renovation	\$12,999,424	\$19,499,424	\$1,299,424	\$650,000
<b>North Carolina State University</b>					
UNC/NCS23-1	Mann Hall-Renovation, Phase 2	\$30,000,000	\$40,000,000	\$30,000,000	\$10,000,000
UNC/NCS23-3	Polk Hall-Renovation, Phase 2	\$63,000,000		\$6,300,000	\$40,950,000
UNC/NCS23-4	Veterinary School-Large Animal Hospital	\$120,000,000		\$0	\$60,000,000
UNC/NCS24-1	Poe Hall	\$5,000,000	\$185,000,000	\$5,000,000	\$25,048,753
<b>North Carolina School of Science and Mathematics</b>					
UNC/SSM23-2	Durham Campus-Renovation of Residence Halls	\$28,988,042	\$43,988,042	\$15,750,000	\$4,800,000
<b>University of North Carolina Asheville</b>					
UNC/AVL23-1	Lipinsky Hall-Comp. Modernization/Addition	\$26,150,000		\$9,152,500	\$16,997,500
<b>University of North Carolina at Chapel Hill</b>					
UNC/CH23-1	Gardner Hall-Comprehensive Renovation	\$25,000,000		\$0	\$5,000,000
<b>University of North Carolina at Charlotte</b>					
UNC/CLT23-1	Smith Hall-Comprehensive Renovation	\$36,000,000		\$3,600,000	\$12,600,000
<b>University of North Carolina at Greensboro</b>					
UNC/GBO23-1	Moore Building-Renovation	\$24,200,000		\$2,420,000	\$8,470,000
<b>University of North Carolina Pembroke</b>					
UNC/PEM21-1	Health Sciences Center	\$91,000,000		\$62,350,000	\$24,400,000
UNC/PEM23-1	Givens Performing Arts Center (GPAC) Renovation	\$61,000,000	\$131,004,985	\$6,100,000	-
<b>University of North Carolina School of the Arts</b>					
UNC/SA23-1	Stevens Center Renovation Phase 2	\$51,000,000		\$40,800,000	\$10,200,000
<b>University of North Carolina Wilmington</b>					
UNC/WIL23-1	Cameron Hall - Comp Reno/Expansion	\$44,500,000		\$4,005,000	\$7,725,000
UNC/WIL23-2	Kenan Auditorium - Comp Reno/Expansion	\$24,000,000		\$2,160,000	\$5,200,000
UNC/WIL23-4	Integrated Science & Technology Building	\$8,000,000	\$83,000,000	\$8,000,000	\$7,500,000
<b>Western Carolina University</b>					
UNC/WCU23-1	Replacement Engineering Building	\$95,300,000	\$157,900,000	\$2,000,000	\$6,260,000
<b>Winston-Salem State University</b>					
UNC/WSS21-1	K.R. Williams Auditorium	\$57,000,000		\$42,350,000	\$14,650,000
<b>University of North Carolina Board of Governors</b>					
UNC/BOG21-1	UNC Lease Funds	\$18,750,000		\$15,000,000	\$3,750,000
<b>PBS North Carolina</b>					
UNC/PBS23-1	Public Safety Communications Upgrades	\$49,500,000		\$4,950,000	\$17,325,000

**The NC General Assembly previously authorized all of the above projects.  
All proposed increases in authorization were included in both House and Senate Long Session budgets.**



# 2026 SHORT SESSION BUDGET PRIORITIES: ENROLLMENT GROWTH

*Committee on Budget and Finance*

*Committee on External Affairs*

*February 25, 2026*

## ***FY2025-2027 Enrollment Growth Funding***

	<b>2024 Enrollment Change</b>	<b>2025 Enrollment Change</b>	<b>Total</b>
App State	\$ 4,399,924	\$ 1,089,969	\$ 5,489,893
ECU	(4,129,746)	(2,560,939)	(6,690,685)
ECSU	565,890	1,790,130	2,356,020
FSU	2,496,837	3,558,550	6,055,387
N.C. A&T	(778,165)	9,572,637	8,794,472
NCCU	4,713,562	4,958,126	9,671,687
NC State	14,048,265	21,061,328	35,109,593
UNC Asheville	831,429	1,133,628	1,965,057
UNC-Chapel Hill	2,443,372	15,237,040	17,680,412
UNC Charlotte	8,588,565	21,751,865	30,340,430
UNC Greensboro	6,399,830	8,961,440	15,361,270
UNC Pembroke	875,241	3,420,994	4,296,235
UNC Wilmington	5,244,133	12,342,090	17,586,222
UNCUSA	923,652	611,532	1,535,184
WCU	143,610	2,481,724	2,625,334
WSSU	(483,783)	1,925,619	1,441,836
NCSSM	92,892	168,636	261,527
<b>Total</b>	<b>\$ 46,375,508</b>	<b>\$ 107,504,366</b>	<b>\$ 153,879,874</b>



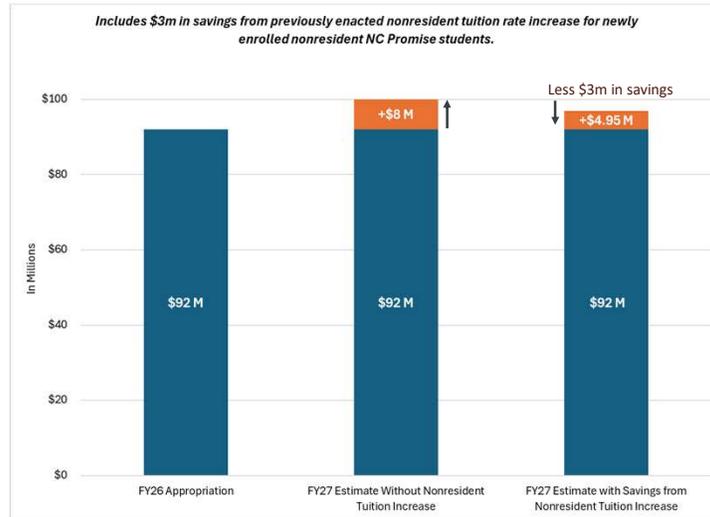
## *FY2025-2027 Enrollment Growth by Discipline*

	2024 Enrollment Change	2025 Enrollment Change	Total	Percent of Total
Engineering	\$ 7,176,594	\$ 23,077,744	\$ 30,254,338	19.7%
Biology	11,075,874	12,316,440	23,392,314	15.2%
Nursing	8,633,535	13,488,493	22,122,028	14.4%
Business	7,441,860	13,708,750	21,150,610	13.7%
Other STEM	22,641,645	21,926,226	44,567,871	29.0%
All Other	(10,594,000)	22,986,713	12,392,714	8.1%
<b>Total</b>	<b>\$ 46,375,508</b>	<b>\$ 107,504,366</b>	<b>\$ 153,879,874</b>	

## *FY2025-2027 Funding Model Comparison*

	2024 Enrollment Change	2025 Enrollment Change	Biennium Total
Current Model	\$ 46,375,508	\$ 107,504,366	\$ 153,879,874
Old Model	61,270,180	101,259,829	162,530,010
Difference	(14,894,673)	6,244,537	(8,650,136)
Percent Difference	-5.3%		

## NC Promise Growth Request = \$4.95m



**AGENDA ITEM**

A-2. Preview of 2026-27 Self-Liquidating Capital Improvement Projects .....Jennifer Haygood

**Situation:** Self-liquidating capital projects are financed by the institution and require legislative approval for the issuance of debt. For 2026-27, five constituent institutions are requesting approval for six capital improvement projects requiring total debt authority of approximately \$637 million.

With approval from the University of North Carolina Board of Governors, these projects will be forwarded to the North Carolina General Assembly for authorization during the 2026-27 legislative session.

**Background:** On an annual basis, the Board considers institution proposals for self-liquidating projects funded from non-appropriated sources requiring the issuance of long-term debt and associated changes to student debt service fees.

If approved, a detailed financial plan will be reviewed in consultation with financial advisors and bond counsel before bonds are issued and construction contracts are awarded. The Board will receive a subsequent request for approval of the issuance of bonds for these projects.

**Assessment:** The projects comply with G.S. 143C (State Budget Act).

**Action:** This item is for discussion only.

## Preview of 2026-27 Self-Liquidating Capital Improvement Projects

### ISSUE OVERVIEW

Non-appropriated capital projects are financed by the university and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings. Legislative approval is required for the issuance of debt; these “self-liquidating” capital projects are approved by the legislature after the passage of the Appropriations Act. These projects, if approved by the University of North Carolina Board of Governors, are submitted for legislative action. Legislative approval is not required for non-appropriated capital projects that do not require debt issuance.

Project	Total	Cash/GO Bond/ Other	Debt	Source of Funds
<b>North Carolina Central University</b>				
Richmond Residence Hall Renovation – Phase 1	\$20,000,000	\$0	\$20,000,000	Housing receipts
<i>NCCU Subtotal</i>	<i>\$20,000,000</i>	<i>\$0</i>	<i>\$20,000,000</i>	
<b>NC State University</b>				
Cates West Development – Phase 1	\$320,000,000	\$25,000,000	\$295,000,000	Housing receipts
<i>NC State Subtotal</i>	<i>\$320,000,000</i>	<i>\$25,000,000</i>	<i>\$295,000,000</i>	
<b>University of North Carolina at Chapel Hill</b>				
New Residence Hall 1	\$159,700,000	\$18,500,000	\$141,200,000	Housing receipts
Parker and Teague Halls – Demolition and Replacement	\$120,000,000	\$8,000,000	\$112,000,000	Housing receipts
<i>UNC-CH Subtotal</i>	<i>\$279,700,000</i>	<i>\$26,500,000</i>	<i>\$253,200,000</i>	
<b>University of North Carolina at Charlotte</b>				
Witherspoon Residence Hall Renovation	\$50,000,000	\$1,570,000	\$48,430,000	Housing receipts
<i>UNCC Subtotal</i>	<i>\$50,000,000</i>	<i>\$1,570,000</i>	<i>\$48,430,000</i>	
<b>University of North Carolina Wilmington</b>				
Parking Deck IV	\$20,357,028	\$0	\$20,357,028	Parking receipts
<i>UNCW Subtotal</i>	<i>\$20,357,028</i>	<i>\$0</i>	<i>\$20,357,028</i>	
<b>Grand Total</b>	<b>\$690,057,028</b>	<b>\$53,070,000</b>	<b>\$636,987,028</b>	

### ADDITIONAL DETAILS

#### North Carolina Central University

Project: Richmond Residence Hall Renovation – Phase 1

Total Cost: \$20,000,000

Debt issuance: \$20,000,000

Description: The project scope includes repairs and updates required to address deferred maintenance issues and to bring the existing residence hall back online. The proposed work includes adding a dedicated chiller; replacing the two-pipe system with a four-pipe system; upgrading mechanical, electrical, fire alarm, fire sprinkler, and building control systems; mold remediation, elevator repairs, and other life safety and building code-required modifications.

Funding: The funding source is housing receipts.

**NC State University**

Project: Cates West Development – Phase 1

Total Cost: \$320,000,000

Debt issuance: \$295,000,000

Description: The project scope includes the construction of two new residence halls to replace existing housing due to serious infrastructure and accessibility issues. The first phase includes 1,354 traditional and semi-suite style student beds and the design of Phase 2.

Funding: The funding sources include housing receipts.

**University of North Carolina at Chapel Hill**

Project: New Residence Hall 1

Total Cost: \$157,900,000

Debt issuance: \$141,200,000

Description: The project scope includes construction of two new residence halls including approximately 730 new beds. The residence halls will be primarily for sophomore students and will include additional amenities including study areas, lounges, a package center, and test kitchen.

Funding: The funding source is housing receipts.

Project: Parker and Teague Halls – Demolition and Replacement

Total Cost: \$120,000,000

Debt issuance: \$112,000,000

Description: The project scope includes the demolition of Parker and Teague Residence Halls and replacement with a new residence hall including 550 to 600 beds for upper class students.

Funding: The funding source is housing receipts.

**University of North Carolina at Charlotte**

Project: Witherspoon Residence Hall Renovation

Total Cost: \$50,000,000

Debt issuance: \$48,430,000

Description: The project includes renovation of an existing 420-bed residence hall constructed in 1990. The proposed scope of work is a comprehensive renovation that includes replacement of the mechanical, plumbing, and electrical systems; upgrades to bathrooms and kitchens; and new interior finishes.

Funding: The funding source is housing receipts.

**University of North Carolina Wilmington**

Project: Parking Deck IV

Total Cost: \$20,357,028

Debt issuance: \$20,357,028

Description: The project includes construction of a new 500-space elevated parking deck, the refurbishment and expansion of an existing surface parking lot, roadway improvements, and related updates to address student, faculty, staff, and visitor parking needs.

Funding: The funding source is parking receipts.

**RECOMMENDATION**

This item is for discussion only.

## AGENDA ITEM

A-3. Preview of State Legislative Policy Considerations ..... Bart Goodson

**Situation:** The committee will receive a preview of the 2026 Short Session Non-Budget State Legislative Policy Considerations.

**Background:** Staff will give a preview of the Short Session Non-Budget State Legislative Policy Considerations. The four policy considerations submitted are as follows:

- Increase dollar threshold for “capital project” definition from \$100,000 to \$150,000.
- Increase dollar threshold for “formal” capital projects from \$500,000 to \$1.5 million.
- Provide construction management capacity flexibility for low-capacity institutions.
- Align North Carolina School of Science and Mathematics’ residency definition with “legal resident for tuition purposes” and enable use of Residency Determination Service.

**Assessment:** The four above policy considerations are recommended for approval by the committee.

**Action:** This item is for discussion only.

<b>Area:</b>	Efficiency
<b>Topic:</b>	Increase Statutory Dollar Thresholds for Formal Bidding of Capital Projects
<b>Governance:</b>	Existing statute governing request: G.S. 143-129(a), G.S. 143-64.34, G.S. 143-128
<b>Current Status:</b>	Change the statutory threshold for formal bidding of capital projects from \$500,000 to \$1,500,000. Seek conforming changes in related statutes.
<b>Current Challenges:</b>	The dollar threshold for formal bidding has not changed since 2007 (S.L. 2007-446) and has not kept up with the rapidly increasing inflation rates for construction. The current dollar threshold requires any project over the current threshold to be formally advertised for bids for a minimum of 14 days, requires three bidders to open bids, and requires bid openings with less than three bidders to be readvertised for a minimum of seven additional days. The administrative overhead required to submit a formal bid, including submitting a bid bond or cashier’s check, discourages contractors and subcontractors from bidding publicly funded projects, especially smaller projects. Increasing the dollar threshold would allow projects below \$1,500,000 to be solicited using an informal bid process, expedite the award of minor repair and renovation work, and could encourage more participation from smaller contractors by reducing the administrative burden associated with submitting a formal bid. The increase in the dollar threshold also applies to subcontracted work awarded using the Construction Manager at Risk project delivery method. The change would expedite the bidding of subcontracted work by allowing smaller dollar-value subcontracts to be awarded if less than three bids are received on bid day.
<b>Proposed Action or proposed new statutory language:</b>	<p><b>§143-129. Procedure for letting of public contracts.</b></p> <p>(a) Bidding Required. – No construction or repair work requiring the estimated expenditure of public money in an amount equal to or more than <b>one million</b>, five hundred thousand dollars <del>(\$500,000)</del> <del>(\$1,500,000)</del> or purchase of apparatus, supplies, materials, or equipment requiring an estimated expenditure of public money in an amount equal to or more than ninety thousand dollars (\$90,000) may be performed, nor may any contract be awarded therefor, by any board or governing body of the State, or of any institution of the State government, or of any political subdivision of the State, unless the provisions of this section are complied with; provided that The University of North Carolina and its constituent institutions may award contracts for construction or repair work that requires an estimated expenditure of less than <b>one million</b>, five hundred thousand dollars <del>(\$500,000)</del> <del>(\$1,500,000)</del> without complying with the provisions of this section.</p> <p><b>§143-64.34 Exemption of certain projects.</b></p> <p>State capital improvement projects under the jurisdiction of the State Building Commission, capital improvement projects of The University of North Carolina, and community college capital improvement projects, where the estimated expenditure of public money is less than <b>one million</b>, five hundred thousand dollars <del>(\$500,000)</del> <del>(\$1,500,000)</del>, are exempt from the provisions of this Article.</p>

**§ 143-128. Requirements for certain building contracts.**

(g) Exceptions. – This section shall not apply to:

(1) The purchase and erection of prefabricated or relocatable buildings or portions thereof, except that portion of the work which must be performed at the construction site.

~~(2) The erection, construction, alteration, or repair of a building when the cost thereof is three hundred thousand dollars (\$300,000) or less.~~

~~(3) The erection, construction, alteration, or repair of a building by The University of North Carolina or its constituent institutions when the cost thereof is five hundred thousand dollars (\$500,000) or less.~~



<b>Area:</b>	Efficiency
<b>Topic:</b>	Increase Statutory Dollar Threshold for Definition of Capital Improvement
<b>Governance:</b>	Existing statute governing request. G.S. 143C-1-1(d)(5), G.S. 133-1.1.(a)(1a)(2)(3), G.S. 133-1.1(d)(3), G.S. 143-134.1(b1)
<b>Current Status:</b>	Change the statutory definition of a capital improvement from real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over one hundred thousand dollars (\$100,000) in value to one hundred fifty thousand dollars (\$150,000) in value. Seek conforming changes in related statutes.
<b>Current Challenges:</b>	The dollar threshold has not been adjusted to keep up with inflation rates and has not been adjusted since 2018 (S.L. 2018-5). The current dollar threshold requires almost any type of repair work to be funded from capital funds, handled as a capital project, set up as a capital project in Interscope, and assigned a capital budget fund/code, and requires three informal bids before executing the work. Increasing the dollar threshold would allow minor repairs to be handled faster and more efficiently.
<b>Proposed Action or proposed new statutory language:</b>	<p><b>§143C-1-1. Purpose and definitions.</b></p> <p>(d) Definitions. - The following definitions apply in this Chapter:...</p> <p>(5) Capital improvement. - A term that includes real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over one hundred <b>fifty</b> thousand dollars <del>(\$100,000)</del> <b>(\$150,000)</b> in value.</p> <p><b>§ 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer.</b></p> <p>(a) In the interest of public health, safety and economy, every officer, board, department, or commission charged with the duty of approving plans and specifications or awarding or entering into contracts involving the expenditure of public funds in excess of:</p> <p>(1) Three hundred thousand dollars (\$300,000) for the repair of public buildings where such repair does not include major structural change in framing or foundation support systems, or five hundred thousand dollars (\$500,000) for the repair of public buildings by The University of North Carolina or its constituent institutions where such repair does not include major structural change in framing or foundation support systems,</p> <p>(1a) One hundred <b>fifty</b> thousand dollars <del>(\$100,000)</del> <b>(\$150,000)</b> for the repair of public buildings affecting life safety systems,</p> <p>(2) One hundred <del>thirty-five</del> <b>fifty</b> thousand dollars <del>(\$135,000)</del> <b>(\$150,000)</b> for the repair of public buildings where such repair includes major structural change in framing or foundation support systems, or</p> <p>(3) One hundred <del>thirty-five</del> <b>fifty</b> thousand dollars <del>(\$135,000)</del> <b>(\$150,000)</b> for the construction of, or additions to, public buildings or State-owned and operated utilities, shall require that such plans and specifications be prepared by a registered architect, in accordance with the provisions of Chapter 83A of the General Statutes, or by a registered engineer, in accordance with the provisions of Chapter 89C of the General Statutes, or by both architect and engineer, particularly qualified by training and experience for the type of work involved, and that the</p>



North Carolina seal of such architect or engineer together with the name and address of such architect or engineer, or both, be placed on all these plans and specifications.

**§ 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer.**

(d) On projects on which no registered architect or engineer is required pursuant to the provisions of this section, the governing board or awarding authority shall require a certificate of compliance with the State Building Code from the city or county inspector for the specific trade or trades involved or from a registered architect or engineer, except that the provisions of this subsection shall not apply to projects where any of the following apply:

- (1) The plans and specifications are approved by the Department of Administration, Division of State Construction, and the completed project is inspected by the Division of State Construction and the State Electrical Inspector.
- (2) The project is exempt from the State Building Code.
- (3) The project has a total projected cost of less than ~~\$100,000~~ **one hundred fifty thousand dollars (\$150,000)** and does not alter life safety systems.

**§ 143-134.1. Interest on final payments due to prime contractors; payments to subcontractors.**

(b1) No retainage on periodic or final payments made by the owner or prime contractor shall be allowed on public construction contracts in which the total project costs are less than one hundred **fifty** thousand dollars ~~(\$100,000)~~ **(\$150,000)**. Retainage on periodic or final payments on public construction contracts in which the total project costs are equal to or greater than one hundred **fifty** thousand dollars ~~(\$100,000)~~ **(\$150,000)** is allowed as follows:



# THE UNIVERSITY OF NORTH CAROLINA SYSTEM

## 2026 Short Session Campus Policy Requests:

Institution	Title	Description
<b>UNCP</b>	Capital Project Management Flexibility: to permit project managers to be charged to SCIF/capital funds	Administrative procedures prevent the charging of project managers to SCIF funds. Consultants can be charged but state employees cannot.  UNCP requests a statute change to explicitly allow UNC System institutions to charge project managers to SCIF funds. Special provision language allowing up to five percent of project budgets for in-house project managers on a time-limited basis would offer a cost-effective alternative to relying on consultants.
<b>NCSSM</b>	NCSSM applicant residency determination	Amend statute to align NCSSM applicant residency requirements with the “legal resident for tuition purposes” standard used by all other UNC constituent institutions and enable NCSSM to fully utilize the Residency Determination Service. This efficiency measure will sustainably simplify the management of the residency determination process in the face of a steadily increasing number of applicants.

<b>Area:</b>	Capital Project Management Flexibility
<b>Topic:</b>	To permit project managers to be charged to SCIF/capital funds
<b>Governance:</b>	G.S. 143C-4-3.1(e)
<b>Current Status:</b>	We have confirmed that there is no prohibition in general statute that prevents the charging of state employee salaries and benefits to capital projects. However, there is long-standing practice via administrative procedures to not allow this practice unless specific language has been provided with the project to allow the charging of salaries. That specific language has already been provided on at least two occasions related to SCIF funds. Interestingly, SCO allows the use of consulting firms, whose expenses are charged to the capital project, to provide project management functions on projects; but the use of state employees to provide the same function cannot be charged to capital projects.
<b>Current Challenges:</b>	Special provision language allowing up to five percent of project budgets for in-house project managers on a time-limited basis would offer a cost-effective alternative to relying on consultants. Boosting capital project management capacity is vital for speeding up execution, cutting delays, and mitigating inflation impacts. The ability to hire well-qualified project managers has proved challenging. Existing operating budgets are inadequate for both the number of positions required and the amount of salary needed to be competitive with the private sector. The lack of an adequate number of experienced project managers causes delays in capital projects, which means that the purchasing power of state capital dollars is eroded by inflation. For example, if an institution has \$200 million of capital projects and construction inflation is 5%, an overall six-month delay will add \$5 million in cost (or buy \$5 million less value). Typical experienced project managers make between \$90,000 and \$150,000 plus fringe. Even adding several project managers would be a tenth of the cost of the lost inflation value if they can prevent unnecessary delays in the university’s project portfolio.
<b>Proposed Action or proposed new statutory language:</b>	The provision amends G.S. 143C-4-3.1(e) to add time-limited capital project management employees to the allowable uses of the SCIF. Employees charged to capital project funding should be term-limited employees so that if sufficient capital projects are not available, their employment would end, thus not burdening the operating budget. This aligns with for-profit industry standards.



<b>Area:</b>	Efficiency initiative
<b>Topic:</b>	NCSSM applicant residency determination
<b>Governance:</b>	<b>Shift NCSSM applicant residency determination from governance by G.S. 116-143.1(a)(1) to G.S. 116-143.1(b)</b>
<b>Current Status:</b>	<p>Currently, N.C.G.S. 116-235 states that to be eligible to enroll at NCSSM, an applicant “must be . . . a legal resident of the State, as defined by G.S. 116-143.1(a)(1).” G.S. 116-143.1(a)(1) states simply that a "legal resident" or "resident" is “a person who qualifies as a domiciliary of North Carolina,” with no required duration of residency. Nearly two decades ago, the NCSSM Board of Trustees set a practical residency deadline of Dec. 1, an approximate midpoint between when the application opens in October and when the application closes in January.</p> <p>The definition of “legal resident” under G.S. 116-143.1(a)(1) is distinct from the definition of “legal resident for tuition purposes” under G.S. 116-143.1(b), which includes a one-year durational requirement. This is the definition used by the Residency Determination System (RDS) to determine an applicant's state residency status for the other 16 constituent institutions. NCSSM also utilizes RDS to determine the residency of its applicants. However, due to the different standards set forth in N.C.G.S. 116-143.1(a)(1) and N.C.G.S. 116-143.1(b), a number of eligible NCSSM applicants who have lived in North Carolina for less than 12 months are determined by RDS to be out-of-state residents. These applicants are sent by RDS over to NCSSM for review and determination of eligibility.</p>
<b>Current Challenges:</b>	Given the success of the institution and the corresponding increase in applications, the growing portion of residency determinations that must be processed internally by NCSSM has exceeded internal capacity. This growing administrative workload calls for either increased resources or efficiency measures.
<b>Proposed Action or proposed new statutory language:</b>	NCSSM proposes that G.S. 116-235 be amended to replace reference to G.S. 116-143.1(a)(1) with reference to G.S. 116-143.1(b), which will align NCSSM applicant residency requirements with the “legal resident for tuition purposes” standard used by all other UNC constituent institutions and enable NCSSM to fully utilize the Residency Determination Service. This efficiency measure will sustainably simplify the management of the residency determination process in the face of a steadily increasing number of applicants.

**AGENDA ITEM**

A-4. Preview of Continuing Federal Priorities..... Elizabeth Morra

**Situation:** The University of North Carolina System vice president for federal relations will provide an overview of the FY 2027 UNC System Federal Priorities letter to members of the North Carolina congressional delegation.

**Background:** Elizabeth Morra will provide an overview of the UNC System Federal Priorities letter to members of the North Carolina congressional delegation, as an update to last year's 119th Congress Federal Priorities document.

**Assessment:** There will be no formal presentation.

**Action:** This item is for information only.



Peter Hans  
President  
223 S. West Street, Suite 1800 | Raleigh, NC 27603  
(919) 962-6983 | [president@northcarolina.edu](mailto:president@northcarolina.edu)

February 25, 2026

Dear Members of the North Carolina Delegation,

As the second session of the 119th Congress gets underway, I am reaching out once again to thank you for your continued support of our 17 University of North Carolina System institutions. We are grateful that Congress maintained funding levels for higher education programs in the FY 2026 appropriations process, which will help us support our students, as well as preserve crucial funding for university research programs.

The UNC System remains deeply committed to preparing students to address the state's workforce challenges and to maintaining a system of accountable and affordable public higher education as we serve the people of North Carolina. For the first time ever, our Fall 2025 student enrollment surpassed 250,000 students, including more than 23,000 military-affiliated students (also a record). While enrollment is up, student debt is falling, and time-to-graduation is also down. Our strongest areas of growth are in the number of students pursuing critical workforce fields, such as teaching, health care, science, technology, engineering, and math.

For FY 2027, we ask you to safeguard important funding for Pell Grants, Federal Work-Study, Supplemental Education Opportunity Grants, Postsecondary Student Success Grants, and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). These programs support some of the most disadvantaged North Carolina students and help them achieve their education goals. Additionally, we ask for your continued support of funding for the nation's Historically Black Colleges and Universities and Native American-Serving Nontribal Institutions, a benefit to the UNC System's five HBCUs and the University of North Carolina Pembroke.

UNC System institutions also rely upon nearly \$1.4 billion in federal research funds annually and put those dollars to work developing medical advances and other life-altering innovations. The annual appropriations bills hold the key to opportunities at the nation's top research agencies, including the National Institutes of Health, the National Science Foundation, the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, the Department of Defense, and the Department of Energy.

Thank you for your consideration of our federal requests and for all you do for the University. The UNC System is an engine of economic prosperity for our state and a beacon of opportunity for our people. I invite you and your staff members to tour any of our campuses when you are in the state. Please don't hesitate to contact me, or my staff, if you have any questions or needs.

Sincerely,

Peter Hans