



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

January 20, 2021 at 10:00 a.m.
Via Videoconference and UNC-TV Live Stream
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

AGENDA

- A-1. Approval of the December 17, 2020 MinutesJames L. Holmes, Jr.
- A-2. Council of Student Body Presidents Discussion on Student Fees..... Isaiah Green
- A-3. Discussion: 2021-22 Tuition and Fee Proposals..... Jennifer Haygood
- A-4. Discussion: Campus Security FeeJennifer Haygood
- A-5. General Fund Update.....Jennifer Haygood
- A-6. Federal Stimulus Update.....Jennifer Haygood
- A-7. 2021-23 Budget Priorities UpdateJennifer Haygood
- A-8. Non-Appropriated Capital Improvement Project –
University of North Carolina Wilmington Katherine Lynn
- A-9. Capital Improvement Project..... Katherine Lynn
- A-10. Other BusinessJames L. Holmes, Jr.
 - a. Task Force on Pricing, Flexibility, and Affordability Update
- A-11. Adjourn

Additional Information Available:

A-5. Monthly General Fund Budget Report



DRAFT MINUTES

December 17, 2020 at 9:30 a.m.
Via Videoconference and UNC-TV Live Stream
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair James L. Holmes, Jr. The following committee members, constituting a quorum, were present in person, by video, or phone: W. Marty Kotis, III, J. Alex Mitchell, Wendy Floyd Murphy, and Michael Williford.

Michael Williford joined the meeting at 9:43 a.m.

Chancellors participating via videoconference were Sheri Everts, Kevin Guskiewicz, and Randy Woodson. Staff members present included Jennifer Haygood, Katherine Lynn, and others from the UNC System Office.

1. Call to Order and Approval of OPEN Session Minutes (Item A-1)

Chair James L. Holmes, Jr. called the meeting to order at 9:30 a.m., on December 17, 2020, and called for a motion to approve the open session minutes of November 17, 2020, for the joint meeting of the Committee on Budget and Finance and the Committee on Public Affairs and the regular meeting of the Committee on Budget and Finance.

MOTION: Resolved, that the Committee on Budget and Finance approve the open session minutes of November 18, 2020, for the joint meeting of the Committee on Budget and Finance and the Committee on Public Affairs and the regular meeting of the Committee on Budget and Finance, as distributed.

Motion: W. Marty Kotis, III

Motion: Carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Unavailable

2. Discussion: Student Activities Fee (Item A-2)

Senior Vice President for Finance and Administration Jennifer Haygood presented to the committee a review of the student activities fee, which was a top interest during the tuition and fee workshop held in November. Ms.

Haygood shared the 2018-19 data for facility utilization (pre-pandemic) and student organizations. The committee requested that UNC System Office staff collect detailed information from the institutions for future reference. This was an informational item.

3. Recommendation to Establish a Standard Per-Credit Method to Prorate Tuition (A-3)

Mrs. Wendy Murphy, chair of the Task Force on Pricing, Flexibility, and Affordability, provided the committee a summary of the task force meeting held on November 19, 2020. The task force recommended to the committee a proposal that would eliminate the difference in tuition for distance education and in-person instruction and move to a single per-credit tuition pricing model that would be consistent across both modes of learning. In addition, the committee directed the UNC System Office staff to incorporate language implementing the policy change in the Authorization of Tuition for 2021-22, which will be before the Board in February.

MOTION: Resolved, that the Committee on Budget and Finance approve the request for the recommendation to establish a standard per-credit method to prorate tuition.

Motion: W. Marty Kotis, III

Motion carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

4. Sale of Special Obligation Bonds – University of North Carolina at Charlotte (Item A-4)

Ms. Haygood presented a request by the University of North Carolina at Charlotte to refund the 2013B Bonds, the 2014 Bonds, and the 2015 Bonds to take advantage of prevailing market conditions. The proceeds will be partially used by UNC Charlotte to exercise the option to purchase the Greek Village housing from the UNC Charlotte Facilities Development Corporation. It was estimated that the refunding will result in approximately \$5.7 million in total net present value savings.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC Charlotte’s request for issuance of the sale of special obligation bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: W. Marty Kotis, III

Motion carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes

Williford	Yes
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5. Capital Improvement Project – University of North Carolina at Asheville (Item A-5)

Senior Associate Vice President for Finance and Capital Planning Katherine Lynn presented a request by the University of North Carolina at Asheville for a capital improvement project. UNC Asheville requested approval of a \$2,354,174 million increase in authorization to complete the NC Connect Bond Project for Owen and Carmichael Hall Renovations. The increase in authorization is required to complete the art labs and studio spaces in Owen Hall and will be funded from donations, gifts, and other auxiliary trust funds.

MOTION: Resolved, that the Committee on Budget and Finance approve the request for a capital improvement project at UNC Asheville and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: J. Alex Mitchell

Motion carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

6. Disposition of Property by Reallocation – North Carolina State University (A-6)

Ms. Lynn presented North Carolina State University’s request for disposition of two parcels of property by reallocation to the NC Department of Transportation to support the I-440 widening project. The two parcels are located on Hillsborough Street and include a portion of the College of Veterinary Medicine campus and the North Carolina State University Club. The total area to be reallocated is approximately 5.989 acres and the total value of the two properties is \$3,460,000. An amount of \$1,057,000 will be paid directly to the University Club, and the remaining amount of \$2,403,000 will be paid to NC State University.

MOTION: Resolved, that the Committee on Budget and Finance approve NC State University’s request for disposition of property by reallocation and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion J. Alex Mitchell

Motion: carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

7. Disposition of Property by Ground Lease – North Carolina State University (A-7)

Ms. Lynn presented NC State University’s request for approval to ground lease up to 15 acres of property at the Lake Wheeler Field Lab to the U.S. Department of Agriculture, Agriculture Research Service for the purpose of constructing a new field research building, two greenhouses, and associated access and parking. The ground lease term is for 20 years at a nominal rate of \$1.00, with an option to extend for an additional 20 years.

MOTION: Resolved, that the Committee on Budget and Finance approve NC State University’s request for disposition of property by ground lease and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion J. Alex Mitchell

Motion: carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

8. Acquisition of Property by Deed – University of North Carolina at Charlotte (A-8)

Ms. Lynn presented UNC Charlotte’s request for approval to exercise its option to acquire the Greek Village residence project constructed in 2005 by UNC Charlotte Facilities Development Corporation. UNC Charlotte will acquire the 13 residence halls, an administrative office, and related site improvements for a not-to-exceed cost of \$13 million.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC Charlotte’s request for acquisition of property by transfer of deed and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion J. Alex Mitchell

Motion: carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

9. Authorization of Amendment to Ground Lease – Appalachian State University (A-9)

Ms. Haygood and Mr. Paul Forte, vice chancellor for business affairs and chief financial officer, presented Appalachian State University’s request for authorization to amend the ground lease with Beyond Boone, LLC, to provide for an alternate financing arrangement for Student Housing Village - Phase III. The alternate financing arrangement will significantly reduce the costs associated with Phase III and will not impact the previous bond financing or ground lease agreement provided by the P3 developer for Phases I and II.

MOTION: Resolved, that the Committee on Budget and Finance approve Appalachian State University’s request for authorization of an amendment to ground lease for Student Housing Village – Phase III for an alternate financing arrangement and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion W. Marty Kotis, III

Motion: carried

Roll Call Vote	
Holmes	Yes
Kotis	Yes
Mitchell	Yes
Murphy	Yes
Williford	Yes

10. Other Business (A-10)

Chair Holmes requested UNC System Office Chief Operating Officer Jonathan Pruitt to draft instructions for operational spending to allow operation performance over five years for the System unified budget discussion during the February meeting.

Finally, Ms. Haygood provided the committee a General Fund update, noting that November continued to trend a modest growth with \$3.6M above the 2019 level and expenditures of four percent from the prior year. In addition, she reported positive momentum on the federal level indicating a possible range of \$20 billion for another stimulus package with potential additional COVID funding to the UNC System institutions.

There being no further business, the meeting adjourned at 10:41 a.m.

Michael Williford, Secretary



AGENDA ITEM

A-2. Council of Student Body Presidents Discussion on Student Fees Isaiah Green

Situation: In November, the Board of Governors convened a student fee workshop that resulted in several requests for additional information. These requests will be addressed over the next several meetings of the Committee on Budget and Finance. To supplement information previously presented to the Committee, the Council of Student Body Presidents will provide their perspective on the value of the Student Health and Student Activities fee.

Background: G.S. 116-143 requires that the Board of Governors fix the tuition and fees, not inconsistent with the actions of the General Assembly, at the constituent institutions of the University of North Carolina System. In preparation for review of the 2021-22 tuition and fee proposals, a workshop was held to allow for additional discussion on the use of mandatory student fee revenues.

Assessment: The Council of Student Body Presidents believes the Student Activities Fee helps promote student engagement and a sense of community on campus. Student representatives will describe how student activities contribute to the college experience offered by their respective institutions.

Action: This item is for discussion only.



UNC ASSOCIATION OF STUDENT GOVERNMENTS

Council of Student Body Presidents Discussion on Student Fees
January 20, 2021

Student Activities Fee



- Gets and keeps students engaged in activities that often directly result in work/leadership experience
 - Getting engaged early helps students find a place for themselves and motivation to graduate on time
- Encourages community building on the campuses
- Allows students to focus on the work of their organization instead of fundraising

Student Body Presidents Highlight



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- Melanie Flowers, UNC ASG Chair of the Council of Student Body Presidents and Student Body President at NC State
 - Ryan Collins, UNC-Chapel Hill Graduate and Professional Student Federation President

Questions and Comments



UNC ASSOCIATION OF STUDENT GOVERNMENTS



AGENDA ITEM

A-3. Discussion: 2021-22 Tuition and Fee ProposalsJennifer Haygood

Situation: Campus tuition and fee proposals are presented for the Board of Governors review. The Board will take action during the February meeting on recommendations for tuition and fee rates for the 2021-22 academic year.

Background: G.S. 116-143 requires that the Board fix the tuition and fees, not inconsistent with the actions of the General Assembly, at the constituent institutions of the University of North Carolina System.

Assessment: Institutions have submitted 2021-22 tuition and fee proposals in accordance with legislative and UNC System guidelines.

Action: This item is for discussion only.



2021-22 TUITION AND FEE PROPOSALS

BOG Committee on Budget and Finance
January 20, 2021

Presentation Outline

- **Background and Context**
- **Historical Tuition and Fee Averages**
- **2021-22 Tuition and Fee Proposals**
- **Estimated Cost of Attendance for 2021-22**

Background and Context

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Background and Context

- **“The General Assembly shall provide that the benefits of the University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.”**
– NC Constitution – Article IX, Section 9
- **“The Board shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions . . . in such amount or amounts as it may deem best, taking into consideration the nature of each institution and program of study and the cost of equipment and maintenance. . . .”**
– G.S. 116-143

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2021-22 Tuition and Fee Instructions

Tuition	Increase Allowed?
Undergraduate Resident	No
Undergraduate Nonresident	Yes
Graduate Resident	No
Graduate Nonresident	Yes
Fees	
Fees	Increase Allowed?
Health Services Fee	Yes
All Other Mandatory Fees (including debt service)	Any proposed increase must be offset by a commensurate decrease to another fee, resulting in no net change
Special Fees	No, new fees allowed only for new programs of study
Application Fees	No

Background and Context

Timeline for the 2021-22 Tuition & Fee Process

September 2020	The System Office provides guidance for the 2021-22 tuition and fee process to Chancellors, Chief Academic Officers, and Chief Finance Officers.
September 2020	Tuition and fee instructions, consistent with the Board's policy, are sent to the institutions.
August through November 2020	Institutions hold tuition and fee committee meetings to discuss potential rate increases. Committees are comprised of faculty, staff, and students. Student forums are held to discuss proposed rate changes with the student body. A student involvement certificate is required from each campus.
October through November 2020	Institutions finalize tuition and fee proposals and submit to their Board of Trustees for approval.
Early December	Chancellors submit tuition and fee requests for 2021-22 to the System Office.
December 2020 through January 2021	A tuition and fee committee within the System Office is established with representatives from Finance, Academic Affairs, Audit, and IT Divisions. The committee reviews tuition and fee requests.
January 2021	Campus tuition and fee proposals are presented at the Board meeting. Tuition and fee detailed information is also provided to Board members after this meeting.
February 2021	Board of Governors consider tuition and fee proposals for 2021-22.

Tuition and Fees Comparison to Board-Approved Peers

Institution	Undergraduate Students	
	Resident Rank	Nonresident Rank
ASU	11 of 11	7 of 11
ECU	11 of 12	6 of 12
ECSU	11 of 11	10 of 11
FSU	11 of 11	6 of 11
NC A&T	11 of 12	7 of 12
NCCU	11 of 11	8 of 11
NCSU	12 of 13	11 of 13
UNCA	10 of 11	6 of 11
UNC-CH	10 of 11	8 of 11
UNCC	12 of 13	10 of 13
UNCG	10 of 11	5 of 11
UNCP	12 of 12	12 of 12
UNCW	13 of 13	12 of 13
UNCSA	13 of 13	12 of 13
WCU	13 of 13	13 of 13
WSSU	13 of 13	10 of 13

Institutions are meeting the Board's requirement for undergraduate resident tuition to remain in the lowest quartile of public peer institutions.

Rank was determined by comparing 2020-21 tuition and fees of UNC System campuses to 2019-20 tuition and fees of their public peer institutions.

UNCSA's comparison includes public and private institutions.

Source: IPEDS

2019-20 Tuition and Fees Variance % from 75th Percentile (2020-21 rates for UNC campuses)

# of Peers	Peer Ranking	Institution	Undergraduate Resident Tuition & Fees	Variance % from 75th Percentile
11	11	ASU	\$7,249	-40.5%
12	11	ECU	7,068	-18.5%
11	11	ECSU	3,259	-147.3%
11	11	FSU	5,309	-23.0%
12	11	NCA&T	6,550	-10.9%
11	11	NCCU	6,417	-30.1%
13	12	NC State	8,895	-20.6%
11	10	UNCA	7,088	-25.9%
11	10	UNC-CH	8,750	-23.1%
13	12	UNCC	6,905	-19.7%
11	10	UNCG	7,287	-8.2%
12	12	UNCP	3,455	-96.8%
13	13	UNCW	7,076	-31.9%
13	13	UNCSA	8,911	-22.8%
13	13	WCU	3,825	-102.7%
13	13	WSSU	5,863	-48.6%
Avg. ALL Institutions			\$6,494	-41.9%
Avg. Excluding NC Promise			\$7,182	-24.9%

■ Guidance requires that all universities remain in the bottom quartile when compared to their undergraduate resident peers.

■ Almost two-thirds of the universities are last in their peer ranking.

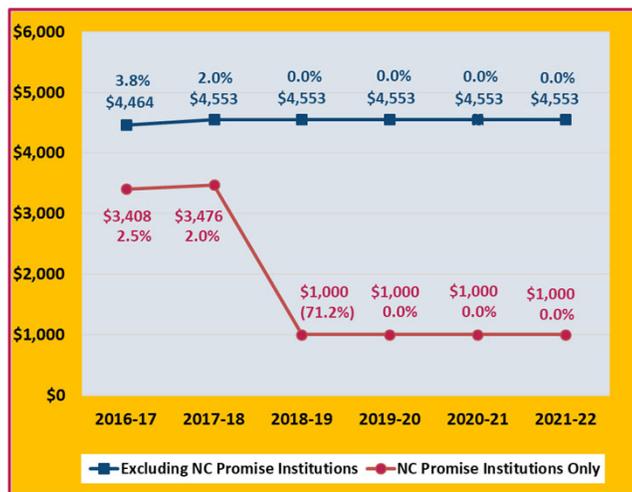
■ Institutions could increase by an average of \$2,143 and still remain in the bottom quartile.

Historical Tuition and Fee Averages

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Historical Tuition Averages

UNC System Average Undergraduate Resident Tuition



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Historical Tuition and Fee Averages

Academic Year	Average Increases		
	Undergraduate Resident Tuition	Undergraduate Nonresident Tuition	Mandatory Fees
2016-17	3.6%	2.6%	4.7%
2017-18	2.0%	2.0%	2.8%
2018-19 *	0.0%	0.9%	1.3%
2019-20	0.0%	1.1%	1.9%
2020-21	0.0%	0.0%	(0.1%)
2021-22	0.0%	1.2%	1.3%

* In 2018-19, NC Promise was implemented for ECSU, UNCP, and WCU. The percentages shown above for undergraduate resident and nonresident tuition do not include these campuses. The actual percentage calculation for 2018-19 (with all campuses) is -10.7% for residents and -9.3% for nonresidents.

2021-22 Tuition Proposals

2021-22 Tuition Proposals (UG Nonresident)

Institution	2020-21 Tuition	2021-22 Rate Change	2021-22 Proposed Rates	%
NCSU	\$26,654.00	\$ 666.00	\$27,320.00	2.5%
UNC-CH	34,198.00	684.00	34,882.00	2.0%
ECU	20,729.00	0.00	20,729.00	0.0%
NC A&T	17,050.00	0.00	17,050.00	0.0%
UNCC	17,246.00	0.00	17,246.00	0.0%
UNCG	19,581.00	0.00	19,581.00	0.0%
UNCW	18,508.00	0.00	18,508.00	0.0%
ASU	19,049.00	800.00	19,849.00	4.2%
FSU	14,590.00	0.00	14,590.00	0.0%
NCCU	16,435.00	0.00	16,435.00	0.0%
UNCP	5,000.00	0.00	5,000.00	0.0%
WCU	5,000.00	0.00	5,000.00	0.0%
WSSU	13,648.00	409.44	14,057.44	3.0%
UNCA	21,470.00	0.00	21,470.00	0.0%
ECSU	5,000.00	0.00	5,000.00	0.0%
UNCSA	23,040.00	691.00	23,731.00	3.0%
Average	17,324.88	203.15	17,528.03	1.2%

2021-22 Tuition Proposals (Grad Nonresident)

Institution	2020-21 Tuition	2021-22 Rate Change	2021-22 Proposed Rates	%
NCSU	\$26,421.00	\$661.00	\$27,082.00	2.5%
UNC-CH	28,278.00	566.00	28,844.00	2.0%
ECU	17,898.00		17,898.00	0.0%
NC A&T	17,545.00		17,545.00	0.0%
UNCC	17,771.00		17,771.00	0.0%
UNCG	18,937.00		18,937.00	0.0%
UNCW	18,548.00		18,548.00	0.0%
ASU	18,271.00	1,578.00	19,849.00	8.6%
FSU	14,503.38		14,503.38	0.0%
NCCU	17,694.00		17,694.00	0.0%
UNCP	16,343.18	490.82	16,834.00	3.0%
WCU	14,842.00		14,842.00	0.0%
WSSU	13,987.00	419.61	14,406.61	3.0%
UNCA	21,236.00		21,236.00	0.0%
ECSU	16,437.13		16,437.13	0.0%
UNCSA	23,203.00	696.00	23,899.00	3.0%
Average	18,869.67	735.24	19,145.38	3.9%

2021-22 Tuition Proposals

Estimated Revenues Generated by Tuition Increases

Undergraduate	2021-22
Residents (new students)	\$0
Nonresidents	\$5,354,719
Graduate	
Residents	\$0
Nonresidents	\$3,575,005
Total	\$8,929,724

Proposed Uses: Inflationary Adjustments, Faculty & Staff Retention, Expanded Institutional Opportunities, Student Services, Academic Support, Libraries, Need-based Aid, and Graduate Assistantships.

2021-22 Professional School Adjustments

NCA&T State University	Nonresident Proposals			
Professional Tuition	From	To	\$	%
Master of Accountancy	17,545.00	19,545.00	2,000.00	11%
Joint Master of Social Work (with UNCG)	18,937.00	18,562.87	(374.13)	(2%)
Joint PhD in Social Work (with UNCG)	18,937.00	18,562.87	(374.13)	(2%)
UNC-Chapel Hill		Nonresident Proposals		
Professional Tuition	From	To	\$	%
School of Law-JD	38,287.00	41,353.00	3,066.00	8%

The increase amount shown (\$3,066) reflects a \$566 increase for all graduate nonresidents and a \$2,500 School of Law differential increase (new students only). Returning School of Law students will not be charged the \$2,500 differential increase.

2021-22 Professional School Adjustments

UNC Greensboro	Resident Proposals				Nonresident Proposals			
Professional Tuition	From	To	\$	%	From	To	\$	%
MS-Sustainability and Environment	New	7,019			New	20,737		

UNCG is requesting to establish rates for resident and nonresident students for a new online MS in Sustainability and Environment program. This new degree program was approved by the Board in Spring 2020.

2021-22 Fee Proposals

2021-22 Fee Proposals

Mandatory Fees

- Athletics
- Health Services
- Student Activities
- Educational and Technology
- Campus Security
- Debt Service *(Debt Service fees are subject to the 3% cap and are addressed by the Board when approving capital projects paid from non-appropriated sources.)*
- Association of Student Governments (\$1)

Summary of 2021-22 Fee Proposals

Institution	2021-22 Proposed Mandatory Fee Changes								2021-22 Total Fees	\$ Change	% Change
	2020-21 Mandatory Fees	Athletics	Health Services	Student Activities	Ed & Tech	Campus Security	Debt Service				
NCSU	\$2,360.60	\$ 0.00	\$ 38.00	\$ 0.00	\$ 0.00	\$ 0.00	(\$38.00)	\$2,360.60	\$0.00	0.0%	
UNC-CH	1,732.46	0.00	10.00	0.00	0.00	0.00	0.00	1,742.46	10.00	0.6%	
ECU	2,617.00	0.00	56.00	0.00	0.00	0.00	0.00	2,673.00	56.00	2.1%	
NC A&T	3,010.81	0.00	31.50	0.00	0.00	0.00	0.00	3,042.31	31.50	1.0%	
UNCC	3,094.00	0.00	88.00	0.00	0.00	0.00	0.00	3,182.00	88.00	2.8%	
UNCG	2,866.00	0.00	62.00	0.00	0.00	0.00	0.00	2,928.00	62.00	2.2%	
UNCW	2,634.44	0.00	27.07	0.00	0.00	0.00	0.00	2,661.51	27.07	1.0%	
ASU	3,008.00	0.00	10.00	0.00	0.00	0.00	0.00	3,018.00	10.00	0.3%	
FSU	2,328.00	0.00	40.00	0.00	0.00	0.00	0.00	2,368.00	40.00	1.7%	
NCCU	2,690.21	0.00	0.00	0.00	0.00	0.00	0.00	2,690.21	0.00	0.0%	
UNCP	2,455.76	10.00	10.00	0.00	(10.00)	0.00	0.00	2,465.76	10.00	0.4%	
WCU	2,836.00	0.00	36.00	0.00	0.00	0.00	0.00	2,872.00	36.00	1.3%	
WSSU	2,463.16	0.00	73.00	0.00	0.00	0.00	0.00	2,536.16	73.00	3.0%	
UNCA	2,966.50	0.00	35.00	0.00	0.00	0.00	0.00	3,001.50	35.00	1.2%	
ECSU	2,259.69	(0.31)	67.77	(0.15)	0.00	0.00	0.00	2,327.00	67.31	3.0%	
UNCSA	2,415.00	N/A	0.00	0.00	0.00	0.00	0.00	2,415.00	0.00	0.0%	
Avg. Inc.		0.65	36.52	(0.01)	(0.63)	0.00	(2.38)		34.12	1.3%	
Avg. Fee	2,608.60	735.20	372.21	643.38	491.19	30.00	415.05	2,642.72			

Due to savings achieved following the refunding of 2010 revenue bonds, UNCW is reducing the debt service fee for the Campus Rec Center Expansion Services Fund project by \$52. A new debt service project for Walton Drive Student Village Rec Fields and Facilities is being requested with an associated \$52 debt service fee, resulting in a \$0 net change to students.

2021-22 Fee Proposals (Health Services)

Health Services fee revenue supports:

- Health and medical services and supplies for students
- Maintenance and operation of health centers
- Salaries associated with health center operations

Institution	2020-21 Rate	2021-22 Rate Change	2021-22 Proposed Rate	%
NCSU	\$407.00	\$ 38.00	\$445.00	9.3%
UNC-CH	400.15	10.00	410.15	2.5%
ECU	263.00	56.00	319.00	21.3%
NC A&T	338.50	31.50	370.00	9.3%
UNCC	247.00	88.00	335.00	35.6%
UNCG	310.00	62.00	372.00	20.0%
UNCW	219.00	27.07	246.07	12.4%
ASU	325.00	10.00	335.00	3.1%
FSU	247.00	40.00	287.00	16.2%
NCCU	312.66	0.00	312.66	0.0%
UNCP	205.49	10.00	215.49	4.9%
WCU	314.00	36.00	350.00	11.5%
WSSU	267.00	73.00	340.00	27.3%
UNCA	368.00	35.00	403.00	9.5%
ECSU	265.23	67.77	333.00	25.6%
UNCSA	882.00	0.00	882.00	0.0%
Average	335.69	36.52	372.21	10.9%

Estimated Cost of Attendance for 2021-22

Estimated Cost of Attendance for 2021-22 (for regular full-time undergraduate resident)

Institution	2021-22 Total Resident Tuition & Mandatory Fees	Room(1)	Board(1)	Books & Supplies(2)	Other Expenses(2)	Total Cost of Attendance
NCSU	\$8,896	\$6,600	\$4,460	\$1,082	\$2,730	\$23,768
UNC-CH	8,761	6,876	5,004	990	2,780	24,411
ECU	7,125	6,134	4,060	1,462	3,630	22,411
NC A&T	6,582	4,409	3,775	1,600	2,300	18,666
UNCC	6,994	6,760	4,500	1,250	3,768	23,272
UNCG	7,350	5,766	3,696	1,000	2,222	20,034
UNCW	7,105	6,112	3,945	1,130	3,460	21,752
ASU	7,260	4,713	2,892	700	2,980	18,545
FSU	5,350	5,065	4,279	420	2,387	17,501
NCCU	6,418	5,354	4,484	1,500	3,454	21,210
UNCP	3,466	4,940	4,276	1,505	3,241	17,428
WCU	3,872	5,256	4,387	366	2,958	16,839
WSSU	5,937	6,049	3,872	1,300	2,652	19,810
UNCA	7,124	5,778	4,470	1,200	2,400	20,972
ECSU	3,327	5,797	3,426	1,240	2,713	16,503
UNCSA	8,912	7,000	4,502	1,325	2,498	24,237
Average	6,530	5,788	4,127	1,129	2,886	20,460

(1) Room rates represent standard room/double occupancy and Board rates represent full meal plan.
 (2) Books and Supplies reflect 2020-21 data and can vary in amounts due to book rental plans at some campuses. Other Expenses (transportation and other personal costs) also reflect 2020-21 data.

THANK YOU

QUESTIONS?

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AGENDA ITEM

A-4. Discussion: Campus Security FeeJennifer Haygood

Situation: In November, the Board of Governors convened a student fee workshop that resulted in several requests for additional information. These requests will be addressed over the next several meetings of the Committee on Budget and Finance. This item will discuss campus law enforcement compensation, which is supported in part by Campus Security fee revenues. The Committee will also discuss how fee revenues transferred to the System Office (\$4 per full-time equivalent student) are used to support training and personnel at the System Office, as well as to provide supplemental support to smaller campuses.

Background: G.S. 116-143 requires that the Board of Governors fix the tuition and fees, not inconsistent with the actions of the General Assembly, at the constituent institutions of the University of North Carolina System. In preparation for review of the 2021-22 tuition and fee proposals, a workshop was held to allow for additional discussion on the use of mandatory student fee revenues.

Assessment: When the Campus Security Fee was established in 2015, campuses were expected to use a portion of the fee to increase salaries for commissioned law enforcement officers and emergency telecommunicators at each campus, with the goal of bringing those salaries to established market rates. A recent analysis of campus police and telecommunicator salaries indicates that 78% are paid below the market rate for their classification and competency level.

The campus security fee revenues transferred to the System Office are primarily used to fund training, shared services, and personnel at the System Office that support all campuses. A portion of these funds have historically been redistributed to small institutions to help bridge the gap between the amount of fee revenue generated and the cost of a baseline level of security costs.

Action: This item is for discussion only.



FEE WORKSHOP FOLLOW-UP CAMPUS SECURITY FEE

**Board of Governors
Committee on Budget and Finance**

January 20, 2021

Campus Security Fee

- The Campus Security fee was implemented by the Board of Governors in 2015-16 and was set at a rate of \$30 at every campus.
- The fee was implemented to support:
 - Campus police officer and telecommunicator salaries
 - Highly qualified and trained investigators and hearing officers for reports of serious offenses, such as sexual violence
 - Safety and security training, coordination, and audit functions
 - Substance abuse counseling services
 - Title IX and Clery Act compliance coordination

Fee Workshop Follow-Up Items

- Review law enforcement salary needs
- Review how the System Office portion (\$4) of the fee is used, including the redistribution of funds to smaller institutions
- Explore expanding scope of fee
- Consider increasing the amount

UNC System Law Enforcement Compensation

Current State: Police Officers Subject to the State Human Resources Act (SHRA)

- Currently, approximately 500 campus police officers are covered by the State’s career banding classification and compensation program, which was implemented for the UNC System by State HR over 10 years ago.
- Only three classifications are available under career banding for campus police officers:
 - Public Safety Officer
 - Public Safety Supervisor
 - Public Safety Manager

Current State: Police Officer Salary Gap in Career Banding System

- Current salary gap to move all campus police officers to the existing market rates:
 - Base salary: \$1,798,950
 - Salary plus fringes: \$2,176,730

	Contrib. Market Rate	Journey Market Rate	Advanced Market Rate
Officer	\$44,070	\$49,103	\$57,557
Supervisor	\$58,941	\$65,758	\$77,209
Manager	\$69,266	\$77,321	\$90,855

Current State: Public Safety Telecommunicator Salary Gap in Career Banding System

- Current salary gap to move all campus public safety telecommunicators to the existing market rates:
 - Base salary: \$403,796
 - Salary plus fringes: \$488,593

	Contrib. Market Rate	Journey Market Rate	Advanced Market Rate
Telecommunicator	\$33,198	\$36,832	\$45,923
Telecommunicator Supervisor	\$45,272	\$55,195	\$70,052

Current State: Current Salaries as % of Career Banded Market Rates*

Number of employees...	Public Safety Officer	Public Safety Supervisor	Public Safety Manager	Public Safety Telecomm	Public Safety Telecomm Supervisor	All Public Safety
...below 90% of Career Banded Market Rate	73 (27% of total)	39 (27% of total)	5 (38% of total)	32 (34% of total)	3 (30% of total)	152 (28% of total)
...at 90%-99.99% of Career Banded Market Rate	138 (51%)	65 (45%)	2 (15%)	55 (58%)	4 (40%)	264 (49%)
...at or above 100% of Career Banded Market Rate	62 (23%)	40 (28%)	6 (46%)	8 (8%)	3 (30%)	119 (22%)

* Salaries are compared against each employee's competency level market rate and aggregated into a single headcount by classification.

Estimated Salary Gap with Municipal Law Enforcement Based on Initial Market Sampling

	Career Banded Journey Market Rate	Average Municipal Market Rate*
Public Safety Officer	\$49,103	\$51,766
Public Safety Supervisor	\$65,758	\$84,321
Public Safety Manager	\$77,321	\$92,645

**Based on a limited sampling of municipal law enforcement agency salaries pending more in-depth labor market studies.*

- Very preliminary estimates of System-wide salary gap to municipal law enforcement agencies: ~\$4-6 million
- Estimated salary gap with fringe benefits: ~\$5-7 million
- Continued market research will be undertaken to enhance the precision of the estimated municipal labor market gap

***Campus Security Revenues
Transferred to the System Office***

Campus Security Fee System Office Activities

- A portion (\$4) of the fee is transferred to the UNC System Office to support system-wide coordination, trainings, and other shared services functions related to campus safety and security.
- Highlights:
 - Establishment of UNC Public Safety Training Center at Samarcand featuring nationally recognized subject matter experts and courses specifically designed for UNC law enforcement
 - Specialized training exercises focused on improving campus readiness to respond to large scale incidents, such as active assailants, mass casualty incidents, and natural disasters
 - Strengthened working relationships between campuses and local, state, and federal partners
 - On-going training for the 16 UNC Clery Coordinators

Campus Security Fee System Office Activities

- A portion is redistributed back to the smaller campuses.
- Historically, the allocation was based on bridging the gap between the amount of fee revenue generated by a campus and the amount needed to support baseline security costs.

Campus Distribution			
Institution	2017-18	2018-19	2019-20
ECSU	\$0	\$37,559	\$20,906
UNCA	\$44,850	\$50,607	\$51,563
UNCSA	\$26,939	\$20,202	\$27,059
WSSU	\$74,897	\$74,299	\$90,474
Total	\$146,686	\$182,667	\$190,002

Committee Discussion

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Questions for Committee Consideration

- Should the Campus Security Fee Increase?
 - A \$5 increase in the fee generates ~ \$1.1 million.
 - Any campus fee increase would count toward the 3% cap on fee increases and some health services fees would need to be reduced accordingly.
- Should the scope of the Campus Security Fee change?

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QUESTIONS?

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AGENDA ITEM

A-5. General Fund UpdateJennifer Haygood

Situation: General Fund appropriations support approximately 25 percent of the University of North Carolina System budget. Given the economic uncertainty caused by COVID-19, the committee will monitor State General Fund revenues on an ongoing basis to identify potential impacts on University operations and inform future decisions.

Background: The Fiscal Research Division of the General Assembly and the Office of State Budget and Management routinely collaborate to develop General Fund revenue forecasts used to inform the development of the State budget. To maintain necessary situational awareness, the System Office monitors these forecasts, as well as information provided through monthly General Fund financial reports issued by the Office of State Controller.

Assessment: At the time of publication, the Office of State Controller has released updated General Fund data through November 30, 2020. State General Fund revenues through November 2020 were \$60.7 million, or 3.6 percent, above November 2019 levels. This growth continues the trend of year-over-year revenue growth that we have seen each month in FY21. Through November, tax revenue growth was not concentrated in any one area: individual income, sales and use tax revenues, and various other tax revenues were up over prior year levels.

General Fund revenues through November 30, 2020, have exceeded appropriation expenditures for the same period, resulting in an unreserved credit balance of \$4.0 billion. However, it is important to remember that revenues and expenditures do not occur evenly over the course of the fiscal year. Because the delay of state tax payment deadlines from April to July resulted in a significant shift in income tax revenues from FY20 to FY21, revenue collections are more uneven than usual this fiscal year.

Action: This item is for information only.

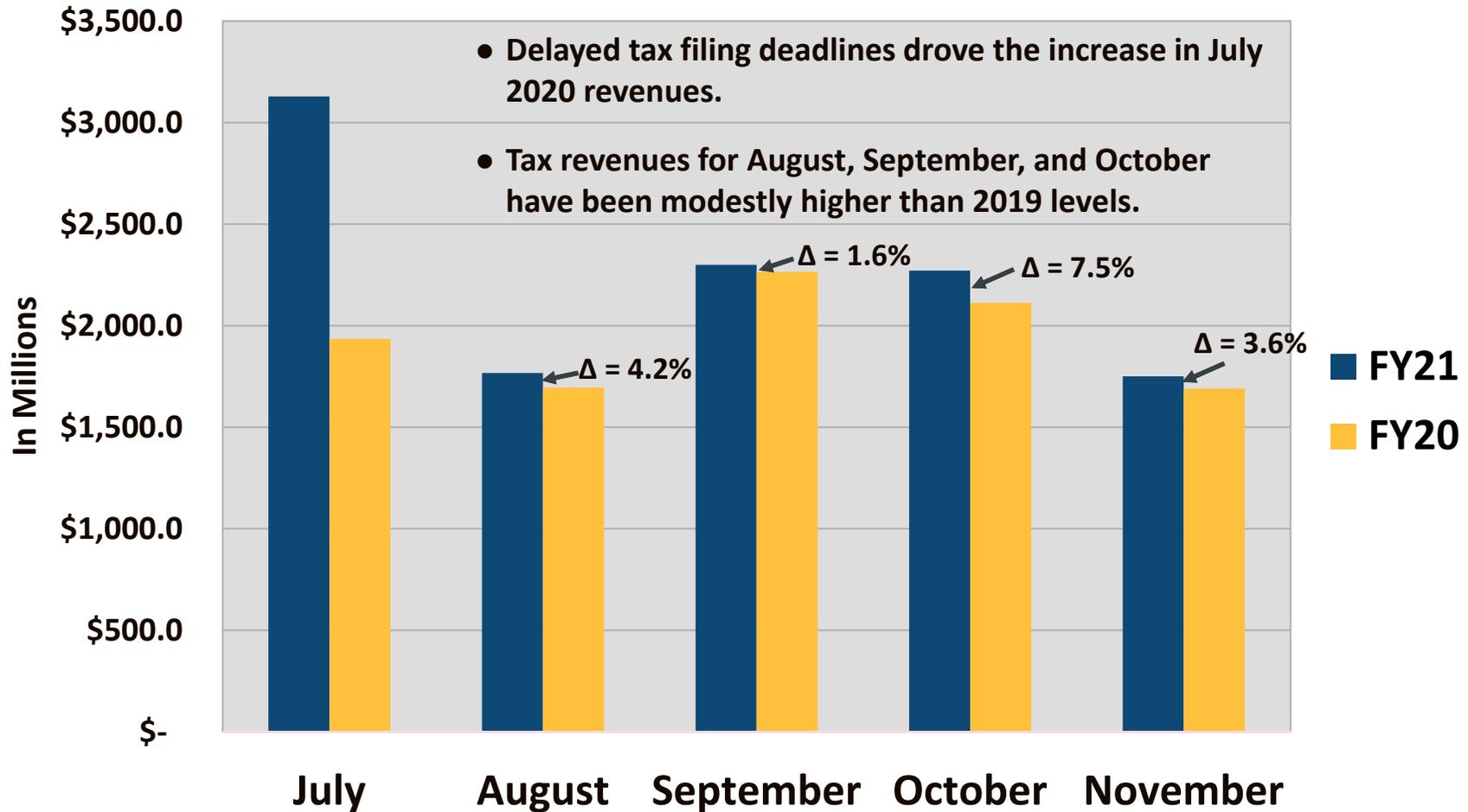


GENERAL FUND UPDATE

**Board of Governors
Committee on Budget and Finance**

January 20, 2021

State General Fund Revenues



Source: *General Fund Financial Report – November 2020, Office of State Controller*

Year-To-Date General Fund Comparison

General Fund Revenues and Appropriation Expenditures through November 30 (in millions)

	Actual YTD		Change	% Change
	FY21	FY20		
Beg. Unreserved Fund Balance	\$1,471.1	\$1,709.3	\$(238.2)	(13.9%)
Tax and Non-Tax Revenues	11,216.3	9,695.6	\$ 1,520.7	15.7%
Appropriation Expenditures	8,666.2	(9,027.1)	(360.9)	(4.0%)
Transfers to/from Reserves	(15.0)	0	(15.0)	
Unreserved Fund Balance	4,006.2	2,377.8	1,628.4	68.5%
Excess of Revenues Over (Under) Appropriation Expenditures	\$2,550.1	\$668.5	\$1,881.6	281.5%

UNC State Expenditures

Year-Over-Year Comparison

(in millions)

	Actual Through Nov. 30		Change	% Change
	FY20	FY21		
System Total	\$1,883.0	\$1,906.3	\$23.3	1.2%
Personal Services	\$1,393.9	\$1,411.5	\$17.6	1.3%
Purchased Services	\$220.1	\$198.3	(\$21.8)	(9.9%)
Aid & Public Assistance	\$167.5	\$173.2	\$5.7	3.4%
Other	\$101.3	\$123.3	\$22.0	21.7%

The increase in “Other” Expenditures is driven by Coronavirus Relief Fund transfers.

QUESTIONS?

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AGENDA ITEM

A-6. Federal Stimulus UpdateJennifer Haygood

Situation: The 2021 Consolidated Appropriations Act [H.R. 133] was signed into law on December 27, 2020. The act included federal aid in response to the COVID-19 crisis. This act provided \$22.7 billion in supplemental federal emergency funding for institutions of higher education.

Background: In March 2020, the CARES Act provided \$179.7 million in relief funding directly to UNC System institutions. Half was directed to be used for emergency student financial aid. In addition, the UNC System received \$69.2 million in relief funding for HBCUs and through the Strengthening Institutions Program. While the enrollment-based federal formula for determining allocations is less favorable to four-year institutions in the newest package than it was in the first round of relief funding, the total amount available is larger. The result is \$108.1 million more in direct institutional funds. Appropriated funds may be used to defray expenses associated with coronavirus (including lost revenue), to carry out student support activities that address needs related to the coronavirus, and to provide financial aid grants to students.

Assessment: The UNC System will receive over \$287 million in federal stimulus, not including new funding for HBCU/HMSIs. Direct institutional funding will be \$197.9 million and emergency student financial aid will be \$89.8 million.

Action: This item is for information only.

U.S. Department of Education: NEW HEERF ALLOCATIONS
Coronavirus Response and Relief Supplemental Appropriations included in 2021 Consolidated Appropriations Act

Funding to UNC institutions and students. (Source: U.S. Department of Education)

	New HEERF (Dec 2020)			Comparison to CARES Act		Total
	New HEERF Allocation	Emergency Student Aid Share (based on CARES Act formula)	Flexible Institutional Share	CARES Act HEERF Funding (Spring 2020)	Increase in New HEERF compared to CARES Act HEERF	New HEERF and CARES Act HEERF
ASU	\$24,036,104	\$7,963,966	\$16,072,138	\$15,927,932	\$8,108,172	\$39,964,036
ECU	\$30,548,181	\$9,679,379	\$20,868,802	\$19,358,758	\$11,189,423	\$49,906,939
ECSU	\$3,679,189	\$1,065,489	\$2,613,700	\$2,130,978	\$1,548,211	\$5,810,167
FSU	\$9,308,810	\$2,542,344	\$6,766,466	\$5,084,688	\$4,224,122	\$14,393,498
N.C. A&T	\$22,848,969	\$7,051,814	\$15,797,155	\$14,103,628	\$8,745,341	\$36,952,597
NCCU	\$14,295,576	\$4,466,117	\$9,829,450	\$8,932,234	\$5,363,342	\$23,227,810
NCSU	\$28,156,562	\$8,947,941	\$19,208,621	\$17,895,882	\$10,260,680	\$46,052,444
UNCA	\$5,428,515	\$1,679,747	\$3,748,768	\$3,359,494	\$2,069,021	\$8,788,009
UNC-CH	\$25,474,540	\$8,647,589	\$16,826,951	\$17,295,178	\$8,179,362	\$42,769,718
UNCC	\$39,537,542	\$12,155,279	\$27,382,263	\$24,310,558	\$15,226,984	\$63,848,100
UNCG	\$30,132,331	\$9,283,941	\$20,848,390	\$18,567,882	\$11,564,449	\$48,700,213
UNCP	\$11,102,045	\$3,137,355	\$7,964,690	\$6,274,710	\$4,827,335	\$17,376,755
UNCSA	\$1,268,365	\$434,443	\$833,922	\$868,886	\$376,826	\$2,137,251
UNCW	\$16,948,600	\$5,283,027	\$11,665,573	\$10,566,054	\$6,382,546	\$27,514,654
WCU	\$14,719,306	\$4,446,704	\$10,272,602	\$8,893,408	\$5,825,898	\$23,612,714
WSSU	\$10,294,709	\$3,058,990	\$7,235,719	\$6,117,980	\$4,176,729	\$16,412,689
Totals	\$287,779,344	\$89,844,125	\$197,935,210	\$179,688,250	\$108,068,441	\$467,467,594

NOTE: 1) Above figures do not include additional CARES Act and new funding for HBCU/HMSIs.



AGENDA ITEM

A-7. 2021-23 Budget Priorities Update.....Jennifer Haygood

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 System” [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 Office of State Budget and Management (OSBM) has requested budget proposals for 2021-23, encouraging state agencies to focus requests around their mission and strategic plan.

Assessment: Given the uncertain revenue picture, **institutions should prudently identify potential one-time and annual savings**, in the event that contingency funds are needed for the continuing extraordinary costs incurred due to the coronavirus pandemic and in the event of a significant decrease in revenue and receipts during the latter half of the current academic and fiscal year of 2020-21 and for fiscal year 2021-22. If identified savings are not needed for these purposes, they should be repurposed to support campus-specific operating budget priorities, as our 2021-23 budget requests are limited to System-wide priorities needed to preserve the core mission of the UNC System.

The budget priorities and legislative proposals were approved by the Board at the November meeting. However, full details of the request, including enrollment funding for individual intuitions, were not available at that time. This item presents additional information on the priorities as well as the final numbers for the request.

Action: This item is for information only.

University of North Carolina

FY 2021-23 Operating Budget Priorities

	FY 2021-22	FY 2022-23
2021-23 Base Budget <i>(Excludes Aid to Private Institutions)</i>	\$2,962,056,895	\$2,962,173,367
UNC System Enrollment Funding		
Despite the pandemic, the UNC System had the highest student enrollment in the System's history. Funding for enrollment growth will support high-quality education for new students across the state, including at the NCSSM Morganton campus.	NR to R*	\$29,392,231
	FY 2021-23	\$29,392,231
		83,998,971
		347,412 NR
Total	\$69,568,728	\$113,391,202
	\$ 1,334,264 NR	\$ 347,412 NR
NC Promise Program		
The NC Promise program has been a tremendous benefit to students at some of our most rural institutions, demonstrating North Carolina's unparalleled commitment to affordability. Enrollment at ECSU, UNCP, and WCU is expected to continue to grow.	NR to R*	\$15,000,000
	FY 2021-23	\$15,000,000
		5,000,000
Total	\$15,000,000	\$20,000,000
Building Reserves		
The Connect NC Bond significantly increased the number of new appropriated capital projects in the UNC System. As these buildings begin to reach completion, there are substantial needs for maintenance and operation funding. The UNC System is also requesting \$3,985,459 NR in FY 2020-21 for buildings coming online this fiscal year.	NR to R*	\$15,143,629
	FY 2021-23	\$15,143,629
		20,480,657
		1,242,230 NR
Total	\$26,047,751	\$35,624,286
	\$ 2,804,782 NR	\$ 1,242,230 NR
Faculty and Staff Salaries		
UNC System faculty and staff have been working hard educating, promoting student success, and producing groundbreaking research. We have seen the results of these efforts in our steadily increasing graduation rates and nationally recognized research on treatment and prevention of COVID-19.	<i>equity with state agencies</i>	
	UNC System employees have not had a salary increase in two years and have not received an increase that was equivalent to that of other state agencies in three years.	
	\$110,616,479	\$169,015,488
	4,139,046 NR	1,589,642 NR
Total Requested Increase	\$114,755,525	\$170,605,130
Total Percent Change	3.87%	5.76%
* Total request includes the conversion of FY 2021 nonrecurring to recurring, as well as new funding for FY 2021-23.		

Note: All items are recurring unless specified as nonrecurring.

The University of North Carolina System

2021-23 Operating Budget Priorities

Rising to the Challenge

Since the start of the pandemic, North Carolina's public universities have gone to extraordinary lengths to continue serving students. Through the dedicated work of faculty, staff, and public health officials, hundreds of thousands of students have maintained progress toward their educational goals, despite incredibly challenging circumstances.

UNC System institutions operated through the fall semester with a mix of online and in-person learning, adapting to the conditions and capacities in their local communities. All campuses maintained vital services, like housing and counseling, to support students who needed them. This spring, campus leaders have taken a similarly flexible approach, opening with a mix of online and in-person learning, informed by the lessons of the past several months. The UNC System is prepared to make quick adjustments as conditions change, following the latest science, the advice of federal and state authorities, and the guidance of our own experts in public health.

Closing our public universities and waiting for the pandemic to end was never an option. Students' lives cannot be put on indefinite hold, and we know from decades of research that interrupting college harms vulnerable students the most. Across the country, we have seen alarming data about declining enrollment among low-income, minority, and rural students — people whose prospects may be permanently diminished by the loss of educational opportunity.

Bucking the Trend

In the fall, while enrollments across the rest of the country were suffering steep declines, the number of students pursuing a degree in our public universities increased to an all-time high. Students who began their college career at a UNC institution last fall returned in record numbers despite having their lives disrupted by a global pandemic. As a result, our latest System-wide fall-to-fall retention rate hit 88 percent, while our four-year graduation rate climbed to 54 percent in spring 2020—an increase of 12.5 percentage points since 2013.

These trends reflect our students' hunger for opportunity and their trust in our universities to deliver. They reflect steadfast leadership and phenomenal work by faculty and staff in the face of unprecedented challenges. And they reflect the support of a General Assembly that has maintained its commitment to college affordability through good budget cycles and bad.

Looking Forward

This has been a season of hard choices for everyone, and we recognize there are more ahead. Due to the current budget constraints, the University's budget priorities are limited to a few items that we regard as core to the instructional mission of the University and critical to our continued success.

The following four priorities were approved by the Board of Governors in November 2020:

1. **Enrollment Funding** – Despite the pandemic, the UNC System had the highest student enrollment in our history. Funding enrollment growth will support high-quality education for new students across the state and maintain hard-won progress toward North Carolina's attainment goals.
2. **NC Promise Program** – This program has been a tremendous benefit to students at some of our most rural institutions, sending a vital message to students across the state about the affordability of higher education. Enrollment at ECSU, UNCP, and WCU is expected to continue growing.

3. **Building Reserves** – The Connect NC Bond significantly increased the number of new appropriated capital projects in the UNC System. As these buildings begin to reach completion, we want to plan responsibly for maintenance and operation.
4. **Faculty and Staff Salaries** – UNC System faculty and staff have done extraordinary work in teaching, promoting student success, and conducting groundbreaking research even in the midst of a hugely disruptive pandemic. Their effectiveness is demonstrated through our steadily increasing graduation rates and nationally recognized research on the treatment and prevention of COVID-19.

In addition to new funding to support these priorities, the UNC System is also requesting that nonrecurring funds appropriated for FY 2020-21 for enrollment growth, NC Promise, and building reserves be made recurring.

1. Enrollment Change Funding

Over the course of the FY 2019-21 biennium, the UNC System transitioned to funding actual enrollment in arrears. As part of this transition, funding for new students now lags a year, putting pressure on UNC institutions to sustain their growth temporarily on tuition receipts alone. In exchange, the UNC System has gained accuracy and transparency from using actual enrollment reported at the end of the term.

The UNC System is at the highest level of enrollment in history and is requesting funding to support enrollment growth realized in 2020. The funding amounts shown below are based on the UNC System enrollment funding formula for the change in enrollment from calendar year 2019 to 2020.

Enrollment Funding Request

Institution	Requirements	Receipts	Appropriation
ASU	\$ 4,525,769	\$ 976,590	\$ 3,549,179
ECU	1,623,339	(3,100,080)	4,723,419
ECSU	1,941,908	841,697	1,100,211
FSU	3,540,540	442,599	3,097,941
N.C. A&T	2,877,331	2,019,859	857,472
NCCU	(1,113,491)	1,375,284	(2,488,775)
NC State	2,723,416	(3,113,469)	5,836,885
UNCA	(1,903,882)	(1,059,486)	(844,396)
UNC-CH	(947,684)	(1,314,552)	366,868
UNCC	5,905,904	(1,124,302)	7,030,206
UNCG	(3,623,062)	(1,129,494)	(2,493,568)
UNCP	7,123,639	2,041,511	5,082,128
UNCW	13,983,198	1,897,874	12,085,324
UNCSA	910,939	235,239	675,700
WCU	2,626,560	2,707,049	(80,489)
WSSU	(614,451)	619,992	(1,234,443)
NCSSM	-	-	(8,069)
Total	\$39,579,973	\$2,316,311	\$37,255,593

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

This request represents a 0.8% increase in total credit hours. While the overall system enrollment increased, there was a decline in nonresident enrollment, leading to a reduction in tuition receipts at several universities.

In addition to the \$37,255,593 requested for enrollment funding for FY 2021-22, the UNC System requests that the \$29,392,231 appropriated in S.L. 2020-67 be made available on a recurring basis in FY 2021-22, and that \$40 million be appropriated to a reserve for enrollment funding for FY 2022-23. Requested reserve funding is based on funding calculated in the model for a three-year average of growth in credit-hour enrollment.

Enrollment for Comprehensive Transition Programs

Section 3.5 of Session Law 2020-97 directed that the Board of Governors allocate funding to students enrolled in Comprehensive Transition Programs on the same basis as full-time students enrolled in a curriculum program for up to 100 resident students. There were 46 resident students enrolled in these programs at three universities in the fall of 2020.

Funding to support these students in accordance with this special provision is as follows:

Comprehensive Transition Program Enrollment

Institution	Requirements	Receipts	Appropriation
ASU	\$ 51,120	\$ 23,331	\$ 27,789
UNCG	433,380	176,880	256,500
WCU	48,806	20,351	28,455
Total	\$533,306	\$220,562	\$312,744

Funding for the North Carolina School of Science and Mathematics Morganton Campus

Session Law 2020-31 provided the first year of operational funding for the new Morganton campus and also provided intent language to continue to fully fund the operations over the course of the next three years. These funds will support faculty, staff, materials, and supplies necessary to support expanded high school enrollment at the new location.

NCSSM Morganton Operational Funding for 2021-23

	2021-22		2022-23	
	Recurring	Nonrecurring	Recurring	Nonrecurring
Personnel	\$1,802,660	\$ -	\$4,225,134	\$ -
Purchased Services	550,000	-	1,950,000	-
PP&E and Supplies	255,500	-	255,500	-
Technology	-	59,264	-	57,412
Textbooks	-	-	-	200,000
Other Start-up Costs	-	1,275,000	-	90,000
Total	\$2,608,160	\$1,334,264	\$6,430,634	\$347,412

In addition to the funding needed for the 2021-23 biennium, there is also an additional \$1,638,794 recurring needed in FY 2023-24 for personnel and purchased services as well as \$33,336 nonrecurring for technology expenses.

2. NC Promise

The NC Promise Program has generated significant enrollment increases at three institutions. UNCP and WCU have enrolled their largest classes ever under this program and ECSU has reversed a decreasing enrollment trend. Even given the challenges of the COVID-19 pandemic, fall 2020 full-time equivalent (FTE) enrollment increased significantly at ECSU and remained steady at UNCP and WCU. The UNC System expects that as the impacts from COVID wane, that enrollment growth at these institutions will continue to remain strong.

Session Law 2020-43 appropriated \$15 million in nonrecurring funds for FY 2020-21, with the intent to appropriate \$20 million in recurring funds in FY 2021-22, and up to a total appropriation for the program of \$81.4 million over the next two bienniums. Due to the impact of the pandemic, the UNC System is instead requesting \$15 million in recurring funds in FY 2021-22 and an additional \$5 million in recurring funds in FY 2021-23. At this time, the System is still expecting that the NC Promise program will still need up to the full \$81.4 million over the course of the next several years.

3. Building Reserves

The revised definition of the Continuation Budget provided for additional changes including the requirement that operating building reserves be considered as part of an agency's expansion request. As a result of the NC Connect Bond, the UNC System has a significant number of projects that will be completed in the current fiscal year and over the 2021-23 biennium.

Included in the request is nonrecurring funding for four projects that will be completed in FY 2020-21 that did not receive funding in Session Law 2020-76, along with a request for recurring funding for these projects as well as the eleven projects that were appropriated nonrecurring funding in the bill. In addition, six buildings are scheduled to be completed in FY 2021-22 and two are scheduled to be completed in FY 2022-23.

Building Reserves for Unfunded Buildings Opening in FY 2021

Institution	Building	2020-21	2021-22	2022-23
		Nonrecurring	Recurring	Recurring
ECSU	Moore Hall*	\$ 109,129	\$ 372,406	\$ 372,406
UNCC	Sciences Building*	1,758,799	2,330,121	2,330,121
UNCSA	Performance Place Renovation*	42,901	137,340	137,340
WCU	STEM Building*	2,074,630	3,398,366	3,398,366
TOTAL		\$3,985,459	\$6,238,233	\$6,238,233

*NC Connect Bond Project

Building Reserves for Buildings Opened in FY 2021 (funded in S.L. 2020-76)

Institution	Building	2021-22	2022-23
		Recurring	Recurring
NC State	Utility Infrastructure *	\$ 585,615	\$ 585,615
NC State	Fitts-Woolard Hall*	4,114,251	4,114,251
UNCA	Carmichael Hall Renovation*	124,790	299,494
UNCA	Owen Hall Renovation*	174,848	349,697
UNCG	Nursing & Instructional Building*	981,693	981,693
UNCG	South Chiller Plant*	156,250	707,223
UNCP	West Hall Renovations	230,248	306,995
UNCW	Allied Health (Veteran's Hall)*	2,204,981	2,258,181
UNCSA	Old Library Renovation*	376,228	376,228
WSSU	Science and General Office Building*	947,223	947,223
WSSU	1602 Lowery Street Renovations	79,253	158,501
TOTAL		\$9,975,380	\$11,085,101

*NC Connect Bond Project

Building Reserves for Buildings Scheduled to Open in 2021-23

Institution	Building	2021-22		2022-23	
		Recurring	Nonrecurring	Recurring	Nonrecurring
ECU	Life Sciences & Biotech.*	\$ 3,288,818	\$ 553,987	\$ 3,288,818	\$ -
FSU	Lyons Science Renovation*	405,320	34,821	405,320	-
NC A&T	Engineering Building*	2,115,963	443,907	2,115,963	-
NC State	Plant Sciences Building*	1,806,027	656,228	4,334,468	-
UNCP	Business School*	1,240,443	282,432	1,240,443	-
NCSSM	NCSSM Morganton*	977,567	833,407	3,210,669	-
NCCU	Business School*	-	-	1,227,174	355,862
UNC-CH	Medical Education Building*	-	-	2,478,097	886,368
TOTAL		\$9,834,138	\$2,804,782	\$18,300,952	\$1,242,230

*NC Connect Bond Project

4. 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. As such, faculty and staff salaries remain a top priority.

To remain competitive in the global race for talent, as well as to remain on par with what similarly classified SHRA employees receive at other state agencies, we need sufficient resources. UNC System employees have not received a salary increase in two years and have not received an increase equivalent to that of other state agencies in three years. However, the UNC System does recognize that the state is facing budget constraints and therefore is requesting that if any salary increases are granted to state agencies or education agencies, that the UNC System employees be treated equitably.

Salary Increases Appropriated to the UNC System Compared to Other State Agencies

	2013-15	2015-17	2017-19	2019-21
UNC System	FY14: \$0 FY15: Avg. of \$564 ¹	FY16: \$750 FY17: 3%	FY18: \$1,000 FY19: Avg. of 0.6% ²	0%
Other State Agencies	FY14: \$0 FY15: \$1,000	FY16: \$750 FY17: 3%	FY18: \$1,000 FY19: 2%	FY20: 2.5% FY21: 2.5%

¹ SHRA employees received a \$1,000 increase and \$5 million was appropriated to be shared among EHRA employees. This equates to a weighted average increase of \$564 per employee.

² \$20 million was appropriated to be shared among all UNC employees. This equates to a weighted average increase of 0.6% increase to salary and associated benefits.



AGENDA ITEM

- A-8. 2021-22 Non-Appropriated Capital Improvement Project –
University of North Carolina Wilmington..... Katherine Lynn

Situation: Non-appropriated capital projects are financed by the university and require legislative approval for the issuance of debt. For the 2021-22 legislative session, the University of North Carolina at Wilmington is requesting approval for the Walton Drive Student Village Recreation Fields and Facilities project, estimated at a total project cost of \$9,750,000, and requiring debt issuance for the full amount.

With Board approval, the project will be forwarded to the General Assembly for authorization during the 2021-22 legislative session.

Background: On an annual basis, the Board considers university proposals for projects funded from non-appropriated sources requiring the issuance of long-term debt and associated changes to student debt service fees. The project will be funded from the existing student debt service fee, contingent on the Board's approval to redirect the portion of the debt service fee for retired debt to the proposed project.

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 for the issuance of bonds for this project.

Assessment: The project complies 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.

2021-22 Non-Appropriated Capital Improvement Project

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. This project, if approved by the Board, will be forwarded to the General Assembly for authorization during the 2021-22 legislative session. 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
University of North Carolina Wilmington				
Walton Drive Student Village Recreation Fields and Facilities	9,750,000	-	9,750,000	Debt Service Fees
<i>UNCW Subtotal</i>	<i>\$9,750,000</i>	<i>\$0</i>	<i>\$9,750,000</i>	

ADDITIONAL DETAIL

University of North Carolina Wilmington

Project: Walton Drive Student Village Recreation Fields and Facilities

Total Cost: \$9,750,000

Description: This project will consist of a multi-purpose natural turf field; a smaller flex field; basketball, sand volleyball, tennis courts; an outdoor gym/yoga area; and a building for Student Recreation Center staff and equipment storage. The project will also include a portion of Hawk Walk through the site, an important pedestrian connection allowing students to traverse from the Student Village to the academic corridor, Chancellor’s Walk. These amenities existed prior to the redevelopment of this area but were in need of replacement. This area was master planned in 2009-2010 and is included in the university’s 2017 Campus Master Plan.

Funding: The funding source for this improvement project is debt service fees. Contingent on the Board’s approval, a portion of the existing debt service fee that was authorized for debt service which has been retired will be reallocated to the proposed project.

RECOMMENDATION

It is recommended that the non-appropriated capital project be approved, contingent on the approval of reallocating the existing debt service fee, and submitted for legislative approval of debt issuance.



AGENDA ITEM

A-9. Capital Improvement Project – North Carolina A&T State University Katherine Lynn

- Situation:** North Carolina A&T State University has requested new authorization for one capital improvement project.
- Background:** The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.
- Assessment:** North Carolina A&T State University is requesting a project that meets the statutory requirement, and it is recommended that the Board of Governors approve the project and the method of funding. It is further recommended that this project be reported to the NC Office of State Budget and Management as a non-appropriated project that does not require any additional debt or burden on state appropriations.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Capital Improvement Project – North Carolina A&T State University

ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with non-appropriated projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

North Carolina A&T State University has requested new authorization for one capital improvement project.

I. NEW PROJECT

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
North Carolina A&T State University					
1.	Dudley Hall Renovation	\$1,000,000	\$0	\$1,000,000	Federal Grant (50%) / Donations & Gifts (50%)
<i>N.C. A&T State University Subtotal</i>		<i>\$1,000,000</i>	<i>\$0</i>	<i>\$1,000,000</i>	
Grand Total		\$1,000,000	\$0	\$1,000,000	

RECOMMENDATION

The project and associated funding sources are in compliance with G.S. 143C-8-12 (State Budget Act).

It is recommended that the project be authorized and reported to the NC Office of State Budget and Management as a non-appropriated project that does not require any additional debt or burden on state appropriations.