

April 15, 2026

15 Minutes after the adjournment of the Committee on Budget and Finance

Via Videoconference and PBS North Carolina Livestream

Morganton Campus of North Carolina School of Science and Mathematics

901 Burkemont Avenue, Joiner Hall, Third Floor

Morganton, North Carolina

AGENDA

OPEN SESSION

- A-1. Approval of the Open Session Minutes of February 25, 2026..... Jimmy Clark
- A-2. Approval of 2026-27 Budget Priorities Jennifer Haygood
- A-3. Approval of 2026-27 Self-Liquidating Capital Improvement Projects Katherine Lynn
- A-4. Approval of State Legislative Policy Considerations Bart Goodson
- A-5. Approval of Continuing Federal Priorities Elizabeth Morra
- A-6. Adjourn

DRAFT MINUTES

February 25, 2026 at 10:48 a.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S. West Street, Board Room
Raleigh, North Carolina

This joint meeting of the Committee on Budget and Finance and Committee on External Affairs was presided over by Chair Jimmy Clark and Chair Kirk Bradley. The following committee members, constituting a quorum, were also present in person: Reginald Holley, Lee Barnes, John Fraley, Art Pope, Harry Brown, Terry Hutchens, Randall Ramsey.

Chancellors participating were Karrie Dixon, Lee Roberts, Philip Rogers, Kevin Howell, and Darrell Allison.

Staff members present included Jennifer Haygood, Bart Goodson, Katherine Lynn, Elizabeth Morra, and others from the UNC System Office.

1. Preview of Short Session Budget Priorities (Item A-1)

Ms. Jennifer Haygood presented a preview of the Short Session budget priorities. The priorities are a draft set of Systemwide operating and capital priorities that focus on critical enterprise needs. The System Office did not solicit a broad set of institutional budget requests this year. This approach reflects the fact that the North Carolina 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.

2. Preview of 2026-27 Self-Liquidating Capital Improvement Projects (Item A-2)

Ms. Katherine Lynn presented the preview of the 2026-27 self-liquidating capital improvement projects. 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.

3. Preview of State Legislative Policy Considerations (Item A-3)

Mr. Bart Goodson presented the 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.

4. Preview of Continuing Federal Priorities (Item A-4)

Ms. Elizabeth Morra provided a preview of the continuing UNC System federal priorities. She reviewed the letter to members of the North Carolina congressional delegation, as an update to last year’s 119th Congress Federal Priorities document.

5. Adjourn (Item A-5)

There being no further business and without objection, the meeting adjourned at 11:29 am.

Harry Brown, Secretary

Reginald Holley, Secretary

AGENDA ITEM

A-2. Approval of 2026-27 Budget PrioritiesJennifer 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.

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 requires a vote by the committee and a vote by the full Board of Governors.

General Fund Revenues – Updated!

March 2026 Consensus General Fund Revenue Forecast				
Amounts (millions)	FY24	FY25	FY26	FY27
Actual/Certified	\$ 33,694.0	\$ 34,559.0	\$ 34,709.2	\$ 33,768.5
March 2026 Consensus			\$ 35,079.0	\$ 34,719.5
<i>Change from certified</i>			\$ 369.8	\$ 951.0
<i>% change from certified</i>			1.1%	2.8%
<i>YoY Change</i>		\$ 865.0	\$ 520.0	\$ (359.5)
<i>YoY % change</i>		2.6%	1.5%	-1.0%

- The consensus forecast revision reflects an improved economic outlook for the biennium, but uncertainty remains high.
- The updated forecast now anticipates exceeding both the FY26 and FY27 personal income tax triggers, which would result in rate decreases.

Personal Income Tax Triggers

Tax Year	Current Law - G.S. 105-153.7			Senate Budget - S257 Edition 2			House Budget - S257 Edition 6		
	Rate	Trigger		Rate	Trigger		Rate	Trigger	
2023	4.75%			4.75%			4.75%		
2024	4.50%			4.50%			4.50%		
2025	4.25%			4.25%			4.25%		
2026	3.99%			3.99%			3.99%		
2027	3.49%	\$33.04	FY26	3.49%	No triggers apply		3.99%	\$36.31	FY26
2028	2.99%	\$34.10	FY27	2.99%			3.99%	\$37.73	FY27
2029	One additional conditional rate cut: 2.49%	\$34.76	FY28	Up to 3 conditional rate cuts:	\$34.76	FY28	Conditional rate cuts:	\$39.20	FY28
2030		\$35.75	FY29		\$35.75	FY29	Higher of	\$40.61	FY29
2031		\$36.51	FY30		\$36.51	FY30	a) prior year rate minus	\$41.97	FY30
2032		\$38.00	FY31	1st: 0.5%	\$38.00	FY31		\$43.30	FY31
2033		\$38.50	FY32	2nd and 3rd:	\$38.50	FY32		\$44.71	FY32
2034		\$39.00	FY33	0.25%	\$39.00	FY33	0.5%	\$46.19	FY33

Estimated Tax Year 2027 and 2028 rates based on March 2026 Revenue Forecast

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

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.

\$158,829,874

\$46,375,508 FY 2025-26 Δ
\$107,504,366 FY 2026-27 Δ
\$4,950,000 NC Promise Δ

Building Reserves

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, NCSM, and UNC-Chapel Hill.

\$9,450,701

\$1,513,601 NR

\$168,280,575

\$1,513,601 NR

Total Requested Increase in Appropriation

\$169,794,176

Total Percent Change

4.5%

Faculty and Staff Salaries

Due to inflation and the tight labor market, institutions are struggling to recruit and retain talent. Our faculty and staff are key to our continued progress on improving graduation rates, decreasing student debt, and increasing research productivity. Each 1% increase in salary and associated benefits costs \$40 million.

UNC System requests funding commensurate with state agencies and strongly supports Labor Market Adjustment Reserve funding.

State Capital and Infrastructure Fund (SCIF) Priorities

UNC Repairs & Renovations

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.

\$250M NR

Previously Authorized SCIF Named Projects

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

see reverse side

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 NCSM 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
		\$1,509,461,264	\$741,892,451	\$563,417,031	\$490,138,964
Appalachian State University					
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
East Carolina University					
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
Elizabeth City State University					
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
Fayetteville State University					
UNC/FSU23-2	H.L. Cook Building Renovation and Addition	\$10,000,000		\$4,500,000	\$5,500,000
North Carolina Agricultural & Technical State University					
UNC/A&T23-2	Health and Human Sciences Building	\$125,500,000		\$0	\$5,335,000
North Carolina Central University					
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
NC State University					
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
North Carolina School of Science and Mathematics					
UNC/SSM23-2	Durham Campus-Renovation of Residence Halls	\$28,988,042	\$43,988,042	\$15,750,000	\$4,800,000
University of North Carolina Asheville					
UNC/AVL23-1	Lipinsky Hall-Comp. Modernization/Addition	\$26,150,000		\$9,152,500	\$16,997,500
University of North Carolina at Chapel Hill					
UNC/CH23-1	Gardner Hall-Comprehensive Renovation	\$25,000,000		\$0	\$5,000,000
University of North Carolina at Charlotte					
UNC/CLT23-1	Smith Hall-Comprehensive Renovation	\$36,000,000		\$3,600,000	\$12,600,000
University of North Carolina at Greensboro					
UNC/GBO23-1	Moore Building-Renovation	\$24,200,000		\$2,420,000	\$8,470,000
University of North Carolina Pembroke					
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	-
University of North Carolina School of the Arts					
UNC/SA23-1	Stevens Center Renovation Phase 2	\$51,000,000		\$40,800,000	\$10,200,000
University of North Carolina Wilmington					
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
Western Carolina University					
UNC/WCU23-1	Replacement Engineering Building	\$95,300,000	\$157,900,000	\$2,000,000	\$6,260,000
Winston-Salem State University					
UNC/WSS21-1	K.R. Williams Auditorium	\$57,000,000		\$42,350,000	\$14,650,000
University of North Carolina Board of Governors					
UNC/BOG21-1	UNC Lease Funds	\$18,750,000		\$15,000,000	\$3,750,000
PBS North Carolina					
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.**

The University of North Carolina System 2026-27 Operating Budget Priorities

The University of North Carolina System remains committed to delivering high-quality, affordable education, while ensuring a strong return on investment for students and taxpayers alike. A recent independent study confirms the strong value of a UNC degree. Graduates of our institutions earn, on average, a \$500,000 income premium compared to those who do not attend, and the premium is nearly \$1 million for those who earn advanced degrees. The study also found that nearly 90 percent of low-income graduates experience upward economic mobility. These numbers demonstrate real benefits for North Carolina families and reflect our commitment to responsible stewardship of public investment. In addition, our institutions have made significant strides in affordability. Average debt at graduation has fallen by more than 28 percent for first-time students and more than 29 percent for transfers. Our budget priorities continue the focus on sustaining this momentum by supporting student success, ensuring financial accessibility, and strengthening our institutions.

Operating Budget Requests

UNC Enrollment Change

The enrollment model adjusts funding to reflect changes in **actual resident student credit hours** delivered. Because funding was not appropriated during the 2025 Long Session, this request reflects two years of enrollment funding changes in student credit hours delivered from calendar year 2023 to 2024 and 2024 to 2025. Systemwide, resident student credit hours increased by 1.6 percent in 2024 and 3.7 percent in 2025.

FY 2026-27 Enrollment Funding Request

Institution	2024 Enrollment Change	2025 Enrollment Change	Total
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
UNCA	831,429	1,133,628	1,965,057
UNC-CH	2,443,372	15,237,040	17,680,412
UNCC	8,588,565	21,751,865	30,340,430
UNCG	6,399,830	8,961,440	15,361,270
UNCP	875,241	3,420,994	4,296,235
UNCW	5,244,133	12,342,090	17,586,222
UNCSA	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
TOTAL	\$46,375,508	\$107,504,366	\$153,879,874

The chart below reflects enrollment growth by discipline. Over the past two years, 92 percent of the enrollment funding change occurred most notably in engineering, biology, nursing, other STEM, and business disciplines. This focused growth aligns with requests by the NC General Assembly to fulfill needs in engineering, nursing, and STEM to meet current and future workforce needs. In addition to the record enrollment in fall 2025 reaching more than 256,000 students, growth includes significant strides made in system performance metrics aligned with the UNC System Strategic Plan of increased student credit hours per student to achieve on-time, four-year graduation.

FY 2025-27 Enrollment Growth Funding Request by Discipline

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%
TOTAL	\$46,375,508	\$107,504,366	\$153,879,874	100%

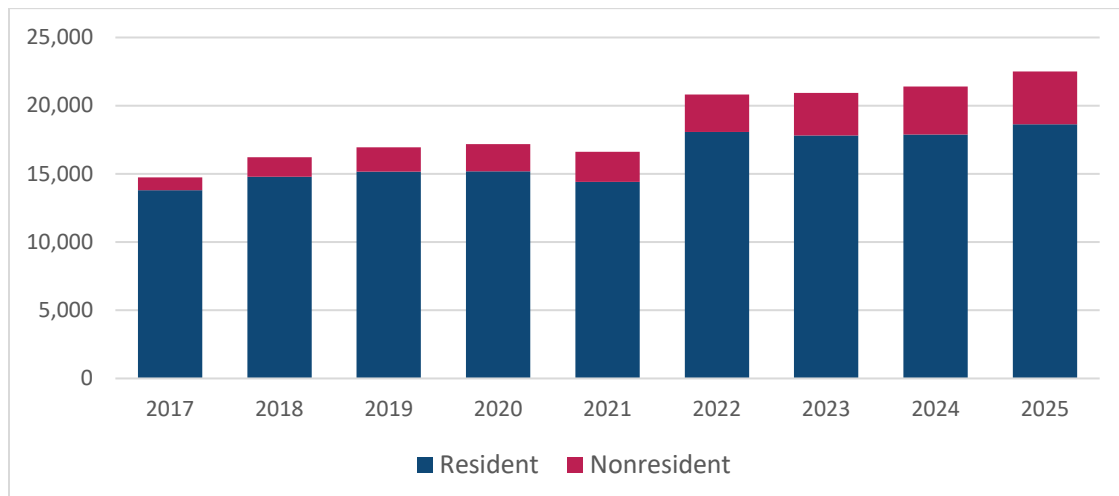
UNC Enrollment Change — NC Promise

Enrollment change funding also includes funding to fully support current and anticipated enrollment growth in NC Promise. NC Promise enrollment has grown significantly since the program’s inception in FY 2018-19. As a result, in the 2025 Long Session the UNC System requested \$9.5 million recurring in FY 2025-26 and \$13 million recurring in FY 2026-27 to ensure the program was fully funded.

FY 2026-27 NC Promise Enrollment Funding Request

Program	2026-27
NC Promise	\$4,950,000

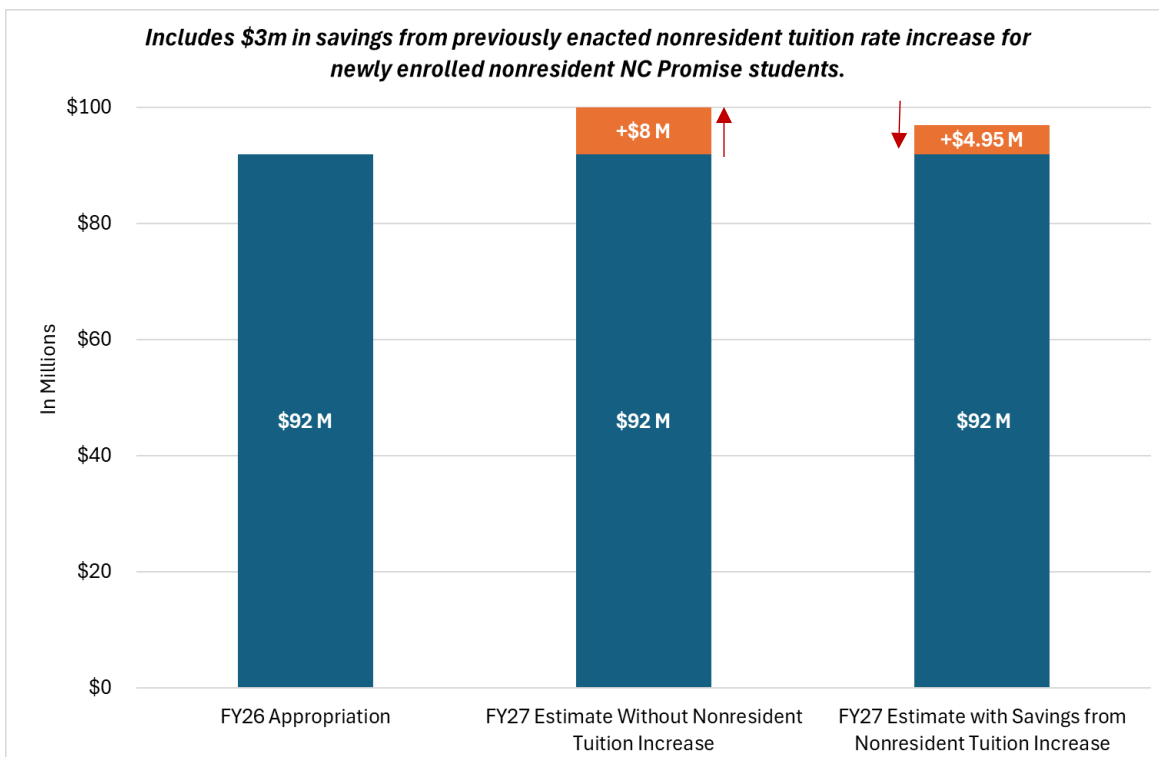
NC Promise Fall Full-Time Equivalent Enrollment by Residency



*Fayetteville State University was added to NC Promise effective Fall 2022.

In the 2025 Long Session, \$9.5 million was appropriated and nonresident tuition was changed from \$5,000 annually to \$7,000 for new students beginning in FY 2026-27. While the 2025 legislative changes did provide continued program support, the \$92 million appropriation for the NC Promise program still does not keep up with the considerable growth in student enrollment. Continued growth resulted in the NC Promise program being short \$3.3 million in FY 2025-26, and the program is estimated to be short by \$4.95 million in FY 2026-27.

FY 2026-27 NC Promise Growth Request



Building Reserves

As a result of various State Capital and Infrastructure Fund (SCIF) investments, the University of North Carolina System has several projects that will come online during the fiscal year 2026-27. The University of North Carolina System requests building reserves to support the maintenance and operations of six new or expanded facilities expected to be completed in FY 2026-27.

- App State’s Conservatory for Biodiversity Education and Research at the Innovation Campus is a new 37,500 square feet (SF) science, technology, engineering, and mathematics (STEM) building for academic instruction and research and includes biology laboratories, classroom space, an event space, and public and research gardens.
- App State’s Peacock Hall Addition is a 61,000 SF addition to the Walker College of Business, located at Peacock Hall, and includes additional classrooms and instructional technical lab spaces, special use areas, and offices.
- ECSU’s Flight School is a new 58,000 SF building for aviation science, unmanned aircraft systems (UAS), and emergency management programs and includes an indoor drone facility, drone operations and expansive engineering labs, two-story flight simulator room, air traffic control lab and simulated control tower, classrooms, and support spaces.

- ECSU’s Infrastructure Upgrades — Phases I, II, and III include the campuswide replacement and upgrade of the electrical distribution and water distribution systems.
- FSU’s College of Education is a new 72,000 SF building that includes learning and collaboration spaces, updated classrooms, offices, and support spaces.
- NC State’s STEM Building, also called the Integrative Sciences Building, is a new 166,000 SF building that will support the basic and applied molecular science programs and includes three research accelerator labs, state-of-the-art academic classrooms, research space, and support space.

In addition, four facilities previously received a prorated portion of recurring building reserves funding, and the UNC System requests the additional recurring funding needed to support the full year of maintenance and operations. The four projects include NCSSM’s Joiner Hall, NCSSM’s Student Wellness Center, NC State’s Apiculture Facility, and UNC-Chapel Hill’s School of Business Addition (Bell Hall).

Building Reserves Request FY 2026-27

Institution	Building	2026-27	
		Recurring	Nonrecurring
App State	Innovation District — Conservatory for Biodiversity Education and Research (CBEaR)	\$594,007	\$159,082
App State	Peacock Hall Addition	650,124	146,868
ECSU	Flight School	1,034,270	241,605
ECSU	Infrastructure Upgrade — Phases I, II, and III	542,957	46,539
FSU	College of Education	1,148,437	184,201
NC State	STEM Building (Integrative Sciences Building)	4,506,540	735,306
<i>NCSSM</i>	<i>Morganton Campus — Joiner Hall</i>	<i>110,188</i>	<i>-</i>
<i>NCSSM</i>	<i>Morganton Campus — Student Wellness Center</i>	<i>46,579</i>	<i>-</i>
<i>NC State</i>	<i>Apiculture Facility</i>	<i>43,692</i>	<i>-</i>
<i>UNC-CH</i>	<i>School of Business Addition (Bell Hall)</i>	<i>773,727</i>	<i>-</i>
Total		\$9,450,701	\$1,513,601

** Projects in italics were partially funded in S.L. 2024-57 and S.L. 2025-89 and require additional recurring funding to support a full year of building operations and maintenance.*

Faculty and Staff Salaries

The UNC System’s most important assets are the talented faculty and staff that educate and support our students, researchers that produce scientific breakthroughs and attract significant federal and private funding to the state, and public servants that leverage the expertise and resources of the universities to positively impact communities in North Carolina. Therefore, faculty and staff salaries remain a top priority. The UNC System requests funding commensurate with state agencies for salary increases. Each one percent increase in salary and associated benefits is estimated to cost \$40 million.

The UNC System strongly supports Labor Market Adjustment Reserve (LMAR) funding for targeted labor market salary adjustments to address recruitment and retention for hard-to-fill positions. The LMAR funding included in the 2022 Appropriations Act provided an important source of funding for targeted salary adjustments to address our most pressing workforce challenges.

State Capital and Infrastructure Fund (SCIF) Requests

UNC Repairs & Renovations

Funding is requested to support the ongoing investment in the UNC R&R program. Continued support is critical to eliminate the backlog of deferred maintenance and enable institutions to move toward a preventive maintenance approach. Timely and consistent investment in facilities can reduce deferred maintenance costs for the System and the State and extend the life and efficiency of existing buildings. Such investment also reduces costly repairs due to critical system failures, unexpected disruption of services, increased urgency to restore operations, and the compounding impact of neglected maintenance and deterioration on other areas of the building or infrastructure.

FY 2026-27 UNC Repairs & Renovations Request

Program	2026-27
UNC SCIF R&R	\$250,000,000

Previously Authorized SCIF Named Projects

The NC General Assembly previously authorized several specifically named projects at designated institutions. Thirty-one projects are included in a chart on page two of the budget priorities document. Many projects require additional SCIF allocations to complete construction, while others have completed the design phase but need SCIF funding to proceed with construction. All requested increases in capital 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.

FY 2026-27 Previously Authorized SCIF Named Projects Request

Program	2026-27
UNC SCIF R&R	\$490,138,964

AGENDA ITEM

A-3. Approval of 2026-27 Self-Liquidating Capital Improvement Projects..... Katherine Lynn

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 requires a vote by the committee and a vote by the full Board of Governors.

Approval 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
North Carolina Central University				
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>	
NC State University				
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>	
University of North Carolina at Chapel Hill				
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>	
University of North Carolina at Charlotte				
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>	
University of North Carolina Wilmington				
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>	
Grand Total	\$690,057,028	\$53,070,000	\$636,987,028	

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: \$159,700,000

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

It is recommended that the Board of Governors approve the submittal of the self-liquidating capital projects for legislative approval of debt issuance.

AGENDA ITEM

A-4. Approval 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 requires a vote by the committee and a vote by the full Board of Governors.



Area:	Efficiency
Topic:	Increase Statutory Dollar Thresholds for Formal Bidding of Capital Projects
Governance:	Existing statute governing request: G.S. 143-129(a), G.S. 143-64.34, G.S. 143-128
Current Status:	Change the statutory threshold for formal bidding of capital projects from \$500,000 to \$1,500,000. Seek conforming changes in related statutes.
Current Challenges:	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.
Proposed Action or proposed new statutory language:	<p>§143-129. Procedure for letting of public contracts.</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 one million, five hundred thousand dollars (\$500,000) (\$1,500,000) 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 one million, five hundred thousand dollars (\$500,000) (\$1,500,000) without complying with the provisions of this section.</p> <p>§143-64.34 Exemption of certain projects.</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 one million, five hundred thousand dollars (\$500,000) (\$1,500,000), 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.~~



Area:	Efficiency
Topic:	Increase Statutory Dollar Threshold for Definition of Capital Improvement
Governance:	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)
Current Status:	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.
Current Challenges:	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.
Proposed Action or proposed new statutory language:	<p>§143C-1-1. Purpose and definitions.</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 fifty thousand dollars (\$100,000) (\$150,000) in value.</p> <p>§ 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer.</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 fifty thousand dollars (\$100,000) (\$150,000) for the repair of public buildings affecting life safety systems,</p> <p>(2) One hundred thirty-five fifty thousand dollars (\$135,000) (\$150,000) 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 thirty-five fifty thousand dollars (\$135,000) (\$150,000) 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 Institution Policy Requests:

Institution	Title	Description
UNCP	Capital Project Management Flexibility: to permit project managers to be charged to SCIF/capital funds	<p>Administrative procedures prevent the charging of project managers to SCIF funds. Consultants can be charged but state employees cannot.</p> <p>University of North Carolina Pembroke requests a statute change to explicitly allow UNC System institutions to charge project managers to SCIF funds. Special provision language allowing up to two percent (2%) of project budgets for in-house project managers on a time-limited basis would offer a cost-effective alternative to relying on consultants.</p>
NCSSM	NCSSM applicant residency determination	<p>Amend statute to align North Carolina School of Science and Mathematics 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.</p>

Area:	Capital Project Management Flexibility
Topic:	To permit project managers to be charged to SCIF/capital funds
Governance:	G.S. 143C-4-3.1(e)
Current Status:	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, State Construction Office 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.
Current Challenges:	Special provision language allowing up to two percent (2%) 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. This new provision would only apply to a “Low-capacity institution” - a constituent institution of the University of North Carolina that enrolls fewer than 10,000 students annually.
Proposed Action or proposed new statutory language:	<p>PART XX. CONSTRUCTION MANAGEMENT CAPACITY FLEXIBILITY</p> <p>SECTION XX. (a) G.S. 143C-4-3.1 is amended by adding a new subsection to read:</p> <p>"(e1) Notwithstanding any other provision of law, for any project with a total project authorization from the Fund that exceeds twenty million dollars (\$20,000,000), a low-capacity institution may use up to two percent (2%) of the total project authorization to support additional project management capacity provided through (i) time-limited employees of the constituent institution or (ii) a non-State third party. The low-capacity institution shall not use the flexibility to supplant funding for existing employees. For the purposes of this subsection, a low-capacity institution is a constituent institution of The University of North Carolina with a full-time equivalent enrollment of less than 10,000 students in the fiscal year preceding authorization of the project by State law."</p> <p>SECTION XX.(b) This section is effective when it becomes law and applies to 43 contracts executed on or after that date.</p>



Area:	Efficiency initiative
Topic:	NCSSM applicant residency determination
Governance:	Shift NCSSM applicant residency determination from governance by G.S. 116-143.1(a)(1) to G.S. 116-143.1(b)
Current Status:	<p>Currently, 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 G.S. 116-143.1(a)(1) and 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>
Current Challenges:	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.
Proposed Action or proposed new statutory language:	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-5. Approval of Continuing Federal Priorities Elizabeth Morra

- Situation:** The University of North Carolina System vice president of federal relations will provide a review of the continuing UNC System Federal Priorities.
- Background:** Elizabeth Morra will provide a review of the continuing UNC System Federal Priorities.
- Assessment:** There will be no formal presentation.
- Action:** This item requires a vote by the committee and a vote by the full Board of Governors.



Peter Hans
President
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February 25, 2026

Dear Members of the North Carolina Delegation,

As the second session of the 119th Congress gets under way, 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