



## 2021 LEGISLATIVE PROPOSALS

### SUMMARY OF PRIORITY PROPOSALS

#### Institute Efficiencies to Respond to the Impacts of COVID

**1. Support additional HR flexibilities**

As we look towards a tight state budget in FY22 due to the financial impacts of COVID, the UNC System needs additional tools to address the potential funding pressures to the university. These flexibilities include:

- Expanded availability of early retirement beyond faculty positions;
- Additional authority for furloughs;
- Flexibility over reduction in force and severance payment using existing resources; and
- Permission for state employees to continue using vacation and/or sick leave interchangeably through December 2021

These flexibilities are urgent needs that can minimize the harm to the University by spreading the impacts of potential cuts over an extended period of time.

**2. Amend carryforward authority to allow for additional uses**

In S. 212, the legislature increased carryforward authority to five percent, but limited the eligible use to repairs and renovations exclusively. In light of the potential budget impacts from COVID and our efforts to begin to address any potential shortfall, we seek the authority to use identified HR and operational efficiencies to minimize the impact to our institutions.

**3. Retroactively extend waiver of interest charges on past due accounts (included in S. 704)**

In S. 704 signed into law in May 2020, the legislature included a waiver of interest charges on past due student debt that was outstanding from March 13, 2020, through September 15, 2020. The impacts of COVID continue to be felt, and the need to financially support students through the pandemic remains critical. We seek to remove any obstacle to our students' successful completion of their educational pursuits.



## 2021 LEGISLATIVE PROPOSALS

### University Efficiencies

**1. Consolidate and simplify the UNC Need-based Grant, Education Lottery Scholarship, and Community College Grant into one North Carolina Scholarship**

The existence of three separate programs, with three different eligibility criteria, makes state-based grant programs more complex to navigate and understand for students and families. Consolidating these three programs into a single North Carolina Scholarship would create a simpler, more user-friendly state aid system.

**2. Exempt finance and auditor officers from most of the NC HR Act**

In an effort to be competitive in hiring and retaining finance and auditor officers, we seek legislative support for exempting these personnel. Exempting these positions from NC HR Act (EHRA non-faculty) would allow for better hiring and compensation practices. Existing employees will have the ability to opt in to EHRA classification, while new employees will be hired as exempt employees. This is consistent with our change to IT employees three years ago.

**3. Report consolidation or eliminations**

Over the years, the UNC System has been required to submit reports on a number of different activities within the University. In some cases, the usefulness of individual reports isn't apparent. We need to eliminate or reduce the frequency of those reports that are of limited value. While we value transparency, many reports require a significant investment of time at the System Office and/or across the 17 constituent institutions, and, in some cases, these reports have outlived their usefulness.



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| <b>Area:</b>               | Efficiency  |
| <b>Topic:</b>              | Support Additional HR Flexibilities   |
| <b>Governance:</b>         | G.S. § 116-14(b3)   |
| <b>Current Status:</b>     | <p>As we look toward a tight state budget in FY22 due to the financial impacts of COVID, the UNC System needs additional tools to address the potential funding pressures on the university and their impact on university employees.</p> <p>These flexibilities include:</p> <ul style="list-style-type: none"><li>• Expanding the availability of voluntary early retirement beyond faculty positions,</li><li>• Additional authority for furloughs and temporary salary reductions,</li><li>• Flexibility over reduction in force and severance payment using existing resources, and</li><li>• Allow state employees to continue to use vacation and/or sick leave interchangeably through December 2021.</li></ul> |
| <b>Current Challenges:</b> | These flexibilities are urgent needs that can minimize the harm to the University by spreading the impacts of potential cuts over an extended period of time.   |
| <b>Proposed Action:</b>    | See draft language  |



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| Area:               | Efficiency   |
| Topic:              | Allow 5% carryforward to be used for purposes other than Repairs & Renovations   |
| Governance:         | NC GS 116-30.3   |
| Current Status:     | S. 212 provided an expansion of carryforward to 5% for UNC System institutions. The bill also limited eligible uses, so institutions may only use these funds for Repairs & Renovations. Additionally, the legislation would send the savings above 2.5% to the BOG to potentially reallocate amongst the institutions.  |
| Current Challenges: | In light of the budget shortfall facing state legislators due to COVID, UNC System institutions should be incentivized to find savings in the current fiscal year to prepare for potential budget cuts. Due to the uncertain future of federal relief for states, state agencies should prepare for a state budget that includes reductions. By incentivizing the institutions to find savings in the current year, the institution leaders can minimize the impacts of the cuts that are likely to come in FY22.  |
| Proposed Action:    | <p><b>"§ 116-30.3. Reversions.</b></p> <p>(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for <u>any of the purposes</u> <del>purpose</del> set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed <del>two and one-half percent (2.5%)</del> <u>five percent (5.0%)</u> of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code. The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:(1) Each special responsibility constituent institution. (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill, and (3) University of North Carolina System Office Budget Code 16010.</p> <p><del>Each budget code in subdivisions (1) through (3) of this subsection may retain a carryforward amount of up to two and one-half percent (2.5%). One-half of any amounts carried forward exceeding two and one-half percent (2.5%) shall be distributed to The University of North Carolina System Office, to be disbursed to the constituent institutions at the discretion of the Board of Governors, with the remaining amount being retained in that budget code. ...</del></p> <p>(f) Funds carried forward pursuant to subsection (a) of this section <u>may</u> <del>shall</del> be used for <u>one-time expenditures, provided, however, that the expenditures projects that are eligible to receive funds under G.S. 143C-8-13(a).</u> <del>Expenditures authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions."</del></p> |



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| <b>Area:</b>               | Efficiency   |
| <b>Topic:</b>              | Retroactively Extend Waiver of Interest Charges on Past Due Accounts (included in S. 704)  |
| <b>Governance:</b>         | NC GS 147-86.23  |
| <b>Current Status:</b>     | In S. 704 signed into law in May 2020, the legislature included a waiver of interest charges on past due student debt that was outstanding from March 13, 2020, through September 15, 2020. The impacts of COVID continue to be felt, and the need to financially support students through the pandemic remains critical. We seek to remove any obstacle to our students' successful completion of their educational pursuits.   |
| <b>Current Challenges:</b> | <p>S. 704, Section 5.27 waived interest charges on UNC System student debt that was outstanding between March 13, 2020, and September 15, 2020.</p> <p>This temporary waiver has not been extended as of Sept. 30, 2020.</p>   |
| <b>Proposed Action:</b>    | Amend G.S. 147-86.23 to allow universities flexibility in the rates charged for interest and penalties on past-due student accounts, e.g., to be in the same spirit of G.S. 24-11(d1): “A lender may charge a party to a loan or extension of credit governed by this section a late payment charge not to exceed five dollars (\$5.00) on accounts having an outstanding balance of less than one hundred dollars (\$100.00) and ten dollars (\$10.00) on accounts having an outstanding balance of one hundred dollars (\$100.00) or more, for any payment past due for 30 days or more; provided, in no case shall the late charge exceed the outstanding principal balance. If a late payment charge has been once imposed with respect to a late payment, no late charge shall be imposed with respect to any future payment which would have been timely and sufficient but for the previous default.” Though G.S. 24-11(d1) relates to penalties, not interest, the assessment of penalties is related to the assessment of interest, and the spirit behind G.S. 24-11(d1) can be applied to the latter as well. The imposed assessment of both penalties and interest on past due accounts at relatively high rates, via various State laws and policies, is prohibitive when attempting to consider certain student success and socioeconomic mobility programs that would ultimately benefit the State and its citizens. |



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| <b>Area:</b>               | Need-based aid   |
| <b>Topic:</b>              | Consolidate and simplify the UNC Need-based Grant, Education Lottery Scholarship, and Community College Grant into one North Carolina Scholarship  |
| <b>Governance:</b>         | G.S. 115D-40.1 Financial Assistance for Community College Students<br>Article 35A of Chapter 115C of the General Statutes<br>S.L 2000-67 Section 10.1<br>Lottery Scholarship provisions  |
| <b>Current Status:</b>     | There are currently three different need-based aid programs that serve public college and university students in North Carolina: the UNC Need-based Grant, Education Lottery Scholarship, and the Community College Grant. The NC Student Aid Study Group, a joint effort by the UNC and North Carolina Community College Systems, recommends that the state consider consolidating the three programs into one scholarship program. |
| <b>Current Challenges:</b> | The existence of three separate programs, with three different eligibility criteria, makes state-based grant programs more complex to navigate and understand for students and families. Consolidating these three programs into a single North Carolina Scholarship would create a simpler, more user-friendly state aid system.  |
| <b>Proposed Action:</b>    |  |



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| <b>Area:</b>               | University Human Resources Policy   |
| <b>Topic:</b>              | Exempt Finance/Auditor Officers from NC HR Act  |
| <b>Governance:</b>         | NCGS 126-5(c1)(8)   |
| <b>Current Status:</b>     | Many financial, business officer, and auditor professional positions at the university remain subject to the NC Human Resources Act. To address this, the university is seeking legislative support to exempt financial/business and auditor positions from the NC Human Resources Act to allow for better hiring and compensation practices. |
| <b>Current Challenges:</b> | The university has challenges in attracting and retaining appropriately-leveled financial officers and auditors under existing requirements for positions subject to the NC Human Resources Act.  |
| <b>Proposed Action:</b>    | See draft language  |



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| <b>Area:</b>               | Institutional Request – Affordability and Efficiency   |
| <b>Topic:</b>              | Report Elimination (or UNC requirement to participate)   |
| <b>Governance:</b>         | NCGS 143-C-9-4, S.L. 2014-100, NCGS 147.86.26  |
| <b>Current Status:</b>     | <p>With regard to institutional efficiency, we request the elimination of the following reports as they involve a significant amount of time, effort and (human) resources:</p> <p>N.C. State Government Fee Report:</p> <ul style="list-style-type: none"><li>• This report requires collaboration between multiple departments within the Division of Business Affairs and is extremely time consuming for the individuals involved, which would assist our institutions. The report involves a great deal of detail (by agency, budget code, fund code, and revenue account code) and includes fees which reside in both the General Fund and in Institutional Trust Funds. The final 2017-18 statewide report was 589 total pages long. The UNC System portion was 256 pages.</li><li>• University Tuition and Fee data is already approved by the Board of Governors and reported via the NC Higher Education Database (NCHED). Likewise, revenue data is already available through NCAS.</li><li>• More relevant information regarding the University’s financial position and operating results can be obtained from the annual audited financial statements.</li></ul> |
| <b>Current Challenges:</b> | <p>These reports, which have been mandated by statute or budget provision, require a great deal of time and effort to complete. We request that these reports be eliminated to improve institutional efficiency. If the reports cannot be eliminated, we request that the reporting requirements be simplified or be required less frequently.</p>   |
| <b>Proposed Action:</b>    | <p>Eliminate or revise statutes to exclude the requirement for the UNC System to complete the following reports:</p> <ul style="list-style-type: none"><li>• Statewide Report on Government Fees - § 143C-9-4. Biennial fee report</li></ul>   |



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| <b>Area:</b>               | Efficiency   |
| <b>Topic:</b>              | Laboratory School Monthly Financial Reporting to the Department of Public Instruction  |
| <b>Governance:</b>         | G.S. 116-239.11  |
| <b>Current Status:</b>     | Lab schools receive an allotment of state funds from the Department of Public Instruction (DPI) based on the average daily membership (ADM) of the lab school. Additionally, lab schools receive federal grants as a pass through from DPI. The other source of funding is local funding from the Local Education Authority (LEA) in which the lab school student resides. DPI requires the lab schools to file three reports monthly: monthly financial report, a payroll report and an accounts payable report.  |
| <b>Current Challenges:</b> | The universities and DPI are on different financial reporting platforms. The universities use a chart of accounts that is tied to the North Carolina Office of State Controller NCAS accounts. DPI requires lab schools and other LEAs to report on a very detailed budget code basis. DPI only gives lab schools two business days after month-end to transmit the three reports, whereas, the universities have ten business days after month-end to report to NCAS. It takes a significant amount of time of a staff accountant, an associate vice chancellor and an IT business analyst to crosswalk the data from Banner to the DPI format, validate the data and then transmit by the second business day. In reality, the transactions are within the statistical population of transactions that are subject to audit by the Office of the North Carolina State Auditor. |
| <b>Proposed Action:</b>    | <p>Amend G.S. 116-239.11 to add a section (h):</p> <p><u>116-239.11(h)- Laboratory Schools are exempt from filing monthly financial reports, payroll reports and accounts payable reports with the Department of Public Instruction. Laboratory schools shall file a quarterly financial report with the Department of Public Instruction showing the sources and uses of funds for the quarter, with the report being due fifteen(15) calendar days after the close of a quarter.</u></p>   |



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| Area:               | Efficiency  |
| Topic:              | Research Collaborations on Military Behavioral Health Report - sunset/eliminate   |
| Governance:         | S.L. 2011-185, SECTION 10.(d)   |
| Current Status:     | Pursuant to S.L. 2011-185, SECTION 10.(d) On July 1, 2012, and annually thereafter, the General Administration of The University of North Carolina shall report its findings to the Joint Legislative Health Care Oversight Committee (now defunct) and to the House of Representatives and Senate Appropriations Subcommittees on Health and Human Services. |
| Current Challenges: | The current oversight handling health matters is the Joint Legislative Oversight Committee on Health and Human Services.  |
| Proposed Action:    | Amend S.L. 2011-185, to eliminate reporting requirements in SECTION 10.(d).   |



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| Area:               | Efficiency   |
| Topic:              | AHEC Reports: 1) eliminate/sunset, the Primary Care Plans (due spring every two years)<br>2) change the annual fall Primary Care Report due date to April  |
| Governance:         | SL 1995-507, sec 23A.5(a), (b), and (b1), § 143-613 and S.L. 2012-142, sec. 9.5, S.L. 1995-507, sec. 23A.5(d), § 143-613   |
| Current Status:     | <p>In 1995, the legislature required the BOG and the UNC System to report every other year on goals and plans for Primary Care programs in NC. AHEC has compiled these reports for all of the programs across the state and these reports are of limited value. We seek to eliminate the “Primary Care Plan” report.</p> <p>The “Primary Care Report” is a national model, but the national data necessary to complete the report comes out in October making it hard to complete the report for the fall due date to BOG. We seek to the change the next report due date to April 15, 2022. (a report was submitted in November 2020).</p>  |
| Current Challenges: | <p>The value of the biennial Primary Care Plans has diminished over the last 20 years, and AHEC and the Sheps Center for Health Services Research believes it no longer produces valuable information needed to address remaining underlying issues. While most plans are substantive (even though some are only a few sentences long), many schools have acknowledged that plans rarely change so they often just make minor edits (dates, faculty updates, etc.) and resubmit. There are no state/national databases used for this. Instead, this work requires self-reporting by NC’s 5 medical schools, 9 nurse practitioner schools, and 11 physician assistant schools —and then compilation and editing by AHEC. Though the Primary Care Plans report is every two years, collecting and compiling the report is resource intensive (i.e., personnel FTE effort), requiring persistent follow-up with schools from January to April for them to comply and submit their plans. We request eliminating requirement for continued reporting.</p> <p>On the other hand, the annual fall Primary Care Report has become a national model. AHEC, with the assistance of the Sheps Center, produces this report using the state licensure database and related national data. However, the national data has continued to lag and is now often not available until sometime in October. The delayed data the past few years has made it difficult to obtain the data, create the report, submit it to the System Office, have it seen and approved by the Board of Governors, and then reported to the legislature by November 15 each year. We request changing the date for this annual report to April 15.</p> |
| Proposed Action:    | <p>Amend § 143-613</p> <p>(a) In recognition of North Carolina's need for primary care physicians, Bowman Gray School of Medicine and Duke University School of Medicine shall each prepare a plan with the goal of encouraging North Carolina residents to enter the primary care disciplines of general internal medicine, general pediatrics, family medicine, obstetrics/gynecology, and combined medicine/pediatrics and to strive to have at least fifty percent (50%) of North Carolina residents graduating from each school entering these disciplines. These schools of medicine shall present their plans to the Board of Governors of The University of North Carolina by April 15, 1996, and shall update and present their plans every two years thereafter. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996,</p>   |



~~and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.~~

- (b) The Board of Governors of The University of North Carolina shall set goals for the Schools of Medicine at the University of North Carolina at Chapel Hill and the School of Medicine at East Carolina University for increasing the percentage of graduates who enter residencies and careers in primary care. A minimum goal should be at least sixty percent (60%) of graduates entering primary care disciplines. Each school shall submit a plan with strategies to reach these goals of increasing the number of graduates entering primary care disciplines to the Board by April 15, 1996, ~~and shall update and present the plans every two years thereafter. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996, and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.~~

Primary care shall include the disciplines of family medicine, general pediatric medicine, general internal medicine, internal medicine/pediatrics, and obstetrics/gynecology.

- (b1) The Board of Governors of The University of North Carolina shall set goals for State operated health professional schools that offer training programs for licensure or certification of physician assistants, nurse practitioners, and nurse midwives for increasing the percentage of the graduates of those programs who enter clinical programs and careers in primary care. Each State-operated health professional school shall submit a plan with strategies for increasing the percentage to the Board by April 15, 1996, ~~and shall update and present the plan every two years thereafter. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996, and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.~~

- (c) The Board of Governors of The University of North Carolina shall further initiate whatever changes are necessary on admissions, advising, curriculum, and other policies for State operated medical schools and State-operated health professional schools to ensure that larger proportions of students seek residencies and clinical training in primary care disciplines. The Board shall work with the Area Health Education Centers and other entities, adopting whatever policies it considers necessary to ensure that residency and clinical training programs have sufficient residency and clinical positions for graduates in these primary care specialties. As used in this subsection, health professional schools are those schools or institutions that offer training for licensure or certification of physician assistants, nurse practitioners, and nurse midwives.

- (d) The progress of the private and State-operated medical schools and State-operated health professional schools towards increasing the number and proportion of graduates entering primary care shall be monitored annually by the Board of Governors of The University of North Carolina. Monitoring data shall include (i) the entry of State-supported graduates into primary care residencies and clinical training programs, and (ii) the specialty practices by a physician and each midlevel provider who were State-supported graduates as of a date five years after graduation. The Board of Governors shall certify data on graduates, their residencies and clinical training programs, and subsequent careers by ~~November 15~~ April 15 of each calendar year, beginning in November of 2012, to the Fiscal Research Division of the Legislative Services Office and to the Joint Legislative Education Oversight Committee.



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| Area:               | Efficiency  |
| Topic:              | <ol style="list-style-type: none"><li>1. Eliminate Three Reporting Requirements<ol style="list-style-type: none"><li>a. G.S. 116-74.21(c) – Supply &amp; Demand of School Administrators</li><li>b. G.S 116-41.32 – Future Teachers of North Carolina</li><li>c. Section 9.7(c) of S.L. 2008-107, as amended by Section 9.3(c) of S.L. 2010-31—UNC-NCCCS 2+2 E-Learning Initiative</li></ol></li><li>2. Revise Annual Report on Teacher Education, G.S. 116-11 (12d)</li></ol>  |
| Governance:         | NC GS 116-74.21(c), G.S 116-41.32, Section 9.7(c) of S.L. 2008-107, as amended by Section 9.3(c) of S.L. 2010-31, G.S. 116-11 (12d)   |
| Current Status:     | We currently have many report requirements on P12, many are redundant and can be combined into one report.  |
| Current Challenges: | <p>In order to streamline reporting for P12, we seek to eliminate three reports and revise the Annual Report on Teacher Education, so that it would include the following information:</p> <ul style="list-style-type: none"><li>• Overview of the UNC System Office’s Role in Educator Preparation<ul style="list-style-type: none"><li>○ UNC System P12 Division</li><li>○ BOG Subcommittee Recommendations for Teacher &amp; School Leader Quality</li><li>○ Educator Preparation Advisory Group</li><li>○ Resolution on Teacher Preparation</li><li>○ Overview of UNC System Educator Preparation Programs</li></ul></li><li>• Teachers:<ul style="list-style-type: none"><li>○ Enrollment &amp; Productivity</li><li>○ Teacher Supply &amp; Demand</li><li>○ IHE Recruitment Funds/Plans/Activities</li><li>○ Future Teachers of North Carolina</li></ul></li><li>• School Leaders<ul style="list-style-type: none"><li>○ School Leader Supply &amp; Demand (Superintendents, Principals, and Assistant Principals)</li><li>○ Overview of Principal Preparation Programs</li><li>○ MSA Programs</li></ul></li><li>• Other Initiatives:<ul style="list-style-type: none"><li>○ GEAR UP (P-16 Student Access &amp; Success)</li><li>○ Digital Learning Initiative</li><li>○ Strategic Research</li></ul></li></ul>         |
| Proposed Action:    | <ol style="list-style-type: none"><li>1 Eliminate Three Reporting Requirements<ol style="list-style-type: none"><li>a. G.S. 116-74.21(c) – Supply &amp; Demand of School Administrators</li><li>b. G.S 116-41.32 – Future Teachers of North Carolina</li><li>c. Section 9.7(c) of S.L. 2008-107, as amended by Section 9.3(c) of S.L. 2010-31—UNC-NCCCS 2+2 E-Learning Initiative</li></ol></li><li>2. Revise Annual Report on Teacher Education</li></ol> <p><i>Proposed Requirements: G.S. 116-11 (12d) The Board of Governors shall provide a comprehensive annual report on <del>teacher</del> educator education efforts at The University of North Carolina. The report shall include information about <del>teacher</del> educator education and recruitment, <u>initiatives to improve educator quality, student success measures, strategic research, and related efforts.</u> <del>2+2 initiatives, distance education programs focused on teacher education, and professional development programs for teachers and school administrators.</del> The <del>teacher</del> educator education report shall be due on <del>April 15</del> <u>October 15</u> of each year to the Joint Legislative Education Oversight Committee and <u>shall provide a copy of the report to the State Board of Education.</u></i></p> |