



MEETING OF THE BOARD OF GOVERNORS
Special Meeting of the Committee on Budget and Finance

April 8, 2020 at 2:00 p.m.

Via Videoconference and UNC-TV Livestream

<https://www.northcarolina.edu/news/2020/04/Special-Meeting-Committee-Budget-and-Finace>

AGENDA

A-1. 2020-21 Amended Budget PrioritiesClinton Carter

A-2. Adjourn

AGENDA ITEM

A-1. 2020-21 Amended Budget Priorities Clinton Carter

Situation: One of the principal responsibilities of the UNC 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.

Background: The Committee on Budget and Finance approved operating and capital budget priorities for the legislative short session at the March meeting; however, the committee chair elected to defer final approval until an emergency funding request related to COVID-19 could be incorporated.

Since the original budget priorities were compiled, the state revenue outlook has shifted dramatically. In response, the State Budget Director has asked that budget requests be limited to “must do” items.

Assessment: The 2020-21 budget priorities have been amended to only include critical items that are needed to address immediate issues, including emergency funding relief for expenses and lost revenue related to COVID-19.

Action: This item requires a vote by the Committee on Budget and Finance and a vote by the full Board of Governors.

	UNC System Budget Priorities		Conference Budget		Amended UNC System Budget Priorities	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
Base Budget (excludes Aid to Private Institutions)	2,911,146,229	2,911,183,451	2,911,146,229	2,911,183,451	2,911,146,229	2,911,183,451
Top Strategic Priorities						
Summer Scholarships for Student Success	10,000,000	12,000,000	-	-	-	-
Faculty Recruitment & Retention	10,000,000	15,000,000	6,000,000	11,433,413	-	2,000,000
Stronger Transfer Pathways with NCCCS	4,450,000	4,450,000	-	-	-	-
	200,000 NR		-	-	-	-
Data Modernization	1,000,000	2,000,000	1,000,000	1,000,000	-	-
	4,000,000 NR	5,000,000 NR	-	-	-	-
Other Targeted Priorities						
Employee Compensation Increase	Equity with State agencies		15,158,961	30,290,217	Equity with State agencies	
NCSSM Western Campus Operations	1,408,632	3,389,820	1,408,632	3,389,820	-	3,340,591
	25,928 NR	795,376 NR	5,150 NR	792,369 NR	-	-
Doctoral Research Funding for N.C. A&T	1,000,000	1,000,000	3,500,000	7,500,000	-	2,000,000
	-	-	4,000,000 NR		-	-
Rural Residency Program at ECU	1,447,000	2,592,000	-	-	-	-
Manuf. Biopharmaceuticals at NC State	2,000,000 NR	2,000,000 NR	2,000,000 NR	2,000,000 NR	-	4,000,000 NR
College of Health Sciences at UNCP	1,100,000	2,100,000	1,000,000	1,000,000	-	1,000,000
Lab School Operations	500,000	500,000	500,000	500,000	-	1,000,000
Tuition Grant for NCSSM	-	-	1,000,000	1,000,000	-	3,389,820
N.C. A&T Ag. Research & Coop. Extension	-	-	1,640,710	1,640,710	-	1,640,710
	-	-	-	-	-	1,640,710 NR
Enrollment Change Funding						
Enrollment Growth - Regular	-	45,000,000	-	\$75M R enrollment	-	29,392,231
Emergency Reserve	-	-	-	reserve	-	3,000,000
Enrollment Growth - Summer	43,578,223	43,578,223	-	-	-	-
NC Promise Buy Down*	7,500,000	15,000,000	See footnote about additional funding	15,000,000	-	15,000,000
Building Reserves	5,716,728	23,781,389	-	-	-	14,832,007
	-	-	-	-	-	4,408,768 NR
Other UNC Items (not requested, but includes employee benefits that were appropriated in H266)	-	-	33,267,465	71,104,755	-	-
	-	-	9,091,512 NR	2,441,512 NR	-	-
Total Recurring Operating Changes	87,700,583	170,391,432	64,475,768	143,858,915	-	76,595,359
Total Nonrecurring Operating Changes	6,225,928	7,795,376	15,096,662	5,233,881	-	10,049,478
Total Recommended UNC Budget Changes	93,926,511	178,186,808	79,572,430	149,092,796	-	86,644,837
Total Recommended UNC Budget	3,005,072,740	3,089,370,259	2,990,718,659	3,060,276,247	2,911,146,229	2,997,828,288
Total Percent Change	3.2%	6.1%	2.7%	5.1%	0.0%	3.0%

Notes: All items are recurring unless specified as nonrecurring and transfers are not included in totals.

*Conference Budget authorizes the use of unspent enrollment funds to increase the buy down for NC Promise institutions.

Approved by the UNC Board of Governors on April 17, 2020



UNC SYSTEM CAPITAL IMPROVEMENT PROJECT FUNDING 2019-21 SIDE-BY-SIDE BUDGET COMPARISON

UNC SYSTEM CAPITAL PROJECTS			CONFERENCE BUDGET				AMENDED UNC SYSTEM BUDGET PRIORITIES		
Institution	Project Name	Proposed Cost	General Fund (SCIF) 2019-20	General Fund (SCIF) 2020-21	Total for Biennium	Total Project Authorization	General Fund 2019-20	General Fund 2020-21	Total for Biennium
ASU	Wey Hall Renovation	25,200,000			-				-
ECU	Howell Science Renovation-Phases I and II	64,300,000			-				-
ECU	School of Medicine Building	215,000,000	15,000,000	13,000,000	28,000,000	215,000,000			-
ECSU	Library Replacement	32,000,000	3,200,000	8,000,000	11,200,000	32,000,000			-
ECSU	HVAC System	4,000,000	4,000,000		4,000,000	4,000,000		4,000,000	4,000,000
ECSU	Chiller	2,000,000	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000
ECSU	Crime Lab	2,500,000	2,500,000		2,500,000	2,500,000			-
FSU	Rosenthal and Chick Building Renovation	13,700,000	13,700,000		13,700,000	13,700,000			-
FSU	Dormitory Demolition and Removal	2,500,000	2,500,000		2,500,000	2,500,000		2,500,000	2,500,000
N. C. A&T	Carver Hall Renovations	18,500,000	9,250,000	9,250,000	18,500,000	18,500,000			-
NCCU	Lee Biology - Phase 2	8,100,000	810,000	2,025,000	2,835,000	8,100,000			-
NC State	Daniels Hall Renovation	42,000,000			-				-
NC State	Electrical Infrastructure (Phases 2 and 3 of 10)	10,000,000			-				-
NC State	STEM Building	80,000,000	14,000,000	21,000,000	35,000,000	80,000,000			-
NC State	Apiculture Facility (Beekeeping)	2,000,000	2,000,000		2,000,000	2,000,000			-
UNCA	Infrastructure Restoration - Roads	1,600,000			-				-
UNCA	Justice Center Renovation	26,800,000			-				-
UNC-CH	Business Building	75,000,000			-				-
UNC-CH	Carrington Hall Renovation	45,000,000			-				-
UNCC	Cameron and Burson Renovation	45,000,000	4,500,000	11,250,000	15,750,000	45,000,000			-
UNCG	Jackson Library Renovation and Addition	84,000,000	-	10,000,000	10,000,000	84,000,000			-
UNCP	Givens Performing Arts Ctr Comp Renov	31,200,000			-				-
UNCP	Health Sciences Center	91,000,000	6,500,000	20,000,000	26,500,000	91,000,000			-
UNCW	Dobo Hall Renovation (Hurricane Restoration)	8,500,000			-				-
UNCW	Randall Library Renovation and Expansion	56,400,000			-				-
UNCSA	Stevens Center Renovations	42,200,000			-				-
WCU	Steam Plant	16,500,000	16,500,000		16,500,000	16,500,000		16,500,000	16,500,000
WCU	Moore Building Renovation - Phase II	10,900,000			-				-
WSSU	Hauser Building Renovation and Addition	15,100,000			-	15,100,000			-
NCSSM	Various Repairs and Renovations	10,000,000			-				-
UNC-TV	Bryan Center Repair and Renovations	6,000,000			-				-
NC Arb	Infrastructure Restoration - Roads	1,600,000			-				-
System	Energy Efficiency Projects	16,830,000			-				-
System	Demolitions	500,000			-			8,000,000	8,000,000
R&R	System-wide Repairs and Renovations		80,000,000	50,000,000	130,000,000			130,000,000	130,000,000
TOTAL			176,460,000	144,525,000	320,985,000	631,900,000	-	163,000,000	163,000,000

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UNC System
Preliminary Financial Impact Estimate of COVID-19
Emergency State Budget Request

Category	Estimated Financial Impact to UNC System	Emergency State Funding Request
Student Housing <u>Student Reimbursement</u> - provide prorated housing reimbursement to students who have been required to vacate on-campus housing	(\$76,997,015)	\$0
Student Dining Services <u>Student Reimbursement</u> - provide prorated meal plan reimbursement to students who have been required to leave campus	(\$41,981,629)	
Funding Relief for Costs Already Incurred Costs related to the transition to online instruction, facility sanitation, and other emergency expenses (capped at \$1M per institution)	(\$7,271,841)	\$37,394,600
Funding Relief for Estimated Additional Costs Anticipated costs related to online instruction for the remainder of the semester, facility sanitation prior to reopening, and other emergency needs (capped at \$1M per institution)	(\$9,936,448)	
Assist Receipt-Supported Activities Due to the cancellation of conferences, performances, and closure of campus facilities, receipt-supported activities have lost a significant portion, if not their entire revenue stream. This funding will provide emergency assistance to support employees and other critical functions normally funded through receipts (capped at \$2M per institution).	(\$20,186,311)	
CARES Act - Institutional Funding Estimated federal funding from the CARES Act that can be used to partially offset costs associated with COVID-19.	\$86,821,943	\$0
Digital Learning Enhancements		\$3,096,000 R \$5,000,000 NR
Total State Funding Request		\$45,490,600

Student Housing and Dining Refunds

- UNC Institutions have made the decision to require students to vacate student housing with the exception of a small number that have been granted a waiver. Similarly, dining halls have been transitioned to take-out only and operations significantly reduced.
- In order to maintain a unified approach to refund policies across the System, all students who have vacated on-campus housing will be granted a prorated refund of housing and dining fees for the remainder of the semester. This is consistent with the actions of public universities across the country.
- Although the federal funding will likely not be sufficient to cover the full cost of housing and dining refunds, campuses will use their housing and dining reserves balances to cover the difference.

CARES Act Funding:

Based on estimates of UNC distributions from the APLU, there will be \$174M of federal funding allocated to UNC System institutions. Of this funding, at least \$87M is required to be distributed to students in emergency financial aid grants, and the remainder can be used to partially offset costs associated with COVID-19.

Flexibility:

The UNC System requests flexibility in allocating these funds to institutions. As there is uncertainty around where the virus may be worst, discretion for the President to determine where the need is greatest would allow for efficient distribution.

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