



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

January 19, 2022 at 10:00 a.m.
Via Videoconference and PBS North Carolina 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 MinutesJames L. Holmes, Jr.
 - a. Meeting of November 17, 2021
 - b. Meeting of December 15, 2021
- A-2. 2022-23 Tuition and Fee PresentationJennifer Haygood and Lindsay Farling
- A-3. Amend Section 1000.1.1 of the UNC Policy Manual, *Policy on Tuition Rates*Jennifer Haygood
- A-4. Update on Short Session Budget Priorities.....Jennifer Haygood
- A-5. 2021-22 Report on State Budget Allocations and Policies Lindsay Farling
- A-6. Amend Section 600.1.1 of the UNC Policy Manual, *Policy on Design, Construction, and Financing of Capital Improvement Projects*.....Jennifer Haygood
- A-7. Capital Improvement Projects Katherine Lynn
- A-8. Adjourn

DRAFT MINUTES

November 17, 2021

Via Videoconference and PBS North Carolina Live Stream

North Carolina State University

Hunt Library, Duke Energy Hall D

Raleigh, 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: Jimmy Clark, J. Alex Mitchell, Wendy Floyd Murphy, Lee Roberts, and Michael Williford.

Chancellors participating were Robin Cummings, Sheri Everts, and Randy Woodson.

Faculty Assembly advisors participating by video were Dr. Carol Cain (Winston-Salem State University), Dr. Susan Harden (UNC Charlotte), and Dr. Jim Westerman (Appalachian State University).

Staff members present included Jennifer Haygood, Lindsay Farling, Katherine Lynn, and others from the UNC System Office.

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

The chair called the meeting to order at 10:00 a.m., on Wednesday, November 17, 2021, and called for a motion to approve the open session minutes of September 15, 2021.

MOTION: Resolved, that the Committee on Budget and Finance approve the open session minutes of September 15, 2021, as distributed.

Motion: J. Alex Mitchell

Motion: Carried

2. 2021-23 Authorization of Delegated Authority – Allocation of Funds (A-2)

Senior Vice President Jennifer Haygood explained that each year when the State budget is finalized, the Committee on Budget and Finance recommends allocations of funds made available by the General Assembly to the Board of Governors. Due to the uncertainty of the 2021-23 State budget finalization, the committee considered the recommended authorization of delegated authority to allocate funds made available by the General Assembly — if the State budget is ratified prior to the next Board meeting. If this occurs, there will be a specially called meeting for this purpose and the entire Board will be invited to participate, either in person or via Zoom.

MOTION: Resolved, that the Committee on Budget and Finance be delegated the authority to allocate funds made available by the General Assembly, if the State budget is ratified prior to the next Board meeting. There will be a specially called meeting for this purpose and the entire Board will be invited to participate, either in-person or via Zoom.

Motion: J. Alex Mitchell

Motion carried

3. Amend Appendix of *The Code*, Section V (A-3)

Ms. Haygood presented amendments to the Appendix I of *The Code*, Section V that codified the all-funds budget requirement in the UNC Policy Manual and delegated approval to the boards of trustees. The committee discussed changes to *The Code*, and approved the amendments, therein.

MOTION: Resolved, that the Committee on Budget and Finance approve the amendment to Section V of Appendix I of *The Code* that codifies the all-funds budget requirement in the UNC Policy Manual and delegates approval to the board of trustees and recommend it to the full Board of Governors for a vote through the consent agenda at the next meeting.

Motion: Jimmy Clark

Motion carried

4. Recommendations of the Task Force on Pricing, Flexibility, and Affordability Update (A-4)

Mrs. Murphy provided an update on the Task Force on Pricing, Flexibility, and Affordability's October 13, 2021 meeting. The task force recommended the president develop a regulation that establishes a common methodology of estimated cost of attendance to be applied for the 2023-24 academic year.

MOTION: Resolved, that the Committee on Budget and Finance approve the development of a regulation that establishes a common methodology and promulgate the regulation by March 1, 2022.

Motion: Michael Williford

Motion carried

5. Revisions to Section 1000.1.2 of the UNC Policy, *Policy on Student Fees* (A-5)

Ms. Haygood reminded the committee that revisions to the tuition policy were addressed in July 2021 and revisions to the fee policy were considered in September 2021. Several additional changes were proposed following the September discussion. She explained that the new language to policy further codifies to the student fee policy (Section 1000.1.2) which directs campus boards of trustees to approve housing and dining rates each year and to do so in the context of the all-funds budget exercise. Additional revisions were added to better reflect existing practice and restructured the policy for ease of understanding.

MOTION: Resolved, that the Committee on Budget and Finance approve the revisions to Section 1000.1.2 of the UNC Policy Manual, *Policy on Student Fees*, and recommend them to the full Board of Governors for a vote.

Motion: J. Alex Mitchell

Motion carried

6. Amend Section 1000.1.1 of the UNC Policy Manual, *Policy on Tuition Rates* (A-6)

Ms. Haygood explained that the aforementioned revisions to Section 1000.1.1 of the UNC Policy Manual, *Policy on Tuition Rates*, would result in unnecessary and duplicative language in Section VI that should be removed.

MOTION: Resolved, that the Committee on Budget and Finance approve the amended Section VI of the *Policy on Tuition Rates* and recommend it to the full Board of Governors for a vote.

Motion: J. Alex Mitchell

Motion carried

7. Tuition and Fees Orientation (A-7)

Ms. Haygood and Vice President Lindsay McCollum Farling presented a brief tuition and fee orientation to prepare for the upcoming submissions of proposals by institutions for the FY 2022-23 academic year. These proposals will be presented for review in January 2022 and a vote in February.

This item was for information only.

8. Millennial Campus Expansion – University of North Carolina Wilmington (A-8)

Ms. Haygood and UNC Wilmington's Vice Chancellor for Business Affairs and CFO Miles Lackey presented the university's request for expansion of its Millennial Campus to include 18 acres along the northeast portion of campus for a drainage easement adjacent to Clear Run Branch. The Clear Run Branch Drainage Improvement Project offers direct and indirect benefits for UNCW and the campus community, including: (1) making access to campus safer for vehicular traffic and pedestrians during major rain events, (2) improving the water quality of Bradley Creek, (3) beautifying the northeast portion of campus adjacent to Clear Run Branch, and (4) providing a source of funding to enable future improvements (i.e., walking path upgrades, lighting, etc.) in the Clear Run Branch area, which will benefit stakeholders accessing the property for educational and recreational purposes.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC Wilmington's request for its Millennial Campus expansion and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: J. Alex Mitchell

Motion carried

9. Report on FY 2019 Facilities Inventory and Utilization Study (A-9)

Ms. Haygood presented the report on the FY2019 Facilities Inventory and Utilization Study that outlined information regarding the space utilization and physical building characteristics at each of the UNC System institutions. The primary purpose of the report is to provide detailed information on the utilization of the campuses' physical assets. With the renewed focus of the system on the growing backlog of deferred maintenance and the emphasis on utilizing R&R projects to renew and maintain existing buildings, the report provides details on the capacity, weekly scheduled use, and seat station utilization on a room-by-room basis. The report also includes the age and condition of buildings at each campus. This annual study evaluates the self-reported data for the institutions measuring capacity, use, and condition of buildings.

This item was for information only.

10. Capital Improvement Projects – Appalachian State University, East Carolina University, Elizabeth City State University, North Carolina State University, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, and The University of North Carolina at Pembroke (A-10)

Ms. Lynn presented 10 new capital projects for Appalachian State University, North Carolina State University, University of North Carolina at Chapel Hill, and University of North Carolina at Charlotte, totaling \$24.23 million. In addition, Ms. Lynn presented six capital improvement projects for increased authorization at East Carolina University, Elizabeth City State University, North Carolina State University, University of North Carolina at Chapel Hill, and The University of North Carolina at Pembroke, totaling \$10.9 million. As required by G.S. 143C-8-13, 4 chancellor-authorized repairs and renovations projects were reported to the Board of Governors and will be reported to the Fiscal Research Division.

MOTION: Resolved, that the Committee on Budget and Finance approve the capital improvement projects requests from App State, ECU, ECSU, NC State, UNC-Chapel Hill, UNCC, and UNCP and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: J. Alex Mitchell

Motion carried

11. Disposition of Property by Demolition – Appalachian State University (A-11)

Ms. Lynn presented to Appalachian State University's request of authorization for disposition by demolition of Bowie and Eggers Residence Halls. The demolition of the two residential halls include 560 beds and is required to support construction of Phase 3 of the public-private partnership (P3) student housing project.

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

Motion: J. Alex Mitchell

Motion carried

12. Disposition of Property by Ground Lease and Disposition by Demolition – East Carolina University (A-12)

Ms. Lynn presented to the committee East Carolina University's request of authorization for disposition by ground lease of up to 13.7 acres for up to 99 years for the purpose of developing additional properties in the Millennial Campus Historic Warehouse District and disposition by demolition of up to eight buildings located within the district.

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

Motion: J. Alex Mitchell

Motion carried

13. Disposition of Property by Demolition – North Carolina Central University (A-13)

Ms. Lynn presented North Carolina Central University's request of authorization for disposition by demolition of Baynes Residence Hall. The demolition of the residential hall includes approximately 400 beds and is required to support construction of the public-private partnership (P3) student housing project.

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

Motion: J. Alex Mitchell

Motion carried

14. Disposition of Property by Ground Lease and Dedication as a Nature Preserve – The University of North Carolina at Greensboro (A-14)

Ms. Lynn presented The University of North Carolina at Greensboro's request of authorization for disposition by ground lease for a 30-year term of approximately 61 acres at the Three College Observatory. The property will be leased to Alamance County in exchange for property management and monitoring services. Additionally, the request included designating the property as a nature preserve per G.S. 143B-135.264.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC Greensboro's request for disposition of property by ground lease and dedication as a nature preserve and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: J. Alex Mitchell

Motion carried

15. Additional Information

Ms. Haygood noted that additional information on Higher Education Emergency Relief Fund (HEERF) awards and expenditures through September 30, 2021, and FY2022 1st Quarter General Fund updates were available on BoardEffect.

There being no further business and without objection, the meeting adjourned at 11:02 a.m.

Michael Williford, Secretary

DRAFT MINUTES

December 15, 2021
Via Videoconference and PBS North Carolina Live Stream
University of North Carolina System Office
Chapel Hill, North Carolina

This specially called 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 via video or phone: Jimmy Clark, J. Alex Mitchell, Wendy Floyd Murphy, Lee Roberts, and Michael Williford.

Michael Williford joined at 11:46 a.m.

Chancellors participating by video were Robin Cummings, Sheri Everts, and Randy Woodson. Faculty Assembly advisors participating by video were Dr. Carol Cain (Winston-Salem State University), Dr. Susan Harden (UNC Charlotte), and Dr. Jim Westerman (Appalachian State University).

Staff members present included Jennifer Haygood, Lindsay Farling, Katherine Lynn, and others from the UNC System Office.

The chair called the special meeting to order at 11:31 a.m., on Wednesday, December 15, 2021.

1. Remarks from a Member for the North Carolina General Assembly (A-1)

Chair Holmes welcomed and recognized Representative Jon Hardister, Chair of the House Universities Committee and House Education Appropriations Committee, who gave his remarks supporting the recently enacted 2021 Appropriations Act. He thanked the Board of Governors and Committee on Budget and Finance as well as the UNC System Office staff, including President Hans, Jennifer Haygood, Bart Goodson, and their respective teams.

This item was for information only and will be sent to the General Assembly.

2. 2021-22 Operating Budget Allocations (A-2)

Senior Vice President Jennifer Haygood reminded the committee that during the November 2021 Board meeting, the committee was delegated to approve the budget allocations upon the enactment of the State Budget. She highlighted the top three priorities that required Board approval, Enrollment Change Funding, NC Promise Buy-Down, and UNC Building Reserves. In addition, she gave an overview of several other items that did not require further approval.

MOTION: Resolved, that the Committee on Budget and Finance with delegated authority approve the 2021-22 Operating Budget Allocations as outlined.

Motion: J. Alex Mitchell

Motion carried

Chair Holmes and Ms. Haygood requested it be noted that in addition to the recommended approval of proposed allocations for 2021-22, that the president be authorized to make refinements in the interest of accuracy and completeness. It was also recommended that the president be authorized to seek such concurrence as may be required of the director of the budget in the allocation of budget priorities.

3. 2021-22 Capital Budget Allocations (A-3)

Ms. Haygood presented the 2021-22 Capital Budget Allocations, which includes the 2021 Appropriations Act (S.L. 2021-180) authorization for repairs and renovations (R&R) projects totaling \$978,877,433 and appropriated \$250M for each fiscal year of the biennium. While the Act includes the specific projects to be funded from the R&R funding, the Board of Governors determines the allocation of the R&R funds to the institutions.

The General Assembly authorized additional projects for a total of \$1,073,211,000. In addition, \$90 million was allocated to the Board of Governors for Engineering N.C.'s Future to be distributed equally among North Carolina State University, the University of North Carolina at Charlotte, and North Carolina Agricultural and Technical State University. The money was allocated for capital improvements to existing buildings to support engineering programs. These projects do not require any Board action and was for information only.

MOTION: Resolved, that the Committee on Budget and Finance with delegated authority approve the 2021-22 Capital Budget Allocations as outlined.

Motion: Lee Roberts

Motion carried

4. 2021-22 NC Promise Tuition Plan Annual Report (A-4)

Ms. Haygood reviewed the 2021-22 NC Promise Tuition Plan report, which includes all the information required by G.S. 116-143.11(d). To offset the decrease in tuition revenue, Elizabeth City State University will receive \$6.98 million, The University of North Carolina at Pembroke will receive \$17.28 million, and Western Carolina University will receive \$35.34 million. The System Office will make initial allocations to the institutions based upon fall census data and an average of fall-to-spring retention rates. Funds will be reallocated in the spring after the spring census to match actual enrollment.

This item was for information only.

5. Enrollment Funding Model Discussion (A-5)

The UNC System uses a formula based on completed student credit hours to request and allocate enrollment funding to institutions on an annual basis. The current model does not align with strategic goals, is unnecessarily confusing and complex, and does not accommodate a diverse system. The model should be updated to address these concerns. Governor Roberts explained that there will be plenty of discussions with chancellors, chief financial officers, and other stakeholders before any changes are made. He provided a summary of feedback from stakeholders from around the UNC System, policy concerns, current funding model calculation, and desired attributes of a revised model.

This item was for information only.

There being no further business and without objection, the meeting adjourned at 12:51 p.m.

Michael Williford, Secretary



AGENDA ITEM

A-2. 2022-23 Tuition and Fee PresentationJennifer Haygood and Lindsay Farling

- Situation:** Campus tuition and fee proposals are presented for the Board of Governors review. At its February meeting, the Board will act on recommendations for tuition and fee rates for the 2022-23 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 2022-23 tuition and fee proposals in accordance with legislative and UNC System guidelines.
- Action:** This item is for discussion only.



2022-23 TUITION AND FEE PROPOSALS

BOG Committee on Budget and Finance

January 19, 2022

Presentation Outline

- Background and Context
- Historical Tuition and Fee Averages
- 2022-23 Tuition and Fee Proposals

Background and Context

3

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*

4

2022-23 Tuition and Fees Instructions

Tuition	Increase Allowed?
Undergraduate Resident	No
Undergraduate Nonresident	Yes
Graduate Resident	No
Graduate Nonresident	Yes
Fees	Increase Allowed?
Mandatory Fees (including debt service)	Any proposed increase must be offset by a commensurate decrease to another fee, unless it meets the criteria for an exception
Special Fees	New fees allowed only for new programs of study; increases allowed to existing fees only to cover increases in "pass-through charges"*
Application Fees	No

*"Pass-through charges" are fees charged to cover costs levied by a third party (e.g., licensure exam fee).

The Board approved a \$60 campus security fee last year (\$30 increase) at all institutions, except those that would result in a total mandatory fee increase over three percent. The fee at those institutions will increase to \$60 in 2022-23.

Fee Increase Exceptions

■ Limited exceptions may be considered for proposed fee increases that meet all the following criteria:

- The fee was not increased in the last two years.
- The fee increase will not support an increase in scope of services/activities.
- Without the fee increase, the ending fund balance is projected to be less than four months of recurring expenses.

Background and Context

Timeline for the 2022-23 Tuition & Fee Process

September 2021	The System Office provides guidance for the 2022-23 tuition and fee process to Chancellors, Chief Academic Officers, and Chief Finance Officers.
September 2021	Tuition and fee instructions, consistent with the Board's policy, are sent to the institutions.
August through November 2021	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 2021	Institutions finalize tuition and fee proposals and submit to their Board of Trustees for approval.
Early December	Chancellors submit tuition and fee requests for 2022-23 to the System Office.
December 2021 through January 2022	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 2022	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 2022	Board of Governors consider tuition and fee proposals for 2022-23.

Tuition and Fees Comparison to Board-Approved Peers

Institution	Undergraduate Students	
	Resident Rank	Nonresident Rank
ASU	11 of 11	6 of 11
ECU	11 of 12	8 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	7 of 11
UNC-CH	10 of 11	8 of 11
UNCC	12 of 13	11 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

Source: IPEDS

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 2021-22 tuition and fees of UNC System campuses to 2020-21 tuition and fees of their public peer institutions.

UNCSA's comparison includes public and private institutions.

FSU will join NC Promise in 2022-23.

2020-21 Tuition and Fees Variance % from 75th Percentile (2021-22 rates for UNC campuses)

# of Peers	Peer Ranking	Institution	Undergraduate Resident Tuition & Fees	Variance % from 75th Percentile
11	11	ASU	\$7,289	-40.9%
12	11	ECU	7,146	-22.4%
11	11	ECSU	3,326	-123.5%
11	11	FSU	5,379	-22.6%
12	11	NCA&T	6,611	-11.2%
11	11	NCCU	6,447	-30.3%
13	12	NC State	8,925	-20.4%
11	10	UNCA	7,153	-24.5%
11	10	UNC-CH	8,790	-26.2%
13	12	UNCC	6,997	-22.4%
11	10	UNCG	7,373	-10.4%
12	12	UNCP	3,495	-96.0%
13	13	UNCW	7,134	-30.8%
13	13	UNCSA	8,941	-28.0%
13	13	WCU	3,891	-100.9%
13	13	WSSU	5,937	-44.1%
Avg. ALL Institutions			\$6,552	-40.9%
Avg. Excluding NC Promise			\$7,240	-25.7%



- *Guidance requires that all universities remain in the bottom quartile when compared to their undergraduate resident peers.*
- *More than half of the universities are last in their peer ranking.*
- *Institutions could increase by an average of \$2,213 and still remain in the bottom quartile.*
- *FSU will join NC Promise in 2022-23.*

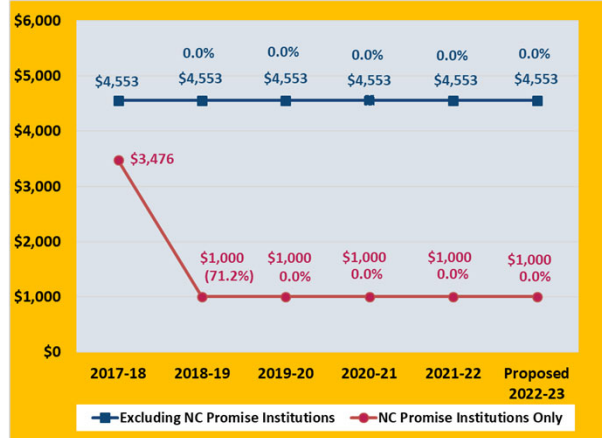
9

Historical Tuition and Fee Averages

10

Historical Tuition Averages

UNC System Average Undergraduate Resident Tuition



This slide has not been updated to reflect FSU's inclusion in the NC Promise program beginning in 2022-23.

Historical Tuition and Fee Averages

Academic Year	Average Increases		
	Undergraduate Resident Tuition	Undergraduate Nonresident Tuition	Mandatory Fees
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%	2.2%
2022-23* (proposed)	0.0%	1.3%	0.7%

* NC Promise was implemented for ECSU, UNCP and WCU (2018-19) and FSU (2022-23). 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. For 2022-23, the actual percentage is -3.2% for residents and -2.1% for nonresidents due to the addition of FSU.

2022-23 Tuition Proposals

13

2022-23 Tuition Proposals (UG Nonresident)

Institution	2021-22 Tuition	2022-23 Rate Change	2022-23 Proposed Rates	%
NCSU	\$27,320.00	\$ 956.00	\$28,276.00	3.5%
UNC-CH	34,882.00	698.00	35,580.00	2.0%
ECU	20,729.00	–	20,729.00	0.0%
NC A&T	17,050.00	–	17,050.00	0.0%
UNCC	17,246.00	690.00	17,936.00	4.0%
UNCG	19,581.00	–	19,581.00	0.0%
UNCW	18,508.00	555.00	19,063.00	3.0%
ASU	19,849.00	397.00	20,246.00	2.0%
FSU	14,590.00	(9,590)	5,000.00	(66%)
NCCU	16,435.00	329.00	16,764.00	2.0%
UNCP	5,000.00	–	5,000.00	0.0%
WCU	5,000.00	–	5,000.00	0.0%
WSSU	14,057.44	–	14,057.44	0.0%
UNCA	21,470.00	–	21,470.00	0.0%
ECSU	5,000.00	–	5,000.00	0.0%
UNCSA	23,731.00	–	23,731.00	0.0%
Average	17,528.03	(372.81)	17,155.22	(2.1%)

14

2022-23 Tuition Proposals (Grad Nonresident)

Institution	2021-22 Tuition	2022-23 Rate Change	2022-23 Proposed Rates	%
NCSU	\$27,082.00	\$1,219.00	\$28,301.00	4.5%
UNC-CH	28,844.00	—	28,844.00	0.0%
ECU	17,898.00	—	17,898.00	0.0%
NC A&T	17,545.00	—	17,545.00	0.0%
UNCC	17,771.00	711.00	18,482.00	4.0%
UNCG	18,937.00	—	18,937.00	0.0%
UNCW	18,548.00	556.00	19,104.00	3.0%
ASU	19,849.00	—	19,849.00	0.0%
FSU	14,503.38	—	14,503.38	0.0%
NCCU	17,694.00	354.00	18,048.00	2.0%
UNCP	16,834.00	505.00	17,339.00	3.0%
WCU	14,842.00	—	14,842.00	0.0%
WSSU	14,406.61	—	14,406.61	0.0%
UNCA	21,236.00	—	21,236.00	0.0%
ECSU	16,437.13	—	16,437.13	0.0%
UNCSA	23,899.00	—	23,899.00	0.0%
Average	19,145.38	209.06	19,354.45	1.1%

2022-23 Tuition Proposals

Estimated Revenues Generated by Tuition Increases

<u>Undergraduate</u>	<u>2022-23</u>
Residents	
(new students)	\$0
Nonresidents	\$7,863,950
<u>Graduate</u>	
Residents	\$0
Nonresidents	\$4,144,414
Total	\$12,008,364

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

2022-23 Professional School Adjustments

UNC Chapel Hill	Resident Proposals				Nonresident Proposals			
Professional Tuition	From	To	\$	%	From	To	\$	%
Master of Public Policy	New	19,052			New	37,344		
MBA (Nonresident only)					63,740	65,015	1,275	2%
Receipts-Supported	From	To	\$	%	From	To	\$	%
MBA for Execs. Evening (24 mos.)	88,608	94,812	6,204	7%	88,608	94,812	6,204	7%
MPH@UNC (online, 24 mos.)	New	72,870			New	72,870		

UNC-CH is requesting approval for an \$8,500 premium tuition for its new, board-approved, Master of Public Policy, as well as increases to two MBA programs.

The university is also requesting approval to establish a program-based rate for the online MPH@UNC, consistent with similar receipts-supported programs.

The MBA for Executives (Evening) and MPH@UNC are receipt-supported programs, with one rate for both resident and nonresident students.

2022-23 Professional School Adjustments

UNC Charlotte	Resident Proposals				Nonresident Proposals			
Professional Tuition	From	To	\$	%	From	To	\$	%
eMBA	New	13,127			New	27,272		
MS-Computer Engineering					17,771	20,282	2,511	14%

UNC Charlotte requests the establishment of a rate for its new online MBA program. This is an existing program, but a new delivery method approved by the System Office under its delegated authority. The proposed premium is \$8,760.

UNCC also proposes a nonresident increase of \$1,800 for the Master of Computer Engineering, which is consistent with other engineering master's degrees at UNCC. This is in addition to the proposed 4.0% increase for all nonresidents.

UNC Greensboro	Resident Proposals				Nonresident Proposals			
Professional Tuition	From	To	\$	%	From	To	\$	%
Ph.D.-Computer Science	New	7,019			New	20,737		

UNC Greensboro requests the establishment of a rate for its new, board-approved PhD in Computer Science. The proposed rate of \$100 per course is consistent with other board-approved premium rates at UNCG's College of Arts and Sciences.

2022-23 Professional School Adjustments

Western Carolina	Resident Proposals				Nonresident Proposals			
Professional Tuition	From	To	\$	%	From	To	\$	%
MS-Athletic Training	6,135	5,435	(700)	(11%)	16,542	15,842	(700)	(4%)

Western Carolina requests a \$700 reduction in its Masters of Athletic Training tuition in order to meet market demands.

2022-23 Fee Proposals

2022-23 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 2022-23 Fee Proposals

Institution	2021-22 Mandatory Fees	2022-23 Proposed Mandatory Fee Changes						2022-23 Total Fees	\$ Change	% Change
		Athletics	Health Services	Student Activities	Ed & Tech	Campus Security	Debt Service			
NCSU	\$2,390.60	\$ 0.00	\$ 0.00	\$ 28.65	\$ 0.00	\$0.00	(\$35.00)	\$2,384.25	(6.35)	(0.3%)
UNC-CH	1,772.46	0.00	0.00	0.00	0.00	0.00	(39.00)	1,733.46	(39.00)	(2.2%)
ECU	2,695.00	0.00	0.00	0.00	0.00	8.00	0.00	2,703.00	8.00	0.3%
NC A&T	3,072.31	0.00	0.00	0.00	0.00	0.00	0.00	3,072.31	0.00	0.0%
UNCC	3,186.00	0.00	0.00	0.00	0.00	26.00	0.00	3,212.00	26.00	0.8%
UNCG	2,952.00	0.00	0.00	0.00	0.00	6.00	0.00	2,958.00	6.00	0.2%
UNCW	2,691.51	0.00	0.00	0.00	0.00	0.00	0.00	2,691.51	0.00	0.0%
ASU	3,048.00	0.00	0.00	0.00	0.00	0.00	0.00	3,048.00	0.00	0.0%
FSU	2,398.00	65.00	0.00	0.00	0.00	0.00	0.00	2,463.00	65.00	2.7%
NCCU	2,720.21	15.00	0.00	0.00	0.00	0.00	0.00	2,735.21	15.00	0.6%
UNCP	2,495.76	20.00	0.00	(20.00)	0.00	0.00	0.00	2,495.76	0.00	0.0%
WCU	2,902.00	86.00	0.00	0.00	0.00	0.00	0.00	2,988.00	86.00	3.0%
WSSU	2,537.16	0.00	0.00	0.00	0.00	29.00	0.00	2,566.16	29.00	1.1%
UNCA	3,031.50	25.00	0.00	23.50	13.00	0.00	0.00	3,093.00	61.50	2.0%
ECSU	2,327.00	0.00	0.00	0.00	0.00	30.00	0.00	2,357.00	30.00	1.3%
UNCSA	2,445.00	N/A	0.00	0.00	0.00	0.00	0.00	2,445.00	0.00	0.0%
Avg. Inc.		14.07	0.00	2.01	0.81	6.19	(4.63)		17.57	0.7%
Avg. Fee	2,666.53	749.27	372.21	645.39	492.01	60.00	410.43	2,684.10		

2022-23 Fee Proposals (Athletics)

Athletics fee revenue supports:

- Scholarships
- Salaries
- Travel
- Maintenance and operation of athletic facilities

UNCP's rate is funded via a matching reduction to its Student Activities fee.

Institution	2021-22 Rate	2022-23 Rate Change	2022-23 Proposed Rate	%
NCSU	\$232.00	–	\$232.00	0.0%
UNC-CH	279.00	–	279.00	0.0%
ECU	773.00	–	773.00	0.0%
NC A&T	870.00	–	870.00	0.0%
UNCC	824.00	–	824.00	0.0%
UNCG	780.00	–	780.00	0.0%
UNCW	774.55	–	774.55	0.0%
ASU	783.00	–	783.00	0.0%
FSU	768.00	65.00	833.00	8.5%
NCCU	847.00	15.00	862.00	1.8%
UNCP	781.52	20.00	801.52	2.6%
WCU	782.00	86.00	868.00	11.0%
WSSU	780.00	–	780.00	0.0%
UNCA	855.00	25.00	880.00	2.9%
ECSU	899.00	–	899.00	0.0%
UNCSA	N/A	N/A	N/A	N/A
Average	735.20	14.07	749.27	1.9%



23

2022-23 Fee Proposals (Student Activities)

Student Activities fee revenue supports:

- Maintenance and operation of student unions and intramural facilities
- Student organizations
- Newspapers, yearbooks, and entertainment programs

The rates shown are for undergraduate students. NCCU and UNC-CH charge different rates for graduate students.

UNCP's rate is reduced in order to fund a matching increase to its Athletics fee.

Institution	2021-22 Rate	2022-23 Rate Change	2022-23 Proposed Rate	%
NCSU	\$679.32	\$ 28.65	\$707.97	4.2%
UNC-CH	394.16	–	394.16	0.0%
ECU	702.00	–	702.00	0.0%
NC A&T	714.25	–	714.25	0.0%
UNCC	650.00	–	650.00	0.0%
UNCG	577.00	–	577.00	0.0%
UNCW	698.95	–	698.95	0.0%
ASU	659.00	–	659.00	0.0%
FSU	565.00	–	565.00	0.0%
NCCU	501.40	–	501.40	0.0%
UNCP	697.84	(20.00)	677.84	(2.9%)
WCU	632.00	–	632.00	0.0%
WSSU	545.70	–	545.70	0.0%
UNCA	791.50	23.50	815.00	3.0%
ECSU	738.00	–	738.00	0.0%
UNCSA	748.00	–	748.00	0.0%
Average	643.38	2.01	645.39	0.3%



24

2022-23 Fee Proposals (Ed & Tech)

Education and Technology fee revenue supports:

- *Specialized instructional supplies and services*
- *Scientific and information technology equipment*

Institution	2021-22 Rate	2022-23 Rate Change	2022-23 Proposed Rate	%
NCSU	\$439.28	—	\$439.28	0.0%
UNC-CH	442.30	—	442.30	0.0%
ECU	403.00	—	403.00	0.0%
NC A&T	469.06	—	469.06	0.0%
UNCC	622.00	—	622.00	0.0%
UNCG	461.00	—	461.00	0.0%
UNCW	534.94	—	534.94	0.0%
ASU	576.00	—	576.00	0.0%
FSU	382.00	—	382.00	0.0%
NCCU	428.15	—	428.15	0.0%
UNCP	533.91	—	533.91	0.0%
WCU	544.00	—	544.00	0.0%
WSSU	416.46	—	416.46	0.0%
UNCA	527.00	13.00	540.00	2.5%
ECSU	326.00	—	326.00	0.0%
UNCSA	754.00	—	754.00	0.0%
Average	491.19	0.81	492.01	0.2%

2022-23 Fee Adjustments (Special Fees)

Institution	Special Fee	2021-22 Rate	2022-23 Rate Change	2022-23 Proposed Rate	%
ECU	Dental - Housing Fee	1,200.00	195.00	1,395.00	16.3%
ECU	Dental - Preclinical Materials*	300.00	150.00	450.00	50.0%
UNCC	College of Education Assessment Fee	\$0.00	\$300.00	\$300.00	New
WCU	College of Education Assessment Fee	\$150.00	\$300.00	\$450.00	200.0%

Currently, ECU dental students pay a different preclinical fee rate each year (Y1: \$225, Y2: \$300, and Y3: \$360). This proposal would shift to a flat rate of \$450 each year. On average, this is an increase of \$155 per year.

Institution	Application Fee	2021-22 Rate	2022-23 Rate Change	2022-23 Proposed Rate	%
UNC-CH	PharmD	\$ 80.00	(80.00)	\$ 0.00	(100.0%)

2022-23 Fee Adjustments (Special Fees)

Institution	Flight Lab Fees	2021-22 Rate	2022-23 Rate Change	2022-23 Proposed Rate	%
ECSU	Private, Part I	3,625	2,375	6,000	66%
ECSU	Private, Part II	2,875	2,900	5,775	101%
ECSU	Instrument	5,000	3,775	8,775	76%
ECSU	Commercial, Part I	7,500	5,275	12,775	70%
ECSU	Commercial, Part II	7,500	4,500	12,000	60%
ECSU	Multi-Engine Ground	2,500	2,600	5,100	104%
ECSU	Certified Flight Instructor/Initial	4,000	2,550	6,550	64%
ECSU	Certified Flight Instructor/Instrument	1,500	3,275	4,775	218%
ECSU	Multi-Engine Instructor	3,000	6,600	9,600	220%

AGENDA ITEM

A-3. Amend Section 1000.1.1 of the UNC Policy Manual, *Policy on Tuition Rates*.....Jennifer Haygood

Situation: The 2021 Appropriations Act provided funds to establish Project Kitty Hawk, a public-private partnership focused on supporting UNC System institutions that want to expand digital learning programs for adult learners. Current tuition and fee policies are not adequately flexible to enable the nimble rate-setting needed for these programs.

Background: As set forth in G.S. 116C-10, North Carolina is committed to making significant efforts to increase learning and improve the education of more North Carolinians so that, by the year 2030, 2,000,000 residents between the ages of 25 and 44 will have completed a high-quality credential or post-secondary degree. In light of this goal and the impact of the COVID-19 pandemic on educational attainment, it is vital that the UNC System immediately work toward enhancing its digital learning offerings.

To support this need, the 2021 Appropriations Acts allocated \$97 million for the establishment of Project Kitty Hawk, an associated nonprofit entity that will help constituent institutions develop and offer digital learning programs. These programs will primarily focus on adult learners who need more flexible higher education opportunities.

Per section 8.24 of S.L. 2021-180, digital learning student credit hours provided with the support of Project Kitty Hawk may not be included in the UNC System enrollment change funding request. Instead, the statute expects these credit hours to be self-supporting, where tuition and fees cover the costs associated with delivering these “off-model” student credit hours. Consequently, tuition rates for these programs will need to differ from the regular campus tuition rate.

In addition, to meet the goals of the budget provision, Project Kitty Hawk will need to establish programs and enroll students on a timeline that is more flexible than the traditional academic calendar, where programs typically start once a year in the fall semester. Therefore, tuition and fee proposals may need to be considered outside of the annual cycle for establishing tuition and fee rates.

The UNC Policy Manual contemplates off-model, self-supporting credit hours in paragraph E of Section 1000.1.1, which delegates tuition-setting authority for in-person summer credit hours, which are not included in the enrollment change request, to the president. The proposed policy change would adopt the same approach for setting

tuition and fees rates for credit hours provided with support from Project Kitty Hawk, providing the flexibility needed to develop new, self-supporting programs.

Assessment:

Amendments to Section 1000.1.1 of the UNC Policy Manual are needed to provide the flexibility necessary to set tuition appropriate tuition rates for self-supporting, off-model digital learning programs provided with the support of Project Kitty Hawk.

Action:

This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda at the next meeting.

Policy on Tuition Rates

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. –North Carolina Constitution, Article IX, Section 9

I. Purpose. The North Carolina Constitution sets the parameters for establishing resident tuition rates at the constituent institutions of the University of North Carolina (UNC). The constitutional provisions for setting tuition are codified in North Carolina General Statutes (hereinafter G.S.) 116-11(7), which states, in part, "The Board [of Governors] shall set tuition and required fees at the institutions, not inconsistent with actions of the General Assembly." This statute governed the setting of tuition rates for both resident and nonresident students from 1971 through 1999, during which time the Board of Governors recommended no tuition increases except as required by session law. In November 1998, the Board adopted a tuition policy, as directed by the General Assembly, which allowed for the consideration of tuition increases as requested by the constituent institutions. These funds are subsequently appropriated by the General Assembly for use by the institution. This policy outlines the framework to be followed by the Board in establishing tuition levels for constituent institutions.² Tuition is charged to students enrolled in academic programs during regular terms, summer sessions, or through off-campus instruction, and is used to partially defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits.

II. General Policy

A. Undergraduate Tuition. The appropriate tuition policy at the undergraduate level encourages students to pursue academic and intellectual interests without regard to program costs. Accordingly, no difference in tuition between undergraduate programs will occur within an institution, and there will be only minimal differences in undergraduate tuition among campuses in similar institutional categories as defined by the Board to reflect both varying missions and contrasting costs of education, or at the direction of the General Assembly, such as the NC Promise program. Deviation in undergraduate tuition among campuses in different institutional categories will be based upon institutional offerings and will be reasonable. Combined tuition and fee rates for undergraduate residents shall be in the bottom quartile of each respective institution's Board-approved public peers.

B. Graduate and Professional Tuition. The Board will apply Article IX, Section 9 of the North Carolina Constitution to graduate- and professional-level students but with the realization that the

costs, sources of funds, and purposes of graduate and professional education are materially different from undergraduate education. The application of what is “practicable” varies by level of instruction for a number of reasons, and those differences will be reflected in the tuition policies associated with each level. Tuition for graduate and professional students will be set with an understanding that tuition revenues may be needed to maintain and increase the excellence of the University’s graduate and professional programs. In setting tuition rates, the Board will consider the need to provide access to these programs for students irrespective of their financial capacity as well as the desire to attract and retain the best students to serve North Carolina’s needs in each field.

C. Nonresident Tuition.

1. Under G.S. 116-144, the Board of Governors is required to set tuition rates for nonresident students at levels “. . . higher than the rates charged residents of North Carolina and comparable to the rates charged nonresident students by comparable public institutions nationwide. . . .” In complying with the statute, the Board will set tuition for nonresident students after considering the results of a review of rates set by comparable public institutions nationwide. Each constituent institution should set a goal to keep its combined undergraduate nonresident tuition and fee rates at or above the third quartile of its respective Board-approved public peers. Nonresident tuition rates should be market driven and cover the full cost of providing a quality education. The Board will further consider the need for tuition remissions for nonresident graduate students when setting tuition rates and tuition remission policies.

2. Constituent institutions are authorized to award tuition remission to certain nonresident graduate students to reduce the tuition rate for these students to the in-state rate. This tuition remission may be given to nonresident graduate students who are awarded a graduate teaching or research assistantship and who are paid a stipend of at least \$2,000 per academic year. Individual institutions may also establish higher minimum stipend amounts or additional policies relating to eligibility for tuition remission. The following conditions apply:

- a. Each institution shall limit the granting of tuition remissions to conform with established budgetary limitations.
- b. Each institution may supplement this appropriation from other non-state sources.
- c. Institutions may not provide tuition remissions to all graduate students.
- d. The president shall adopt administrative procedures and regulations for the implementation of the tuition remission.

D. Tuition Rates for Part-time Students. Effective with the fall term of 2021, part-time resident students and part-time nonresident students taking courses within North Carolina are charged the regular-term tuition rates established by the Board and the tuition rates for these students are implemented on a per-credit-hour basis to be calculated as follows:

1. Part-time undergraduate students shall be charged tuition per credit hour, at a rate equal to the annual undergraduate tuition rate at their institution divided by 24. The per-credit rate shall be capped at 12 credits per semester for fall and spring semesters, meaning undergraduate students shall not be charged for additional credits beyond 12 in a fall or spring semester.

2. Part-time graduate students shall be charged tuition per credit hour, at a rate equal to the annual graduate tuition rate divided by 18. The per-credit rate shall be capped at nine credits for fall and spring semesters, meaning graduate students shall not be charged for additional credits beyond nine per semester in a fall or spring semester.

E. Other Tuition Rates

1. The authority to set tuition rates for nonresident students taking courses outside North Carolina and to approve tuition rates for self-supported summer enrollment is delegated to the president. The president may also grant exceptions to the method by which the tuition rate is implemented on a per-credit-hour basis, provided that the relevant course or program is receipt-supported.

2. Student Exchange Programs. The constituent institutions are authorized to enter into and extend or modify agreements with institutions in other countries to provide for a balanced exchange of students. A UNC student participating in such an exchange shall be charged tuition by the home UNC institution at a rate consistent with the residency status the student would otherwise have at the home institution and shall be counted in the official FTE of the home institution in that residency status. A foreign student participating in such an exchange agreement shall not be charged tuition by the host UNC institution and shall not be counted in the official FTE of the host UNC institution.

3. Project Kitty Hawk Programs. The authority to set tuition rates for self-supported digital learning programs offered through a partnership with Project Kitty Hawk is delegated to the Project Kitty Hawk Board of Directors with approval of the president.³ The Project Kitty Hawk Board and the president shall consult the participating constituent institution in establishing tuition rates. Notwithstanding, tuition rates established under this delegated authority for nonresident students shall exceed the resident tuition rate charged for the applicable program.

....

¹Supersedes Section 1000.1.1 originally entitled, *Establishing Tuition and Fees*.

²Consistent with G.S. 116-143, no tuition or fees may be charged to students in the high school program at the North Carolina School of Science and Mathematics (NCSSM).

³Per G.S. 116-11(9)(e), digital learning student credit hours provided with the support of Project Kitty Hawk may not be included in the UNC System's enrollment change request.



Project Kitty Hawk

Update to the Board of Governors

January 19, 2022

I. Introduction: The Opportunity

The state constitution calls on the University of North Carolina to “extend the benefits of public higher education to the people of North Carolina”—all of them. To truly fulfill the University’s constitutional duty, the System must more fully adapt to the needs of today’s learners and a changing labor market.

Accessing higher education and relevant training can be challenging for working adults. Barriers include time, money, a bewildering array of options, uncertain connections to a clear career path, and a hesitancy to step into the classroom after many years away.

The UNC System has not traditionally served these learners on a broad scale even though working adults across the state would benefit from the high-quality education UNC System universities provide. It is not simply a shortage of demand for postsecondary education from nontraditional students. In fact, data indicate that tens of thousands of North Carolinians choose to enroll online with out-of-state universities, presumably because they could not find an option that fits their goals, budget, and schedule closer to home.

The UNC System has an opportunity to develop new models and services that can fit into the busy lives of working adults and that directly align with careers in growing fields. Developing these models will not only help North Carolinians access better jobs; it will also help our institutions grow their digital offerings and serve a new and almost entirely untapped segment of the population that is far larger than the diminishing pool of 18-24-year-olds. Creating pathways for working adults will also benefit the state, driving economic growth by creating a more skilled workforce, extending our educational mission to more students in underserved areas, and diversifying revenue with new markets.

II. The Status Quo

North Carolina has set an ambitious attainment goal that 2 million North Carolinians between the ages of 25 and 44 will have completed a postsecondary degree or credential by 2030. If current trends persist, the state will be more than 400,000 adults short of that target by the end of the decade. To reach the state’s goal, colleges and universities must extend the benefits of higher education to far more North Carolinians than just those between the ages of 18 and 24.

Re-engaging adults who started college but did not finish a degree is a particularly promising strategy, especially considering demographic shifts that will affect the UNC System over the next two decades. Census data indicate that in 2019, approximately 1.5 million North Carolina adults over the age of 25 had “some college, no degree,” 586,000 of whom were between the ages of 25 and 44.¹ Meanwhile, the state demographer projects that, after decades of growth, the number of North Carolinians between the ages of 18 and 24 is likely to level off by the end of the next decade due to declines in fertility rates—a trend that COVID-19 has exacerbated.²

Adult students are different from traditional-age undergraduates in several ways. They are more likely to enroll exclusively online and to attend part-time. They tend to value flexibility (in course delivery and academic calendar), structured and accelerated paths to a degree, and programs that are closely aligned

¹ 2019 American Community Survey, One-year Estimates, Educational Attainment in North Carolina.

² Rebecca Tippet, “Early signs indicate pandemic baby bust,” Carolina Demography, June 15, 2021: <https://www.ncdemography.org/2021/06/15/early-signs-indicate-pandemic-baby-bust/>

to their career goals. Universities that serve working adults tend to accept substantial amounts of transfer credit, have degree programs that are closely aligned to the labor market, and feature year-round calendars with multiple start dates.

The UNC System and constituent universities have taken steps to re-engage “part-way home” students and build new pathways to a degree. Many of the constituent institutions have developed “completion degrees” designed to provide a streamlined pathway to complete a bachelor’s degree. The General Assembly included a one-time appropriation for a Part-Way Home Initiative in its 2016 short session budget, designed to learn more about the causes of stop-out and to understand what options are best suited to returning adults.³ More recent efforts include re-engagement campaigns funded by the North Carolina Pandemic Recovery Office (NC-PRO) and the Lumina Foundation.

While these efforts have benefited students and the state, they represent a small fraction of the UNC System’s enrollment and the 1 million-plus working adults with some college but no degree. Just 10 percent of the System’s undergraduate full-time equivalent (FTE) enrollment is over the age of 25, and enrollment by adult students has declined during the past decade. About 13 percent of the UNC System’s 900 bachelor’s degree programs are available online, with three of those available exclusively online. Prior to COVID, 13 percent of UNC System undergraduates enrolled exclusively online.

In the absence of flexible online degree options in the public university system, many North Carolinians are looking out of state for more flexible options. In 2019, 63,000 North Carolinians were enrolled exclusively online with out-of-state universities, nearly the same number that were enrolled online at a North Carolina university. During COVID, that number grew to more than 74,000, nearly 28,000 of whom were enrolled in out-of-state for-profit colleges.⁴

III. Lessons Learned from Prior Efforts and Analysis

The market for online learning and serving working adults has evolved quickly during the past decade, and traditional universities and university systems have chosen several different strategies to pursue in this market. Table 1 summarizes some of the common approaches, though these are not exhaustive.

³ The Part-Way Home Initiative’s survey of stopped out students found that 40 percent of survey respondents cited work commitments and the fact that they “didn’t see the value of a Bachelor’s degree” as the primary reasons for not being interested in completing a degree. When asked what delivery mode they would prefer if they were to re-enroll, a plurality (40 percent) said they would prefer to enroll exclusively online (as compared to the 21 percent who would prefer to enroll in-person. See “Report on Partway Home Initiative,” September 2017, <https://www.northcarolina.edu/apps/bog/doc.php?id=57874&code=bog>

⁴ For data on “outgoing exclusively distance education enrollment,” see National Council for State Authorization Reciprocity Agreements (NC-SARA) data dashboards here: <https://nc-sara.org/data-dashboards>

Table 1: Examples of different approaches to expanding online learning

Approach	Pros	Cons	Examples
1. Build an online learning arm at an existing university	The university can build the online learning arm to fit its needs.	Expensive and uncertain, especially given an increasingly competitive market.	Arizona State Online, Southern New Hampshire University
2. Create a new, accredited online college or university	New organization can be designed and staffed around the needs of adult learners.	Costly and time-consuming to create a new university, including accreditation processes. The new university also competes with existing universities for students.	CalBright (California's online community college); University of Maryland Global Campus; University of Arkansas eVersity (now UA Grantham)
3. Acquire an existing online university	Enables traditional universities/systems to immediately expand digital offerings through acquiring platform, staff, programs and existing students.	Parent university inherits organizational structure, academic offerings, staffing model, and pricing. Acquisition can bring reputational risk.	Purdue University Global (Purdue acquires Kaplan); University of Arkansas-Grantham; University of Arizona Global Campus (UA acquires Ashford U); UMass Global (UMass acquires Brandman U)
4. Develop a centralized portal that provides access to online offerings across a university system	Enables public systems to bring online offerings together in one place and help streamline the process of enrollment and cross-registration for universities	Centralized portals typically serve as a clearinghouse for existing programs and courses available at universities in a given system but may provide limited support for universities to develop online programs and recruit and support online learners.	Cal State Online; Georgia On My Line; UNC Online
5. Develop a shared service at the System level that helps universities move online	Potentially more efficient and cost-effective than starting a new university or acquiring an existing one; capitalizes on existing universities' programs, faculty, and staff	Lack of a business model that enables the shared service to cover its costs can create a financial liability if public funding is non-recurring; Lack of incentives to partner with the shared service can limit university buy-in.	Missouri Online; University of Texas Institute for Transformational Learning
6. Partner with a private third party (Online Program Manager (OPM)) to develop online programs	Allows rapid entry into online market because the OPM provides the up-front investment in program development, marketing, recruitment in return for share of tuition revenue. Established business model.	OPM typically takes 55-60 percent of the tuition revenue from online programs. OPMs are also limited in the programs they want to offer, and usually target high-tuition graduate programs rather than undergraduate degrees.	2U partnerships with UCLA, University of Central Florida, Georgia Tech, Michigan State, UNC-Chapel Hill, and others; Academic Partnerships contracts with regional public universities.

Like most of traditional higher education, the UNC System has been working to identify a System-wide digital learning strategy, leading to multiple efforts over the past five years to identify a System-wide strategy in digital learning. Select recommendations from those efforts are included in Table 2.

Table 2: Prior UNC System efforts related to online learning

Initiative	Year	Select findings/recommendations
President's Task Force on the Future of Online Learning	2016	<p>42 different actions organized under 10 strategies, including:</p> <p>Strategy: "Provide sustainable and scalable shared service alternatives for online education System-wide"</p> <ul style="list-style-type: none"> Action: Develop opt-in, shared online program recruitment funnel and application system Action: Create NCSU-DELTA-like organization within UNC GA, or contract out, to provide opt-in, shared services (as cost center or fee for service) Action: Spin off UNC-affiliated, not-for-profit online program management (OPM) organization with which institutions could choose to partner
Part-Way Home Initiative ⁵	2017	<p>Five "Pillars":</p> <ul style="list-style-type: none"> Improving access to courses through flexible modalities Leveraging "System-ness" to deliver services and resources at scale Re-aligning services and policies to meet the needs of nontraditional learners Implementing technology solutions to improve degree efficiency and student success <p>Facilitating statewide, cross-sector conversations about postsecondary attainment in North Carolina</p>
Tyton Partners ⁶	2018	<p>Six potential business models identified, including:</p> <p>18th University</p> <ul style="list-style-type: none"> UNC System Global: Create standalone 18th University with own brand and infrastructure <p>Shared services</p> <ul style="list-style-type: none"> OPM to the UNC System: develop a unit that can serve as an internal UNC-only OPM provider, providing support to each institution within the system for online learning. <p>Existing universities</p> <ul style="list-style-type: none"> Pick and invest: Determine areas of strength across the system and invest heavily in selected institutions.

⁵ <https://www.northcarolina.edu/apps/bog/doc.php?id=57874&code=bog>

⁶ See pages 34 through 52 here: <https://www.northcarolina.edu/apps/bog/doc.php?id=61025&code=bog>

		<ul style="list-style-type: none"> Free market, fix incentives: equip the institutions to achieve dramatic growth by allowing for tuition rate competition in DE, changing funding formulae for distance education, and augmenting tenure and promotion criteria to include digital teaching.
UNC System Online Program Strategy: Strategic Recommendations for Online Programs ⁷	2019	<p>Goal #1: Accelerate enrollment growth in high-quality, cost-effective fully online programs across the System</p> <ul style="list-style-type: none"> Approach 4: Enhance centralized resources with a specific focus on supporting fully online programs, potentially including faculty development, project management, and a centrally negotiated marketing contract <p>Goal #2: Serve underserved North Carolina learners, including military and adult learners (>25)</p> <ul style="list-style-type: none"> Approach 1: Offer planning money/launch fund for enhancement of existing programs and development of new programs offered by System institutions to expand availability of and ease of access to fully online degree completion and bachelor's level programs <p>Goal #3: Enhance talent pipeline for North Carolina industry by aligning online programs with job opportunities</p> <ul style="list-style-type: none"> Approach 1: Create centralized business development competency to develop industry and military partnerships <p>Goal #4: Generate financial resources to support System initiatives</p> <ul style="list-style-type: none"> Approach 1: Offer startup funding for centrally identified programs with significant market demand, in state and out of state, with the opportunity for return above costs

IV. Project Kitty Hawk

Prior efforts to develop a System-wide strategy in online learning/innovation have tended to come to similar conclusions:

- effectively serving working adults will require a statewide, coordinated approach as well as investments in capabilities currently absent at most institutions; and
- building these capabilities 16 times over would be costly and inefficient.

Over the course of 2021, System Office staff consulted with outside experts to develop a model for a shared service entity that will help existing UNC universities build and deploy online degree and

⁷ See pages 83-93 here: <https://www.northcarolina.edu/apps/bog/doc.php?id=62545&code=bog>

credential programs that can reach working adults. The model called for an initial, one-time investment of \$97 million based on financial modeling and benchmarking against similar strategies deployed by private sector companies and other states, with the expectation that the nonprofit organization will be self-sustaining by 2026.

In response, the 2021 state budget passed by the General Assembly and signed by the Governor appropriated \$97 million for the launch of Project Kitty Hawk, a nonprofit ed-tech startup that will partner with UNC System universities to serve adult learners. The nonprofit will leverage best practices from private sector firms, lessons from other state system initiatives, and proven strategies from leading online institutions such as Arizona State University and Southern New Hampshire University.

This new entity will provide end-to-end support to help universities rapidly design and take workforce-aligned programs online as well as attract, enroll, and support learners through graduation. Growing fields such as information technology, health care, and educator preparation would be areas of natural focus given the state's needs.

Developing a shared technology and service infrastructure to help UNC System institutions reach working adults will be less expensive than the traditional approach of more buildings, more personnel, and more programs. It will also be far more cost-effective for universities than working with existing private sector options or doing it themselves. And it will facilitate improved collaboration among schools, better connections with employers in the state, and improved success for nontraditional learners that are currently unserved or enrolled with out-of-state providers.

We envision a model that would be similar, in organizational structure and entrepreneurial mission, to UNC Health, which provides a public service to the state and is operated as a business. Like UNC Health, this ed-tech start-up would bring a private sector-like approach on behalf of a tremendous public good. "Clients" and beneficiaries would be the UNC System institutions that would provide world-class teaching and advising and award the degrees, and, of course, the adult learners who will benefit from access to high quality higher education.

V. How Project Kitty Hawk Will Work

Project Kitty Hawk will operate akin to an internal online program manager (OPM), where the nonprofit organization provides a range of services to help UNC System institutions build online degree programs, recruit and enroll adult learners, and support those learners to completion. In exchange, participating constituent institutions will pay Project Kitty Hawk for those services, likely by providing a share of the tuition revenue generated by the degree programs created in partnership with Project Kitty Hawk.

UNC System constituent institution faculty and staff will deliver quality instruction, assess student learning, and award credentials to adult degree seekers. Those credentials will be identical to those awarded by the constituent institution to students in other degree programs.

Services that Project Kitty Hawk will offer are envisioned to include:

- **Validation of market demand:** Project Kitty Hawk will validate market demand for any new program it supports. Using the same strategies and practices used in the private sector, Project Kitty Hawk will ensure the proposed new program is highly market-

aligned. New program opportunities can originate from Project Kitty Hawk's own market intelligence function, emerge from the universities, or be solicited directly from employers and education benefit providers.

- **Program design:** Project Kitty Hawk will work with universities to design the programs and courses to fit the validated market demand. Project Kitty Hawk's group of technologists and instructional designers will collaborate with faculty at the partner constituent institution to design learner-centric programs that meet the unique needs of working adults.
- **Technology:** Success in the online learning market requires a market leading technology suite. Reaching adult learners requires technology that fits their busy lives and the competing demands of family, work, and education. Project Kitty Hawk will provide all the technology necessary to attract students in a competitive online market and ensure student success.
- **Marketing:** Reaching adult learners can be costly and require different marketing strategies and messaging than are typically used to reach traditional students. Project Kitty Hawk will handle all the marketing on behalf of constituent institutions and optimize marketing spend across the state to ensure minimal overlap and efficient cost of student acquisition.
- **Enrollment:** Most adult learners are lost between initial interest, application, and enrollment. Leveraging best practice methodologies from the private sector and large online universities, Project Kitty Hawk will provide high touch support from real people to shepherd learners through the entire admissions and enrollment process, with assistance available on-demand when learners need them.
- **Success support and coaching:** Navigating college is hard for any learner, but it is exceptionally difficult when you are working full time, rushing the kids to school, and taking care of an aging mom and dad. That is why industry-leading providers of adult education provide high-touch student success support delivered by trained professionals on top of traditional academic advising. Project Kitty Hawk will ensure every learner has a coach who is responsible to help them reach their goals.

Project Kitty Hawk has several advantages over existing for-profit OPMs. As a nonprofit organization, Project Kitty Hawk will be able to charge a lower share of tuition revenue than is common in the private sector. Likewise, because Project Kitty Hawk will operate on a break-even basis, the organization will have greater ability to help UNC constituent institutions offer programs in fields that are critical to the state's workforce (such as teaching, rural health care, and information technology), even if those programs do not generate significant net revenue for the organization. Lastly, because the UNC System is the sole shareholder of Project Kitty Hawk, the System will be in a position to ensure Project Kitty Hawk's operations and budget are aligned with the mission, goals, and objectives of the System.

UNC System constituent institutions will not be obligated to partner with Project Kitty Hawk on their digital learning offerings. Those that already have a significant presence in the adult student market can continue that good work on their own or in partnership with another third-party provider of online services. Each university will have the option to work with Project Kitty Hawk to expand their impact, enabling institutions that are farther along to reach even greater scale if they wish. Project Kitty Hawk

will be expected to earn the constituent institutions' business by delivering a quality service at a competitive price.

VI. Governance and Policy

Section 8.24(c) of the Operations Appropriations Act of 2021, S.L. 2021-180, requires the Board of Governors to establish the Project Kitty Hawk nonprofit corporation to support digital learning and career development programs offered by UNC System constituent institutions. Project Kitty Hawk, Inc. will operate as a legal entity separate from the System, established pursuant to G.S. 116-30.20 as a private, North Carolina nonprofit corporation qualified under Section 501(c)(3) of the Internal Revenue Code and organized for the purpose of aiding and supporting educational and charitable purposes and lawful activities of the University of North Carolina.

Board of Directors: The nonprofit will be governed by a nine-member board of directors as outlined in Section 8.24, including two *ex officio* seats for the chair of the UNC System Board of Governors and the president of the UNC System. In consultation with the president, the Board of Governors will appoint the other seven members of the board of directors as outlined in Section 8.24:

- Three chancellors or chief academic officers of UNC System universities
- Four persons with experience in higher education, business management, or both.

The Board of Governors Committee on University Governance will consider appointments to the Project Kitty Hawk, Inc., Board of Directors in open session at its January 19 meeting; the biographies for proposed members are included in the board materials. To provide for continuity of corporate leadership, proposed appointments will be made on staggered terms.

Legislative Reporting Requirements: S.L. 2021-180 also outlines reporting requirements for Project Kitty Hawk. By March 1 each year, the board of directors will report to the General Assembly on its activities, corporate performance, and any other relevant matters pertaining to its corporate mission. The System Office will report to Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division regarding Project Kitty Hawk and the progress made toward reaching the State's digital learning attainment goals, including information on degree programs created, enrollments, tuition and fee rates and receipts, and other metrics of interest.

Legislative changes to funding and tuition revenue: The statute also includes two provisions related to funding and tuition:

- Section 8.24(e) states that student credit hours provided with the support of Project Kitty Hawk shall not be included in an enrollment change funding request. In other words, Project Kitty Hawk programs will be "off-model" and self-supporting, similar to how in-person summer courses have traditionally been treated in the System.
- Section 8.24(f) states that moneys received as tuition for Kitty Hawk-supported program shall be considered institutional trust funds under G.S. 116-36.1(g).

Like other self-supporting programs and credit hours (i.e., not funded with state appropriations), tuition rates for these programs will need to be differentiated from the prevailing per-credit tuition rates charged to resident undergraduate and graduate students. In its January 19 meeting, the Committee on

Budget and Finance will consider a revision to Section 1000.1.1 of the UNC Policy Manual to delegate authority to approve tuition for Project Kitty Hawk programs to the Project Kitty Hawk, Inc., Board of Directors with approval of the president.

Board Policy on Associated Entities: Pending approval of the Committee on University Governance and the full Board of Governors at the January meeting, Project Kitty Hawk, Inc., will be considered a Major Associated Entity under Section 600.2.5.2[R] of the UNC Policy Manual, *Regulation on Required Elements of University-Associated Entity Relationship*. Section 600.2.5[R] of the UNC Policy Manual provides for a series of accountability and transparency provisions and outlines the responsibilities, obligations, and reporting requirements for associated entities affiliated with UNC, including, but not limited to:

- The associated entity must report annually to the System a list of current members, portions of the entity's Form 990, and a copy of its financial audit report,
- UNC System will have oversight and control over the associated entity's name, marks, resources, and activities,
- The associated entity must agree, in writing, to comply with all applicable System policies,
- The associated entity's annual operational and capital budget must be submitted to the System, and the associated entity must consider any suggestions made by the president to ensure the budget is aligned with the mission, goals, and objectives of the System, and
- The associated entity must have a policy on whistleblower protection, conflict of interest and ethics, and records retention.

Project Kitty Hawk will also be subject to the terms of the association agreement that is established with the System Office. An example of such an association agreement is available in the Board materials, and will include provisions requiring the associated entity to:

- Represent and warrant that it shall comply with all applicable System policies,
- Provide annual certification of its compliance with identified financial matters,
- Maintain commercially reasonable directors and officers insurance, general liability insurance, property insurance, and other insurance as deemed necessary by the System,
- Indemnify the System for causes of action arising out of the associated entity's activities,
- Comply with corporate formalities (i.e., meeting minutes, meeting frequency, etc.) and have meeting minutes available to UNC upon request, and
- Notify the System of any audit, investigation, or threatened litigation.

VII. Next Steps

Pending the Board of Governors' appointment of the Project Kitty Hawk Board of Directors and adoption of the resolution to approve the affiliated entity, the Project Kitty Hawk Board of Directors will meet to at least: (i) consider the hiring of a chief executive officer, (ii) adopt the organization's bylaws, (iii) approve the affiliation agreement with UNC, (iv) authorize Project Kitty Hawk, Inc., to enter into an operating agreement with the System Office governing the flow of appropriated funds and other service-level obligations of the parties, (v) adopt corporate policies related to conflicts of interest and ethics, whistleblower protection, and records retention, (vi) elect a chair of the corporate board of directors, and (vii) authorize the officers of the corporation to prepare and file an application for recognition of tax exemption with the Internal Revenue Service.

The president and CEO will then develop a strategic plan and an operational plan, along with an associated budget, that will be approved by the Project Kitty Hawk, Inc., board at its next meeting. As previously noted, if requested, the Project Kitty Hawk, Inc., annual operations and capital budget will be reviewed by the president where the president will have the opportunity to make appropriate suggestions.

AGENDA ITEM

A-4. Update on Short Session Budget PrioritiesJennifer Haygood

Situation: One of the principal responsibilities of the Board of Governors is to “develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for the constituent institutions of the University of North Carolina” [G.S. 116-11(9)a]. In odd numbered years, the governor recommends, and the General Assembly enacts a biennial (two-year) budget. In even-numbered years, adjustments are made to the budget for the second fiscal year of the biennium.

Background: In preparation for the upcoming Short Session of the General Assembly and in anticipation of the Office of State Budget and Management (OSBM) requesting supplemental budget proposals for 2022-23, the System Office has asked institutions to submit budget requests for any critical needs. These requests are currently under review.

Assessment: The 2021 Appropriations Act (S.L. 2021-180) included significant investments in the UNC System. Delivery and execution on each of these investments will be the primary focus for the immediate future. In addition, the General Assembly currently appears to have very limited appetite for additional expansion funding. Absent another consensus revenue forecast surplus or another round of federal stimulus, it is our understanding that existing State funds are either earmarked or will remain on the bottom line. Therefore, our 2022-23 Budget Priorities should focus on a limited number of critical needs. In addition to enrollment funding and building reserve requests, a vetted list of Short Session budget priorities will be presented to the committee in February and the full Board in April.

Action: This item is for discussion only.

AGENDA ITEM

A-5. 2021-22 Report on State Budget Allocations and Policies Lindsay Farling

Situation: General Statute 116-11 (9b) requires the Board of Governors to report annually on faculty salaries, budget allocations and reductions, use of state funds and availability of federal funds, tuition and fees, composition of the enrolled student population, student retention and graduation rates, postsecondary educational attainment, and a comparison to prior fiscal year expenditures and appropriations.

Background: Session Law 2021-80 expanded this yearly reporting requirement to include mandatory student fee revenue, student auxiliary revenue, and sales and services revenue. In addition to adding this information and to streamline reporting requirements, the report now also meets the requirements outlined in G.S. 116 (9A) related to reporting on facilities and administrative fees and overhead receipts.

Assessment: The 2021-22 Report on State Budget Allocations and Policies includes information as required by G.S. 116-11 (9a) and (9b).

Action: This item is for information only.



REPORT ON STATE BUDGET ALLOCATIONS AND POLICIES

January 2022

THE UNIVERSITY OF NORTH CAROLINA

2022 REPORT ON STATE BUDGET ALLOCATIONS AND POLICIES

	<u>Page</u>
A. Operating Budget Allocations	
Table 1: Recommended Operating Allocations Requiring Board Approval	1
Table 2: NC Promise Buy-Down Allocation.....	2
B. Capital Improvement Budget Allocations	
Table 3: 2021-22 Building Reserves.....	3
Table 4: 2021-22 Allocations – Repairs and Renovations.....	5
C. 2021-22 Tuition and Fee Rates	
Table 5: Undergraduate Resident Tuition and Fee Rates	6
Table 6: Undergraduate Nonresident Tuition and Fee Rates.....	7
D. Composition of Student Enrollment	
Table 7: Fall 2021 Headcount Enrollment	8
Table 8: Fall 2021 Full-Time Enrollment	8
Table 9: Fall 2021 Enrollment by Residency.....	9
Table 10: Fall 2021 Enrollment by Gender	9
Table 11: Fall 2021 Enrollment by Race and Ethnicity	10
Table 12: FY 2020-21 Median Household Income.....	10
E. Student Graduation and Retention Rates	
Table 13: Five-Year Graduation Rate.....	11
Table 14: Six-Year Completion Rate Compared to National Average	11
Table 15: First-to-Second Year Retention Rate	12
Table 16: Post-Secondary Educational Attainment Rate.....	12
Table 17: Post-Secondary Educational Attainment Rate in the South	13
F. Average State Faculty Salary	
Table 18: Fall 2021 Average State Faculty Salary	14
G. Availability of Federal Funds	
Chart 1: FY 2020-21 UNC System Revenue by Source.....	15
Table 19: FY 2020-21 Federal Revenue by Campus.....	15
H. Use of State Funds and Budget Flexibility	
Chart 2: FY 2020-21 Sources and Uses of State Funds	16
Chart 3: FY 2020-21 Use of State Funds by Activity	17
Table 20: FY 2020-21 Annual Change in General Fund Revenues and Expenditures.....	18
I. Sources of Non-State Revenue and Facilities and Administrative Receipts	
Table 21: FY 2020-21 Mandatory Student Fee Revenue	19
Table 22: FY 2020-21 Student Auxiliary Revenue.....	19
Table 23: FY 2020-21 Sales and Services Revenue	20
Table 24: FY 2020-21 Facilities and Administrative Receipts	21
Table 25: FY 2020-21 Facilities and Administrative Expenditures.....	22
Table 26: FY 2020-21 Qualified Facilities Expenditures.....	23

Appendix A: 2021-22 Operating Budget Allocations

Appendix B: 2021-22 Capital Improvement Budget Allocations

Appendix C: 2021-22 Authorization of Tuition

Appendix D: 2021-22 Authorization of Fees

Appendix E: 2021-22 Five-Year History of General Fund Revenues and Expenditures by Campus

A. Operating Budget Allocations

Table 1 summarizes the FY 2021-22 operating allocations that required Board of Governors approval. Following the table is a summary of the methodology for each allocation. The complete operating budget allocations as approved by the Board can be found in Appendix A.

Table 1: Recommended Operating Allocations Requiring Board Approval

Institution	Enrollment Change Funding		NC Promise Tuition Plan	Building Reserves
	2020-21	2021-22		
ASU	\$ 5,175,392	\$3,576,968	\$ –	\$ –
ECU	(1,111,913)	4,723,419	–	3,842,805
ECSU	1,049,297	1,100,211	2,226,297	372,406
FSU	2,541,505	3,097,941	–	440,141
N.C. A&T	(496,086)	857,472	–	2,559,870
NCCU	(2,262,933)	(2,488,775)	–	–
NC State	3,857,479	5,836,885	–	7,162,121
UNCA	(175,715)	(844,396)	–	299,638
UNC-CH	3,426,899	366,868	–	–
UNCC	2,694,895	7,030,206	–	2,330,121
UNCG	(1,766,615)	(2,237,068)	–	1,137,943
UNCP	4,986,392	5,082,128	2,116,066	1,753,123
UNCW	9,767,957	12,085,270	–	2,204,981
UNCSA	626,459	675,700	–	513,568
WCU	1,915,860	(52,034)	4,255,222	3,398,366
WSSU	(931,853)	(1,234,443)	–	1,026,476
NCSSM	95,211	(8,069)	–	1,810,974
System Office	–	–	*6,402,416	–
Total	\$29,392,231	\$37,568,283	\$15,000,000	\$28,852,533

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

Funds for the NCSSM Morganton campus were allocated directly to NCSSM. The enrollment amounts in the 2021-22 column include the comprehensive transition program for ASU, UNCG, and WCU per Section 3.5 of S.L. 2020-97.

**The NC Promise allocation will be adjusted for Spring 2022 actual enrollment after spring census.*

The amounts shown for Building Reserves include both recurring and nonrecurring dollars.

Enrollment Change Funding

The General Assembly appropriated \$66,960,514 in recurring funds for the biennium in response to the Board's request for enrollment change funding. The General Assembly made the appropriation to the UNC System Office, Institutional Programs (BOG Reserve). The UNC System has based its enrollment funding request on actual credit hours completed in arrears. The request included \$37,255,539 for enrollment growth between calendar year 2019 and calendar year 2020, \$312,744 for enrollment in Comprehensive Transition Programs as required by Section 3.5 of S.L. 2020-97, and \$29,392,231 to make the enrollment funding appropriated in FY 2021 by S.L. 2020-67 recurring. It is recommended that the enrollment change funding be allocated as shown in Table 1.

NC Promise Tuition Plan

The General Assembly fully funded the Board's request of \$15,000,000 for 2021-22 and an additional \$5,000,000 for 2022-23 for the NC Promise Tuition Plan, which sets undergraduate tuition at \$500 per semester for NC residents and \$2,500 per semester for nonresidents at three UNC System institutions (ECSU, UNCP, and WCU). Funds will be used to support increased enrollment at each institution. The General Assembly requires a report by the Board and the chancellors of the NC Promise institutions by October. The General Assembly also provided recurring funds of \$11,500,000 to include Fayetteville State University in the NC Promise Tuition Plan beginning in 2022-23.

It was recommended that \$8,597,644 of the \$15 million appropriation for 2021-22 be allocated to three institutions as shown in Table 1. This funding will bring the total buy-down amount up to the appropriate level for the current year. It was recommended that the president be authorized to make further allocations for 2021-22 after spring 2022 census and for 2022-23. Table 2 shown below provides more detail on the NC Promise buy-down calculation.

Table 2: NC Promise Buy-Down Allocation

Institution	Residency	Fall FTE	Estimated Spring FTE	Buy Down Rate	Total Buy Down	Previous Allocated	Difference to be Allocated
ECSU	Resident	1,360	1,244	\$ 1,856	\$ 2,416,512	\$ 2,094,487	
	Nonresident	418	382	11,400	4,560,000	2,655,728	
	Total	1,778	1,626		6,976,512	4,750,215	2,226,297
UNCP	Resident	5,164	4,756	2,602	12,905,920	12,484,556	
	Nonresident	431	397	10,573	4,377,222	2,682,520	
	Total	5,595	5,153		17,283,142	15,167,076	2,116,066
WCU	Resident	7,887	7,288	2,971	22,542,463	22,910,858	
	Nonresident	1,368	1,264	9,723	12,795,468	8,171,851	
	Total	9,255	8,552		35,337,931	31,082,709	4,255,222
Total	Resident	14,411	13,288		37,864,895	37,489,901	
	Nonresident	2,217	2,043		21,732,690	13,510,099	
	Total	16,625	15,331		\$59,597,585	\$51,000,000	\$8,597,585

UNC Building Reserves

The General Assembly provided recurring funds of \$26,047,751 and nonrecurring funds of \$2,804,782 for 2021-22 to be used for operation and maintenance of building projects. These funds were transferred to the UNC System Office, Institutional Programs (Board Reserve) and were allocated, per Senate Bill 105 (S.L. 2021-180), as shown in Table 3.

Table 3: FY 2021-22 Building Reserves

Institution/Building	2021-22	
	Recurring	Nonrecurring
East Carolina University Life Sciences & Biotechnology	\$3,288,818	\$553,987
Elizabeth City State University Moore Hall	372,406	—
Fayetteville State University Lyons Science Renovation	405,320	34,821
N.C. A&T State University Engineering Building	2,115,963	443,907
NC State University Utility Infrastructure Fitts-Woolard Hall Plant Sciences Building	585,615	—
	4,114,251	—
	1,806,027	656,228
UNC Asheville Carmichael Hall Renovation Owen Hall Renovation	124,790	—
	174,848	—
UNC Charlotte Sciences Building	2,330,121	—
UNC Greensboro Nursing & Instructional Building South Chiller Plant	981,693	—
	156,250	—
UNC Pembroke West Hall Renovations Business School	230,248	—
	1,240,443	282,432
UNC Wilmington Allied Health (Veteran's Hall)	2,204,981	—
UNC School of the Arts Old Library Renovation Performance Place Renovation	376,228	—
	137,340	—
Western Carolina University STEM Building	3,398,366	—
Winston-Salem State University Science & General Office Bldg. 1602 Lowery Street Renovation	947,223	—
	79,253	—
NCSSM NCSSM Morganton	977,567	833,407
TOTAL	26,047,751	2,804,782

B. Capital Improvement Budget Allocations

The 2021 Appropriations Act (S.L. 2021-180) authorized capital projects for the University of North Carolina System totaling \$2,142,088,433. The 2021 General Assembly appropriated \$529,811,000 for fiscal year 2021-22 and \$552,500,00 for fiscal year 2022-23, including \$250M for each fiscal year of the biennium specifically for the capital repairs and renovations (R&R) projects approved by the Board of Governors. The Board is responsible for determining the allocation of R&R funds for the specific capital projects authorized in the act, which are grouped in three categories: immediate repair, renovation, and rehabilitation projects; maintenance repairs and renovations projects; and comprehensive renovation and modernization projects. Section 40.1.(c2) also requires an 2021-22 total R&R allocation of \$40M to North Carolina State University for two capital projects: the repairs and renovations at Dabney Hall (\$30M) and the repairs and renovations at Polk Hall (\$10M).

Of the 2021-22 R&R funds, it was recommended that \$114,467,000 of the \$250M be allocated to initially fund the immediate repair, renovation, and rehabilitation projects and comprehensive renovation and modernization projects. The recommendation includes an initial allocation of 10 percent of the proposed project costs for each project for the purpose of funding project design to the bidding phase, the required funding of \$40M for Dabney Hall and Polk Hall at NC State, and \$1.5M for Lyons Science Building at Fayetteville State University to complete the current construction project (Attachment A).

It was also recommended that \$60M of the 2021-22 R&R funds be allocated to fund the maintenance repairs and renovations projects. The distribution of funds to each institution (Attachment B) is in accordance with the R&R allocation model approved by the Board of Governors on September 20, 2019. The Board is required to report to the Fiscal Research Division on the initial allocation of funding for specific repair and renovations projects prior to expenditure of funds. The prioritized R&R project lists from each institution will be brought to the board for approval early 2022.

In summary, the recommendation for the initial allocation of FY 2021-22 R&R funds was:

Design Authorization (10 percent) for repair, renovation, and rehabilitation projects and comprehensive renovation and modernization projects	\$ 72,967,000
Repairs and renovations for Dabney Hall and Polk Hall (NCSU) as required by Section 40.1.(c2)	\$ 40,000,000
Completion of Lyons Science Building (FSU)	\$ 1,500,000
Maintenance repairs and renovation projects	\$ 60,000,000
TOTAL	\$174,467,000

The allocation of the remaining \$75,533,000 of 2021-22 R&R funds will be brought to the board for consideration at a future meeting prior to the end of the fiscal year to support projects that are ready for construction. The complete capital budget allocations as approved by the Board can be found in Appendix B.

Table 4: 2021-22 Allocations –Repairs and Renovations

Institution	Design Authorization	Maintenance R&R
Appalachian State University	\$ 3,500,000	\$ 3,198,431
East Carolina University	6,897,500	5,024,712
Elizabeth City State University	5,335,000	2,000,000
Fayetteville State University	4,790,000	2,000,000
North Carolina A&T State University	4,570,000	3,117,066
North Carolina Central University	2,185,000	2,147,192
North Carolina State University	44,080,300	9,842,614
UNC Asheville	1,670,000	2,000,000
UNC-Chapel Hill	4,090,000	8,151,456
UNC Charlotte	7,719,000	4,162,870
UNC Greensboro	9,539,000	3,447,594
UNC Pembroke	1,973,000	2,103,128
UNC Wilmington	6,593,000	2,949,049
UNC School of the Arts	3,558,500	2,000,000
Western Carolina University	3,239,000	2,355,889
Winston Salem State University	1,700,000	2,000,000
NC School of Science & Mathematics	2,325,000	2,000,000
NC Arboretum	100,000	—
PBS-NC	602,700	—
System Reserve	—	1,500,000
Total	114,467,000	60,000,000

Design Authorization funds allocated to NC State include \$40 million for repairs and renovations at Dabney and Polk Hall in accordance with Section 40.1.(c2).

UNC System Office, PBS-NC, and the NC Arboretum maintenance R&R will be addressed from the reserve balance.

C. 2021-22 Tuition and Fee Rates

In accordance with legislative and UNC System Office guidelines, institutions submitted tuition and fee proposals for 2021-22. No resident tuition increases were recommended. However, five institutions received approval to increase their nonresident tuition rates for all students (ASU, NC State, UNC-CH, UNCSA, and WSSU) and one institution increased its rates for nonresident graduate students (UNCP). Additionally, three institutions received approval to establish or increase rates for professional school programs.

Professional School Programs

North Carolina A & T State University

N.C. A&T requested a tuition increase of \$2,000 for nonresidents for the Master of Accountancy program in order to support market/recruitment initiatives and graduate assistantships. N.C. A&T also reduced

tuition in its Master and Ph.D. of Social work joint programs with UNCG in order to match the rates that UNCG students paid within the same program.

University of North Carolina at Chapel Hill

UNC-Chapel Hill requested a tuition increase of \$2,500 for graduate nonresident students in the J.D. program at the school of law. The rate increase applied to new students only. The revenue was used to fund faculty recruitment and retention, student support services, and scholarships.

The University of North Carolina at Greensboro

UNCG established new tuition rates for the Master of Science in Sustainability and Environment. The Board of Governors approved the proposed rates: \$7,019 for residents and for \$20,737 for nonresidents. The tuition revenue generated was used to support program administration costs, professional development, advertising, and graduate assistant stipends.

The full text of the 2021-22 Authorization of Tuition as approved by the Board of Governors is included in Appendix C.

2021-22 Fee Rates

In accordance with legislative and UNC System Office guidelines, institutions submitted fee proposals for 2021-22. However, due to the COVID-19 pandemic, the Board of Governors only considered increases to the Health Services fee and the Campus Security fee. There were 14 institutions that increased their health services fee in order to pay for additional services related to testing, providing health services for students, supplying personal protective equipment to combat on-campus spread, and improving campus operations related to the pandemic. Additionally, the Board of Governors required that all institutions increase the Campus Security fee to \$60, while still staying under a 3.0 percent cap on total fee increases. Institutions that were unable to increase to the full \$60 while staying under the cap were permitted to meet the requirement by 2022-23.

In addition, the Board of Governors approved a reduction to NC State's debt service fee due to the ending of a debt commitment. It also approved a fee swap from UNCP's Education and Technology fee to its Athletics fee, which had no net effect on student payments.

Table 5: Undergraduate Resident Tuition and Fee Rates

Institution	2020-21 Approved Rates				2021-22 Approved Changes					
	Tuition	Mandatory Fees	Debt Service	Total Tuition and Fees	Tuition	Mandatory Fees	Debt Service	Total Changes	Total Tuition and Fees	% Incr.
NC State	\$6,535.00	\$1,788.60	\$572.00	\$8,895.60	\$0.00	\$68.00	-\$38.00	\$30.00	\$8,925.60	0.3%
UNC-CH	7,019.00	1,546.61	185.85	8,751.46	0.00	40.00	0.00	40.00	8,791.46	0.5%
ECU	4,452.00	2,172.00	445.00	7,069.00	0.00	78.00	0.00	78.00	7,147.00	1.1%
N.C. A&T	3,540.00	2,422.81	588.00	6,550.81	0.00	61.50	0.00	61.50	6,612.31	0.9%
UNCC	3,812.00	2,374.00	720.00	6,906.00	0.00	92.00	0.00	92.00	6,998.00	1.3%
UNCG	4,422.00	2,159.00	707.00	7,288.00	0.00	86.00	0.00	86.00	7,374.00	1.2%
UNCW	4,443.00	2,258.44	376.00	7,077.44	0.00	57.07	0.00	57.07	7,134.51	0.8%
ASU	4,242.00	2,374.00	634.00	7,250.00	0.00	40.00	0.00	40.00	7,290.00	0.6%
FSU	2,982.00	1,993.00	335.00	5,310.00	0.00	70.00	0.00	70.00	5,380.00	1.3%
NCCU	3,728.00	2,120.21	570.00	6,418.21	0.00	30.00	0.00	30.00	6,448.21	0.5%
UNCP	1,000.00	2,249.76	206.00	3,455.76	0.00	40.00	0.00	40.00	3,495.76	1.2%
WCU	1,000.00	2,313.00	523.00	3,836.00	0.00	66.00	0.00	66.00	3,902.00	1.7%
WSSU	3,401.00	2,040.16	423.00	5,864.16	0.00	74.00	0.00	74.00	5,938.16	1.3%
UNCA	4,122.00	2,572.50	394.00	7,088.50	0.00	65.00	0.00	65.00	7,153.50	0.9%
ECSU	1,000.00	2,259.69	0.00	3,259.69	0.00	67.31	0.00	67.31	3,327.00	2.1%
UNCSA*	6,497.00	2,415.00	0.00	8,912.00	0.00	30.00	0.00	30.00	8,942.00	0.3%
Average	3,887.19	2,191.17	417.43	6,495.79	0.00	60.31	(2.38)	57.93	6,553.72	0.9%

Table 6: Undergraduate Nonresident Tuition and Fee Rates

Institution	2020-21 Approved Rates				2021-22 Approved Changes					
	Tuition	Mandatory Fees	Debt Service	Total Tuition and Fees	Tuition	Mandatory Fees	Debt Service	Total Changes	Total Tuition and Fees	% Incr.
NC State	\$26,654.00	\$1,788.60	\$572.00	\$29,014.60	\$666.00	\$68.00	(38.00)	\$696.00	\$29,710.60	2.4%
UNC-CH	34,198.00	1,546.61	185.85	35,930.46	684.00	40.00	0.00	724.00	36,654.46	2.0%
ECU	20,729.00	2,172.00	445.00	23,346.00	0.00	78.00	0.00	78.00	23,424.00	0.3%
N.C. A&T	17,050.00	2,422.81	588.00	20,060.81	0.00	61.50	0.00	61.50	20,122.31	0.3%
UNCC	17,246.00	2,374.00	720.00	20,340.00	0.00	92.00	0.00	92.00	20,432.00	0.5%
UNCG	19,581.00	2,159.00	707.00	22,447.00	0.00	86.00	0.00	86.00	22,533.00	0.4%
UNCW	18,508.00	2,258.44	376.00	21,142.44	0.00	57.07	0.00	57.07	21,199.51	0.3%
ASU	19,049.00	2,374.00	634.00	22,057.00	800.00	40.00	0.00	840.00	22,897.00	3.8%
FSU	14,590.00	1,993.00	335.00	16,918.00	0.00	70.00	0.00	70.00	16,988.00	0.4%
NCCU	16,435.00	2,120.21	570.00	19,125.21	0.00	30.00	0.00	30.00	19,155.21	0.2%
UNCP	5,000.00	2,249.76	206.00	7,455.76	0.00	40.00	0.00	40.00	7,495.76	0.5%
WCU	5,000.00	2,313.00	523.00	7,836.00	0.00	66.00	0.00	66.00	7,902.00	0.8%
WSSU	13,648.00	2,040.16	423.00	16,111.16	409.44	74.00	0.00	483.44	16,594.60	3.0%
UNCA	21,470.00	2,572.50	394.00	24,436.50	0.00	65.00	0.00	65.00	24,501.50	0.3%
ECSU	5,000.00	2,259.69	0.00	7,259.69	0.00	67.31	0.00	67.31	7,327.00	0.9%
UNCSA*	23,040.00	2,415.00	0.00	25,455.00	691.00	30.00	0.00	721.00	26,176.00	2.8%
Average	17,324.88	2,191.17	417.43	19,933.48	203.15	60.31	(2.38)	261.08	20,194.56	1.3%

The full text of the 2021-22 Authorization of Fees as approved by the Board of Governors is included in Appendix D.

D. Composition of Student Enrollment

The total enrollment across the UNC System is 244,507 – up 0.9 percent from last year’s previous record enrollment number. Undergraduate enrollment was down 0.3 percent, while graduate enrollment increased by five percent.

Ten institutions have record enrollments (Appalachian State University, Fayetteville State University, N.C. A&T State University, NC State University, UNC-Chapel Hill, UNC Charlotte, UNC Pembroke, UNC Wilmington, UNC School of the Arts, and Western Carolina University). Four institutions have enrolled their largest new transfer class ever (Elizabeth City State University, NC State University, UNC-Chapel Hill, and UNC Pembroke).

Table 7: Fall 2021 Headcount Enrollment

Institution	Undergraduate	Graduate	Total
Appalachian State University	18,555	2,086	20,641
East Carolina University	22,463	5,558	28,021
Elizabeth City State University	1,956	98	2,054
Fayetteville State University	5,563	1,191	6,754
NC A&T State University	11,596	1,726	13,322
NC Central University	5,892	2,061	7,953
NC State University	26,505	10,326	36,831
UNC Asheville	3,233	0	3,233
UNC-Chapel Hill	19,845	11,796	31,641
UNC Charlotte	24,116	6,332	30,448
UNC Greensboro	15,178	3,860	19,038
UNC Pembroke	6,317	2,001	8,318
UNC Wilmington	14,489	3,542	18,031
UNC School of the Arts	938	181	1,119
Western Carolina University	10,145	1,732	11,877
Winston-Salem State University	4,726	500	5,226
UNC System	191,517	52,990	244,507

Excludes high school students

Table 8: Fall 2021 Full-Time Enrollment

Institution	Undergraduate	Graduate	Total
Appalachian State University	17,418	920	18,338
East Carolina University	18,245	2,577	20,822
Elizabeth City State University	1,627	36	1,663
Fayetteville State University	3,660	471	4,131
NC A&T State University	10,347	889	11,236
NC Central University	4,770	1,417	6,187
NC State University	23,414	5,685	29,099
UNC Asheville	2,805	—	2,805
UNC-Chapel Hill	18,931	7,559	26,490
UNC Charlotte	20,654	2,749	23,403
UNC Greensboro	12,625	1,675	14,300
UNC Pembroke	4,728	601	5,329
UNC Wilmington	11,849	1,285	13,134
UNC School of the Arts	911	179	1,090
Western Carolina University	8,233	932	9,165
Winston-Salem State University	3,961	361	4,322
UNC System	164,178	27,336	191,514

Excludes high school students

Table 9: Fall 2021 Enrollment by Residency

Institution	Undergraduate		Graduate	
	In-state	Out-of-state	In-state	Out-of-state
Appalachian State University	17,136	1,419	1,893	193
East Carolina University	20,360	2,103	4,993	565
Elizabeth City State University	1,499	457	88	10
Fayetteville State University	5,209	354	1,085	106
NC A&T State University	8,254	3,342	1,211	515
NC Central University	4,864	1,028	1,659	402
NC State University	23,437	3,068	6,660	3,666
UNC Asheville	2,806	427	0	0
UNC-Chapel Hill	16,210	3,635	6,567	5,229
UNC Charlotte	22,123	1,993	4,744	1,588
UNC Greensboro	14,432	746	3,014	846
UNC Pembroke	5,851	466	1,934	67
UNC Wilmington	12,708	1,781	3,211	331
UNC School of the Arts	479	459	78	103
Western Carolina University	8,685	1,460	1,509	223
Winston-Salem State University	4,124	602	448	52
UNC System	168,177	23,340	39,094	13,896

Excludes high school students

Table 10: Fall 2021 Enrollment by Gender

Institution	Undergraduate		Graduate	
	Female	Male	Female	Male
Appalachian State University	10,524	8,031	1,469	617
East Carolina University	13,203	9,260	3,747	1,811
Elizabeth City State University	1,170	786	77	21
Fayetteville State University	3,920	1,643	804	387
NC A&T State University	7,048	4,548	1,051	675
NC Central University	4,153	1,739	1,530	531
NC State University	13,027	13,478	5,181	5,145
UNC Asheville	1,858	1,375	0	0
UNC-Chapel Hill	11,978	7,867	6,912	4,884
UNC Charlotte	11,463	12,653	3,839	2,493
UNC Greensboro	10,130	5,048	2,710	1,150
UNC Pembroke	3,971	2,346	1,413	588
UNC School of the Arts	9,418	5,071	2,543	999
UNC Wilmington	573	365	93	88
Western Carolina University	5,718	4,427	1,176	556
Winston-Salem State University	3,600	1,126	405	95
UNC System	111,754	79,763	32,950	20,040

Excludes high school students

Table 11: Fall 2021 Enrollment by Race and Ethnicity

Institution	Undergraduate								Graduate							
	White	Black and African American	Hispanic or Latino	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaska Native	Two or more races	Other	White	Black and African American	Hispanic or Latino	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaska Native	Two or more races	Other
ASU	14,990	603	1,530	325	1	29	855	222	1,741	178	72	24	1	6	23	41
ECU	14,196	3,850	1,961	566	25	117	836	912	3,678	828	276	229	7	37	122	381
ECSU	344	1,337	92	9	3	10	102	59	20	45	4	1	0	0	1	27
FSU	1,049	3,265	513	89	14	80	305	248	304	680	67	30	3	10	36	61
N.C. A&T	516	9,613	490	90	2	41	506	338	218	1,056	54	37	0	4	47	310
NCCU	316	4,603	440	73	2	22	277	159	493	1,294	110	34	2	8	81	39
NCSU	17,863	1,599	1,970	2,214	19	103	1,131	1,606	5,419	800	428	549	5	37	250	2,838
UNCA	2,387	159	270	52	1	10	145	209	0	0	0	0	0	0	0	0
UNC-CH	11,035	1,696	1,916	2,504	14	72	1,032	1,576	7,018	1,047	834	1,057	8	39	505	1,288
UNCC	12,638	3,960	3,116	2,228	16	67	1,163	928	3,146	1,026	387	264	4	13	163	1,329
UNCG	6,190	4,565	2,166	829	14	48	806	560	2,198	735	221	139	2	15	98	452
UNCP	2,396	1,809	607	72	7	796	434	196	898	654	131	56	4	161	71	26
UNCW	11,194	674	1,101	274	10	57	564	615	2,513	372	181	73	2	33	103	265
UNCSA	604	86	116	26	1	3	66	36	121	21	12	3	0	0	3	21
WCU	7,834	605	781	136	9	99	341	340	1,390	117	110	22	1	17	46	29
WSSU	353	3,691	210	41	4	14	198	215	140	238	20	10	0	3	18	71
UNC System	103,905	42,115	17,279	9,528	142	1,568	8,761	8,219	29,297	9,091	2,907	2,528	39	383	1,567	7,178

Excludes high school students

Table 12: FY 2020-21 Median Household Income

Institution	Undergraduate		
	% FAFSA	N	Median
Appalachian State University	67.6%	12,540	\$80,661
East Carolina University	71.5%	16,059	63,557
Elizabeth City State University	82.7%	1,617	36,441
Fayetteville State University	76.6%	4,263	33,243
NC A&T State University	84.0%	9,735	46,752
NC Central University	86.0%	5,069	35,643
NC State University	64.8%	17,184	101,484
UNC Asheville	76.2%	2,463	59,581
UNC-Chapel Hill	53.2%	10,553	72,499
UNC Charlotte	74.4%	17,942	62,881
UNC Greensboro	83.1%	12,607	46,177
UNC Pembroke	80.8%	5,106	41,533
UNC Wilmington	68.2%	9,888	75,305
UNC School of the Arts	71.3%	669	98,201
Western Carolina University	81.7%	8,286	68,021
Winston-Salem State University	89.0%	4,208	38,644
UNC System	72.2%	138,189	\$61,120

Note: Median household income is only reported for students that completed a FAFSA.

E. Student Graduation and Retention Rates

More students are graduating from the University of North Carolina System within five years than at any other time in state history. The percentage of students who graduate within five years has climbed steadily and now stands at 71.6 percent. That number exceeds the Strategic Plan's 2022 goal (70 percent) and far outpaces the national average. The UNC System is serving and graduating more students from low-income backgrounds than ever before, despite national trends that show a decline in four-year college enrollment by low-income students. The same pattern is also true for students from North Carolina's rural counties.

Table 13: Five-Year Graduation Rate

Institution	5-year Graduation Rate from any US University (2015 Cohort)
Appalachian State University	78.8%
East Carolina University	69.9%
Elizabeth City State University	41.0%
Fayetteville State University	37.6%
NC A&T State University	51.9%
NC Central University	51.9%
NC State University	85.8%
UNC Asheville	73.5%
UNC-Chapel Hill	92.1%
UNC Charlotte	70.8%
UNC Greensboro	62.4%
UNC Pembroke	45.7%
UNC Wilmington	79.7%
UNC School of the Arts	76.3%
Western Carolina University	67.1%
Winston-Salem State University	47.6%
UNC System	71.6%

Note: UNC System data is matched with data from the National Student Clearinghouse to obtain these rates, as reporting varies across the US, these numbers are periodically updated and can continue to increase over time.

North Carolina's six-year completion rate is 9.4 percentage points higher than the national average and the fifth highest of the 45 states reporting sufficient data to the National Student Clearinghouse.

Table 14: Six-Year Completion Rate Compared to National Average for Students Starting at a Public Four-Year Institution

Region	6-year Completion Rate from any US University (2014 Cohort)
North Carolina	76.8%
U.S. Overall	67.4%

Source: National Student Clearinghouse Completing College Report 2020

Table 15: First-to-Second Year Retention Rate

Institution	Retention Rate 1st-to-2nd Year Persistence (2019 Cohort)
Appalachian State University	86.40%
East Carolina University	83.40%
Elizabeth City State University	75.30%
Fayetteville State University	65.20%
NC A&T State University	79.20%
NC Central University	77.60%
NC State University	93.50%
UNC Asheville	76.00%
UNC-Chapel Hill	94.90%
UNC Charlotte	84.70%
UNC Greensboro	80.50%
UNC Pembroke	69.70%
UNC Wilmington	84.10%
UNC School of the Arts	91.50%
Western Carolina University	81.30%
Winston-Salem State University	76.70%
UNC System	84.70%

The UNC System continues to increase both enrollment and graduation rates and grow the number of degree recipients that contribute to the state's educational attainment rate, which includes students with degrees from both public and private institutions.

Table 16: Post-Secondary Educational Attainment Rate

Rank	State	Percentage of Population 25 and over who obtained a bachelor's degree or higher
1	Massachusetts	46.9%
19	Georgia	34.8%
20	North Carolina	34.8%
21	Delaware	34.7%
50	West Virginia	23.1%

Source: American Community Survey 2020: ACS 1-Year Estimates

Table 17: Post-Secondary Educational Attainment Rate in the South

Rank	State	Percentage of Population 25 and over who obtained a bachelor's degree or higher
1	Maryland	43.1%
2	Virginia	42.0%
3	Georgia	34.8%
4	North Carolina	34.8%
5	Delaware	34.7%
6	Florida	33.7%
7	Texas	33.2%
8	Missouri	31.9%
9	South Carolina	31.7%
10	Tennessee	30.7%
11	Alabama	27.8%
12	Kentucky	27.4%
13	Louisiana	27.2%
14	Arkansas	24.9%
15	Mississippi	24.5%
16	West Virginia	23.1%

Source: American Community Survey 2020: ACS 1-Year Estimates

F. Average State Faculty Salary

Faculty salaries are directly related to academic discipline and rank, complicating the ability to provide contextual comparisons across the entire institution and System. However, the UNC System is hopeful that additional benchmarking information will be available for subsequent reports.

Table 18: Fall 2021 Average State Faculty Salary

Institution	25th Percentile	Median	75th Percentile	Mean
Appalachian State University	\$58,230	\$69,552	\$83,389	\$73,222
East Carolina University	64,961	75,987	95,000	83,856
Elizabeth City State University	61,750	65,786	76,737	69,398
Fayetteville State University	66,738	73,789	93,427	81,809
NC A&T State University	68,461	78,415	98,559	86,154
NC Central University	65,657	74,625	95,192	80,988
NC State University	77,072	98,845	125,746	104,372
UNC Asheville	63,100	72,762	84,670	73,404
UNC-Chapel Hill	81,000	97,031	122,612	106,001
UNC Charlotte	68,000	80,754	100,000	87,587
UNC Greensboro	62,500	74,419	92,168	81,327
UNC Pembroke	56,800	64,243	74,441	67,592
UNC Wilmington	62,500	70,784	89,542	78,908
UNC School of the Arts	67,460	70,628	76,237	72,321
Western Carolina University	58,279	67,250	80,714	71,333
Winston-Salem State University	66,500	73,771	87,638	78,929
UNC System	65,000	77,785	99,818	86,038

Note: Base salary of full-time state-funded employees, who have a primary SOC code of 251000 and are EHRA Faculty. Adjuncts, post-doctoral employees, and graduate assistants are excluded.

G. Availability of Federal Funds

The UNC System normally receives two primary sources of federal funding—operating revenue to support research through sponsored program awards, and non-operating revenues to support student financial aid through programs like the Pell Grant. In FY 2020-21, the UNC System also received significant COVID relief funding through the Higher Education Emergency Relief Fund (HEERF). The UNC System received just over \$1.9 billion in revenue from federal funding in FY 2020-21, just over \$1.1 billion related to contracts and grants and \$845 million in non-operating awards, including both student financial aid and HEERF funding.

These funds are important sources of revenue to support groundbreaking research and innovation in the state as well as to allow low-income students the opportunity to attend our institutions using federal financial aid. The HEERF funding was key to addressing emergency needs related to the COVID-19 pandemic.

Chart 1: FY 2020-21 UNC System Revenue by Source

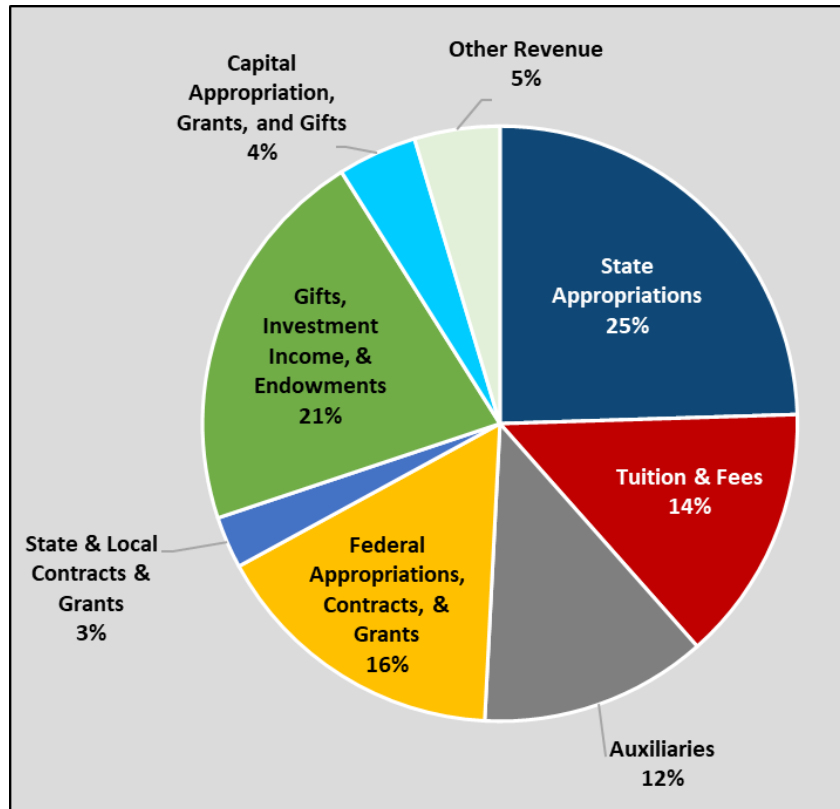


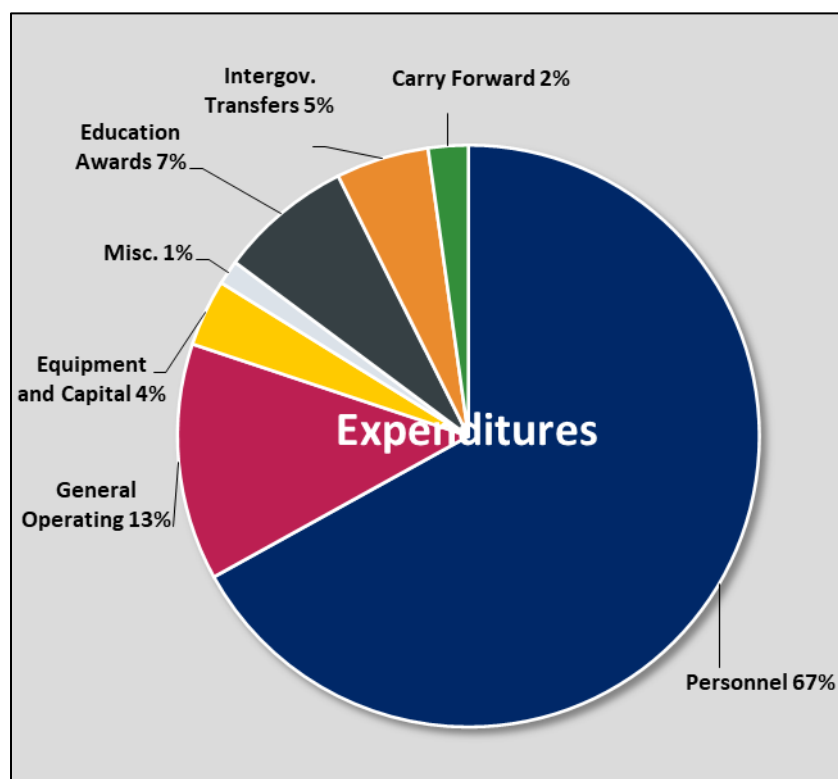
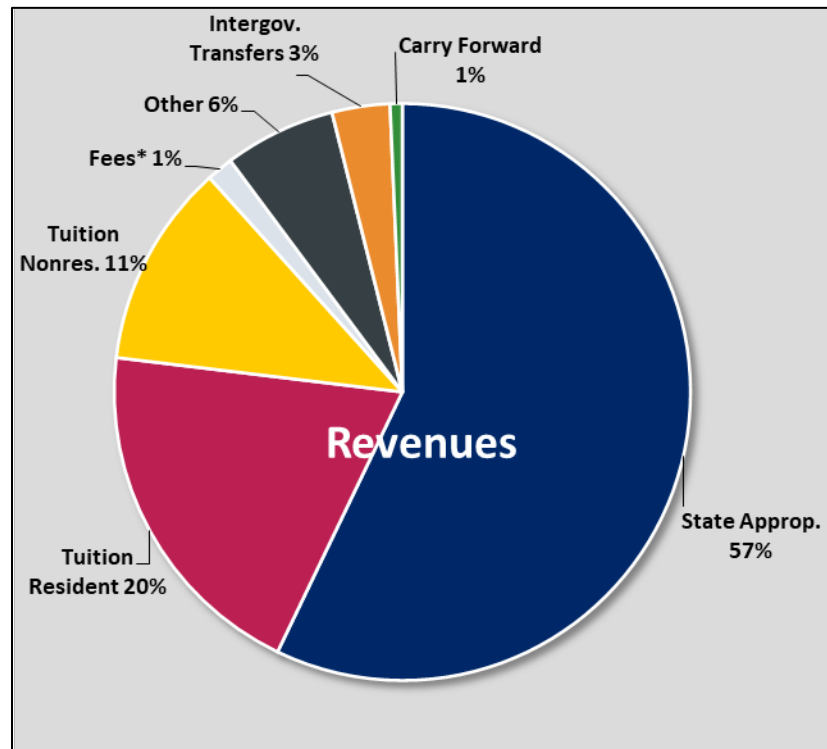
Table 19: FY 2020-21 Federal Revenue by Campus

Institution	Federal operating grants and contracts	Federal nonoperating grants (student financial aid and HEERF)
Appalachian State University	\$ 6,342,457	\$ 50,365,411
East Carolina University	36,766,334	70,761,234
Elizabeth City State University	127,484	19,491,386
Fayetteville State University	321,228	48,681,672
NC A&T State University	22,634,829	96,955,834
NC Central University	12,160,231	57,628,227
NC State University	180,385,371	87,214,460
UNC Asheville	1,869,650	13,473,579
UNC-Chapel Hill	763,623,335	54,603,759
UNC Charlotte	37,205,607	110,007,592
UNC Greensboro	26,449,742	61,165,350
UNC Pembroke	–	30,206,107
UNC Wilmington	7,292,531	59,279,505
UNC School of the Arts	55,674	2,421,450
Western Carolina University	4,879,656	28,024,882
Winston-Salem State University	–	40,135,130
NC School of Science & Mathematics	–	–
UNC System Office	–	14,544,665
Total	1,100,114,130	844,960,244

H. Use of State Funds and Budget Flexibility

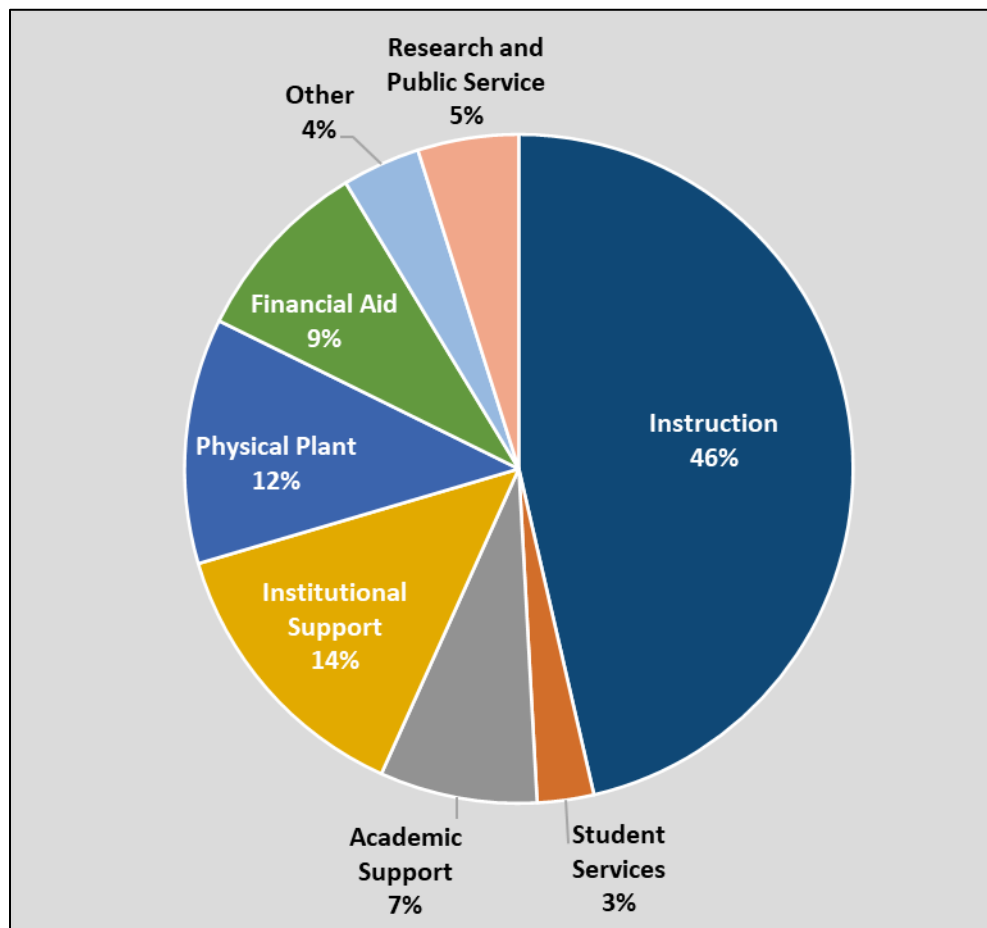
Most state funds in the UNC System go to support salaries and benefits for UNC faculty and staff. This totaled approximately 67 percent of expenditures, or \$3.46 billion, in 2020-21. While funds are also required to cover the cost of utilities, supplies, and equipment, this only comprises approximately 17percent of total expenditures across the System. Additional detail related to sources and uses of state funds by institution can be found in Appendix E.

Chart 2: FY 2020-21 Sources and Uses of State Funds



When expenses are categorized by activity, just under 50 percent is used to support direct instructional costs and student services, and five percent of funding covers research and public service. While research is core to the mission of many of our universities, most of the expenses related to research activities are not included in the General Fund.

Chart 3: FY 2020-21 Use of State Funds by Activity



As there was no budget passed for the 2019-21 biennium, there was minimal change in general fund revenues and expenditures between FY 2019-20 and FY 2020-21, with the exception of Coronavirus relief funding. There were also no undergraduate resident tuition increases, resulting in very little increase in tuition revenue.

Table 20: FY 2020-21 Annual Change in General Fund Revenues and Expenditures

Revenues	FY 2019-20	FY 2020-21	Change	
State Appropriation	\$2,937,239,207	\$2,952,718,221	\$ 15,479,014	0.5%
Tuition Resident	990,794,980	1,021,652,231	30,857,251	3.1%
Tuition Nonresident	622,216,256	590,449,316	(31,766,940)	(5.1%)
Fees*	79,398,257	76,774,284	(2,623,973)	(3.3%)
Other	179,987,978	322,984,473	142,996,495	79.4%
Intragovernmental Transfers	46,226,337	167,880,843	121,654,506	263.2%
Carry Forward from Prior Year	84,413,297	35,333,406	(49,079,891)	(58.1%)
Total Revenues	4,940,276,311	5,167,792,775	227,516,464	4.6%
Expenditures	FY 2019-20	FY 2020-21	Change	
Personnel	\$3,441,732,682	\$3,460,162,992	\$18,430,310	0.5%
<i>Salaries</i>	<i>2,658,113,718</i>	<i>2,650,969,426</i>	<i>(7,144,292)</i>	<i>(0.3%)</i>
<i>Benefits</i>	<i>783,618,964</i>	<i>809,193,566</i>	<i>25,574,602</i>	<i>3.3%</i>
General Operating	645,624,407	680,458,581	34,834,174	5.4%
Equipment and Capital	148,714,936	191,957,021	43,242,085	29.1%
Miscellaneous	40,349,236	69,981,391	29,632,155	73.4%
Education Awards	375,416,243	383,167,976	7,751,733	2.1%
Intragovernmental Transfers	252,892,111	267,181,089	14,288,978	5.7%
Carry Forward to Next Year	35,546,696	114,883,725	79,337,029	223.2%
Total Expenditures	4,940,276,311	5,167,792,775	227,516,464	4.6%

* S.L. 2012-142, Section 9.9, permitted all student fees to be budgeted in Institutional Trust Funds, rather than the General Fund.

UNC System Budget Flexibility

UNC System institutions that are designated as Special Responsibility Constituent Institutions (SRCIs) receive appropriations in the form of a single sum to each budget code of the institution as directed by G.S. 166-30.2(a). These designated institutions are also permitted by statute to expend funds in the manner deemed by the Chancellor to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors. Currently, all UNC institutions, including the UNC System Office, are designated as SRCIs. As such, the UNC System exercises management flexibility to ensure that state funds are being used for their highest and best purpose in accordance with the policies and oversight of the UNC Board of Governors.

I. Sources of Non-State Revenue and Facilities and Administrative Receipts

Section 116-36.1 of the North Carolina General Statutes provide for institutions to maintain trust funds in order to supplement state appropriations and to enlarge areas of service so that they may become useful to a greater number of people. Primary sources of revenue deposited into the trust funds are generated from student fees, student auxiliary enterprises, and other institutional sales and services.

Table 21: FY 2020-21 Mandatory Student Fee Revenue

Institution	Athletics Fees	Campus Security	Debt Service	Education & Technology	Health Services	Student Activities
Appalachian State University	\$ 13,764,481	\$ 609,439	\$ 11,153,526	\$ 11,959,015	\$ 5,901,245	\$ 11,488,709
East Carolina University	13,555,489	681,310	7,803,613	10,502,658	4,612,342	15,081,422
Elizabeth City State University	1,152,269	44,154	–	594,966	342,113	945,718
Fayetteville State University	2,033,764	185,134	887,860	2,566,693	655,834	1,501,745
NC A&T State University	5,829,704	403,799	4,190,931	4,421,117	3,210,876	5,572,640
NC Central University	5,090,352	180,550	3,042,402	2,894,068	1,877,371	1,454,946
NC State University	6,600,524	823,264	17,633,602	13,911,545	11,798,708	17,816,097
UNC Asheville	2,526,802	92,995	1,164,397	1,676,238	1,117,183	2,379,377
UNC-Chapel Hill	7,659,990	884,294	5,320,835	13,110,255	11,930,762	7,515,036
UNC Charlotte	21,226,825	761,722	18,572,239	18,516,523	6,518,104	16,761,427
UNC Greensboro	10,921,851	440,752	9,900,274	8,146,187	4,187,842	8,078,925
UNC Pembroke	3,154,590	197,076	678,862	4,619,904	839,517	3,015,320
UNC Wilmington	4,365,006	433,116	2,118,550	7,572,385	1,240,735	3,973,109
UNC School of the Arts	–	36,487	–	1,025,408	1,154,943	979,231
Western Carolina University	7,134,838	294,418	4,590,218	6,103,393	2,943,069	6,929,643
Winston-Salem State University	3,354,419	138,032	1,253,417	2,033,804	1,240,971	1,424,309
Total	108,370,901	6,206,543	88,310,727	109,654,159	59,571,616	104,917,653

Table 22: FY 2020-21 Student Auxiliary Revenue

Institution	Residential Life	Student Dining	Health Services
Appalachian State University	\$ 26,041,365	\$ 10,446,698	\$ 1,036,096
East Carolina University	11,055,718	12,398,835	3,152,227
Elizabeth City State University	4,776,073	2,101,898	6,844
Fayetteville State University	6,077,838	4,175,874	–
NC A&T State University	7,721,094	12,532,721	780,015
NC Central University	16,106,758	9,840,937	397,716
NC State University	31,593,090	12,861,129	4,476,391
UNC Asheville	8,158,887	4,473,483	68,358
UNC-Chapel Hill	14,201,050	9,291,106	5,286,883
UNC Charlotte	19,899,711	11,891,160	1,530,253
UNC Greensboro	25,646,328	14,833,638	856,098
UNC Pembroke	9,940,092	4,731,127	1,921,283
UNC Wilmington	22,085,893	11,795,940	180,622
UNC School of the Arts	4,076,999	2,340,413	354,793
Western Carolina University	15,760,022	15,053,289	259,840
Winston-Salem State University	13,413,923	6,811,571	201,317
Total	236,554,842	145,579,820	20,508,736

Table 23: FY 2020-21 Sales and Services Revenue

Institution	Athletics	Bookstore/ Book Rental	Communication & Data Processing	Education & Related Activities	Food & Vending	Independent Operations	Maintenance & Repair
Appalachian State University	\$ 5,711,166	\$ 11,024,633	\$ –	\$ 2,750,013	\$ –	\$ 15,189,661	\$ –
East Carolina University	11,203,447	5,541,695	–	6,761,396	–	–	–
Elizabeth City State University	41,581	1,241,357	–	–	19,199	–	–
Fayetteville State University	34,675	421,893	–	1,016,310	–	–	–
NC A&T State University	1,967,722	1,201,791	–	205,036	–	–	–
NC Central University	68,523	–	531,231	–	432,894	–	195,779
NC State University	46,389,265	9,411,350	–	73,517,618	–	–	–
UNC Asheville	346,679	82,269	–	426,481	–	–	–
UNC-Chapel Hill	53,805,415	–	–	3,099,662	–	13,721,280	–
UNC Charlotte	3,204,595	–	–	839,168	–	–	742,326
UNC Greensboro	427,231	–	–	4,636,554	–	–	–
UNC Pembroke	184,551	–	–	1,005,863	65,048	–	–
UNC Wilmington	–	709,937	–	2,469,562	–	–	–
UNC School of the Arts	–	–	–	825,818	–	–	–
Western Carolina University	1,449,212	4,519,398	–	44,350	–	5,157,051	–
Winston-Salem State University	53,645	–	276,652	–	–	–	–
Total	124,887,707	34,154,323	807,883	97,597,831	517,140	34,067,992	938,105

Institution	Parking	Printshop	Recreational Services	Student Union Services	Other Sales & Services	Patient Services, Net
Appalachian State University	\$ 5,229,271	\$ –	\$ –	\$ 13,677	\$ 1,508,136	\$ –
East Carolina University	2,004,509	–	–	–	2,362,008	233,127,641
Elizabeth City State University	1,487	–	–	–	187,760	–
Fayetteville State University	90,587	23,192	–	–	208,788	–
NC A&T State University	1,237,882	–	–	16,364	466,372	–
NC Central University	668,499	–	–	1,357,013	2,875,713	–
NC State University	6,636,384	–	–	109,148	5,682,350	–
UNC Asheville	740,223	–	–	–	550	–
UNC-Chapel Hill	26,903,624	3,773,149	5,541,823	71,880	261,673,076	545,209,574
UNC Charlotte	3,600,294	–	–	2,157,689	1,903,551	–
UNC Greensboro	2,773,459	–	–	23,107	4,261,012	–
UNC Pembroke	517,346	85,708	–	390,791	4,437	–
UNC Wilmington	2,986,360	38,828	1,276,582	–	708,884	–
UNC School of the Arts	94,141	–	–	–	17,616	–
Western Carolina University	2,275,375	210,003	–	83,020	444,221	–
Winston-Salem State University	665,277	–	–	1,911,759	709,333	–
Total	56,424,719	4,130,880	6,818,405	6,134,448	283,013,807	778,337,215

Transportation revenue is included with Parking at UNC Chapel Hill.

The sales and services categories shown are based on the revenue note in institutional audited financial statements. Decision criteria related to the categorization of the revenues are determined independently and may not be consistent across institutions.

Facilities and Administrative (F&A) Receipts

Recognizing that research carries necessary administrative, facilities, and other expenses above and beyond the direct costs of the project, federal agencies include in research grants and contracts a portion of funds to help offset these related costs – commonly called "indirect costs," "overhead receipts," or "facilities and administrative (F&A) receipts." Examples of F&A costs include lab infrastructure, research data networks, grants management staff, building maintenance, and hazardous waste disposal.

In 2020-21, the UNC System earned a total of \$302.2 million in facilities and administrative receipts and expended a total of \$252.2 million of these receipts to support costs associated with maintaining an environment conducive to conducting research and scholarly advancement and ensuring competitiveness for attracting additional research funds. It is important to note that F&A receipts and expenditures for a given year are often not the same due to timing differences between receipts and expenditures and planning F&A receipt-supported projects. UNC System institutions also expended \$51 million of F&A receipts to operate or maintain facilities constructed with or operated by general fund appropriations as shown in Table 26.

Table 24: FY 2020-21 Facilities and Administrative Receipts

Institution	Federal	State	Other	Total Receipts
Appalachian State University	\$ 1,839,083	\$ 71,119	\$ 111,453	\$ 2,021,655
East Carolina University	7,077,453	573,614	1,767,185	9,418,252
Elizabeth City State University	509,359	13,106	5,896	528,361
Fayetteville State University	643,362	–	140,607	783,969
NC A&T State University	4,996,126	–	19,446	5,015,572
NC Central University	3,121,815	63,957	102,909	3,288,681
NC State University	36,570,606	5,218,595	18,070,654	59,859,855
UNC Asheville	404,461	87,416	72,687	564,564
UNC-Chapel Hill	148,178,355	4,647,773	50,128,047	202,954,175
UNC Charlotte	7,349,064	353,377	1,131,652	8,834,093
UNC Greensboro	5,243,001	522,075	292,117	6,057,193
UNC Pembroke	239,914	–	98	240,012
UNC Wilmington	1,232,801	119,767	82,648	1,435,216
UNC School of the Arts	–	–	–	–
Western Carolina University	298,277	21,762	53,180	373,219
Winston-Salem State University	429,100	–	3,500	432,600
NC School of Science & Mathematics	–	–	5,829	5,829
UNC System Office	243,321	2,592	177,819	423,732
Total	218,376,098	11,695,153	72,165,727	302,236,978

Table 25: FY 2020-21 Facilities and Administrative Expenditures

Institution	Community Services	General Academic Support	Institutional Support	Libraries	Multi-Activity	NC State Veterinary Medicine	Organized Research
Appalachian State University	\$ –	\$ 934,976	\$ 120,456	\$ –	\$ –	\$ –	\$ 44,641
East Carolina University	–	970	–	–	–	–	5,911,338
Elizabeth City State University	–	–	15,025	–	–	–	–
Fayetteville State University	26,588	201,581	411,385	–	–	–	153,922
NC A&T State University	660	1,245,484	594,099	–	–	–	750,921
NC Central University	–	228	1,340	–	–	–	3,010,951
NC State University	219,500	2,170,612	16,018,173	–	–	1,391,867	10,319,867
UNC Asheville	–	–	191,986	–	–	–	–
UNC-Chapel Hill	777	20,462,234	56,849,036	1,169,511	6,757,645	–	51,933,301
UNC Charlotte	–	10,553,314	–	–	–	–	–
UNC Greensboro	–	2,529,653	–	–	–	–	–
UNC Pembroke	26,748	17,025	90,334	–	–	–	–
UNC Wilmington	–	–	8,145	–	154	–	851,946
UNC School of the Arts	–	–	–	–	–	–	–
Western Carolina University	7,875	3,801	1,018	–	1,079	–	2,584
Winston-Salem State University	6,065	71,093	92,404	–	–	–	12,037
NC School of Science & Mathematics	–	–	–	–	–	–	–
UNC System Office	–	–	166,063	–	–	–	–
Total	288,213	38,190,971	74,559,464	1,169,511	6,758,878	1,391,867	72,991,508

Institution	Physical Plant	Regular Term Instruction	School of Government	Student Financial Aid	Student Services	Total Expenses
Appalachian State University	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1,100,073
East Carolina University	–	–	–	–	–	5,912,308
Elizabeth City State University	–	–	–	–	–	15,025
Fayetteville State University	–	62,740	–	–	765	856,981
NC A&T State University	–	9,234	–	–	–	2,600,398
NC Central University	–	–	–	–	–	3,012,519
NC State University	27,929,899	1,992,531	–	108,000	235,243	60,385,692
UNC Asheville	4,431	216,716	–	–	–	413,133
UNC-Chapel Hill	3,114,236	21,991,300	112,805	87,644	832,954	163,311,443
UNC Charlotte	–	–	–	–	–	10,553,314
UNC Greensboro	12,918	–	–	–	–	2,542,571
UNC Pembroke	–	9,667	–	–	–	143,774
UNC Wilmington	–	–	–	–	–	860,245
UNC School of the Arts	–	–	–	–	–	–
Western Carolina University	–	41,576	–	–	–	57,933
Winston-Salem State University	–	16,482	–	–	24,390	222,471
NC School of Science & Mathematics	–	13,393	–	–	–	13,393
UNC System Office	–	–	–	–	–	166,063
Total	31,061,484	24,353,639	112,805	195,644	1,093,352	252,167,336

Table 26: FY 2020-21 Qualified Facilities Expenditures

Institution	Total
Appalachian State University	\$ —
East Carolina University	—
Elizabeth City State University	—
Fayetteville State University	—
NC A&T State University	—
NC Central University	—
NC State University	14,250,705
UNC Asheville	25,000
UNC-Chapel Hill	36,423,962
UNC Charlotte	262,743
UNC Greensboro	10,244
UNC Pembroke	—
UNC Wilmington	—
UNC School of the Arts	—
Western Carolina University	—
Winston-Salem State University	—
NC School of Science & Mathematics	—
UNC System Office	—
Total	50,972,654

AGENDA ITEM

A-6. Amend Section 600.1.1 of the UNC Policy Manual, *Policy on Design, Construction, and Financing of Capital Improvement Projects*Jennifer Haygood

Situation: S.L. 2021-80 requires the Board of Governors to adopt rules to implement reporting specific information on capital projects awarded using alternative project delivery methods, specifically contracts awarded utilizing a construction manager at risk, design-builder, or private developer under a public-private partnership. By statute, construction contracts utilizing alternative project delivery methods are awarded through a qualifications-based selection process and are not awarded to the lowest responsible and responsive bidder.

Background: S.L. 2021-80 exempts the University of North Carolina System from reporting the information to the Secretary of Administration but requires the Board of Governors to adopt rules to implement the provisions of this section, including the format and frequency of reporting and a requirement for the information to be reported to the Board of Governors on an annual basis.

G.S. 143-133.1 previously required the Secretary of Administration to adopt rules on reporting specific information associated with contracts awarded utilizing alternative project delivery methods and for the information to be reported no later than 12 months from the date the governmental entity takes beneficial occupancy of the project. The statute provides for penalties to governmental entities that do not comply with the reporting requiring including the ability to obtain an injunction against the governmental entity until the reporting requirements are completed. The information required by statute directly pertains to the selection of the firm and delivery method and was difficult to obtain after completion of the project due to the time lapse and loss of personnel with direct knowledge of the selection process and contract award.

Assessment: It is recommended that the Board of Governors amend Section 600.1.1 of the UNC Policy Manual to include the rule for reporting on construction delivery methods as required by G.S. 143-133.1. The information shall be reported by the constituent institution within 60 days of contract award and the information shall be collectively reported to the Board for all projects during the fiscal year in the annual report of the Committee of Budget and Finance. The information required to comply with G.S. 143-133.1(a) will be collected in a manner prescribed by the president or the president's designee.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda at the next meeting.

Amend Section 600.1.1, *Policy on Design, Construction, and Financing of Capital Improvement Projects*

ISSUE OVERVIEW

G.S. 143-133.1(b) previously required the Secretary of Administration to adopt rules on reporting specific information associated with contracts awarded utilizing alternative project delivery methods and for the information to be reported no later than 12 months from the date the governmental entity takes beneficial occupancy of the project. The statute includes penalties for governmental entities that do not comply with the reporting requirement including the ability to obtain an injunction against the governmental entity until the reporting requirements are completed. The information required by statute directly pertains to the selection of the firm and delivery method and was difficult to obtain after completion of the project due to the time lapse and change in personnel.

S.L. 2021-80 exempts the University of North Carolina System from reporting the information to the Secretary of Administration and requires the Board of Governors to adopt rules to implement the provisions of this section, including the format and frequency of reporting and requires the information to be reported to the Board of Governors on an annual basis.

G.S. 143-133.1(a) requires the following information to be reported for each construction contract awarded utilizing a construction manager at risk, design-builder, or private developer under a public-private partnership:

- A detailed explanation of the reason why the particular construction manager at risk, design-builder, or private developer was selected.
- The terms of the contract with the construction manager at risk, design builder, or private developer
- A list of all other firms considered but not selected.
- A report on the form of bidding utilized by the construction manager at risk, design-builder, or private developer on the project.
- A detailed explanation of why the particular delivery method was used in lieu of the delivery methods identified in G.S. 143-128(a1) subdivision (1) through (3) and the anticipated benefits to the public entity from using the particular deliver method.

By statute, construction contracts utilizing alternative project delivery methods are awarded through a qualifications-based selection process and are not awarded to the lowest responsible and responsive bidder.

RECOMMENDATION

It is recommended that the Board of Governors amend Section 600.1.1. of the UNC Policy Manual to require the information on the construction delivery method as specified by G.S. 143-133.1 be reported by the constituent institution within 60 days of contract award. It is further recommended that the information be collectively reported to the Board for all projects awarded during the fiscal year and submitted with the annual report of the Committee of Budget and Finance. The information required to comply with G.S. 143-133.1(a) will be collected in a manner prescribed by the president or president's designee.

Policy on Design, Construction, and Financing of Capital Improvement Projects

I. Authority. G.S. 143C-8-12 provides the Board of Governors with authority to approve certain expenditures for capital improvement projects that will be funded and operated entirely from non-General Fund money, including expenditures to plan, construct, and change the scope of such projects.

Additionally, G.S. 116-31.11 delegates to the Board of Governors the authority for the administration of design, construction, or renovation of buildings, utilities, and other property developments requiring the estimated expenditure of public money of \$2,000,000 or less. The Board is also authorized to delegate that authority to constituent institutions and affiliated entities of the University of North Carolina if an institution or affiliated entity is qualified under guidelines developed in consultation with the director of the budget and the State Building Commission. Pursuant to this authority, guidelines entitled “The University of North Carolina Design and Construction Guidelines” were implemented to provide assistance to the constituent institutions in the administration of the design and construction of capital improvement projects. Copies of the guidelines may be obtained at the UNC System Office.

Pursuant to and consistent with its authority under the North Carolina General Statutes, including G.S. 116-11(13), the Board of Governors adopts the following policy regarding authority of the president and boards of trustees to approve and administer certain capital improvement projects.

II. Approval of Certain Capital Improvement Projects

A. General Delegations of Authority to the President and Boards of Trustees for Approval of Certain Capital Improvement Projects.

1. The Board of Governors delegates to the president and the boards of trustees the power to approve capital improvement projects that are funded entirely with non-General Fund money that are projected to cost less than \$750,000.¹ The president’s authority may be exercised on behalf of the UNC System Office, affiliated entities, or the constituent institutions in the president’s discretion.

2. The Board of Governors delegates to the president and the boards of trustees authority to approve advance planning of capital improvement projects, where the advance planning effort is to be funded entirely with non-General Fund money.²

3. The Board of Governors delegates to the president the authority to approve an increase of up to 10 percent of the cumulative value of an originally-awarded construction contract for a System Office, affiliated entity, or constituent institution capital improvement project previously authorized by the Board of Governors.

4. After the long-term financing of a capital improvement project has been approved in accordance with statutory requirements, the president may approve interim financing or bank loans as a means of short-term financing. The president shall report any such actions to the Committee on Budget and Finance at its next meeting.

B. Additional Delegations of Authority to the President and Boards of Trustees for Approval of Capital Improvement Projects.

1. The Board of Governors may delegate to the president additional authority to approve capital improvement projects funded entirely with non-General Fund money that are projected to cost less than \$1,000,000.³

2. Upon request by the board of trustees of a constituent institution or affiliated entity and with the recommendation of the president, the Board of Governors may delegate to the board of trustees of a constituent institution or affiliated entity additional authority to approve capital improvement projects funded entirely with non-General Fund money that are projected to cost less than \$1,000,000.⁴

3. Should the Board of Governors delegate additional authority to one or more boards of trustees or affiliated entities consistent with paragraph 2., above, the president shall automatically receive authority to approve capital improvement projects at a level equal to the highest level of authority delegated to a board of trustees or affiliated entity. The president's authority may be exercised on behalf of the UNC System Office, affiliated entities, or the constituent institutions in the president's discretion.

4. The senior vice president for finance and administration, in consultation with the senior vice president and general counsel, shall establish the process by which a constituent institution may request and maintain delegated authority consistent with G.S. 143C-8-12 and other relevant state law. The minimum criteria a constituent institution must meet to receive and maintain authorization from the Board of Governors shall include, but not be limited to, performance of a written, comprehensive self-assessment that demonstrates:

a. The constituent institution has performed a written, comprehensive self-assessment that demonstrates it has the administrative, technical, and support resources necessary to properly carry out the delegated authority.

b. The chancellor has certified in writing that the constituent institution has the administrative, technical, and support resources necessary to properly carry out the delegated authority.

c. The constituent institution has a properly constituted and active campus capital project review committee comprised of individuals with sufficient technical expertise, strategic perspective and executive authority to perform the duties required herein.

d. The constituent institution has an individual on staff with substantial experience in managing capital improvement projects and the chancellor has designated that individual as the campus capital project coordinator.

e. The constituent institution has appropriate and sufficient technical and professional staff with demonstrated capability in the planning, financing, and oversight of capital improvement projects.

f. An assessment team, assembled and led by the senior vice president for finance, has reviewed the constituent institution's self-assessment, has performed an on-site capabilities appraisal that confirms the institution's self-assessment, and has recommended delegation to the president.

Constituent institutions will be reviewed for re-authorization under this section on a periodic basis, to be established by the senior vice president for finance and administration.

5. Upon review in response to a request for re-authorization or in response to a report of noncompliance with this policy or its associated regulations, for good cause, and consistent with G.S. 143C-8-12 and other relevant state law, the president may revoke or suspend the authority of a constituent institution or take other remedial action as the president deems necessary and appropriate. Once authority has been revoked or suspended pursuant to this policy, all future capital improvement projects for the institution involved shall be completed in accordance with the General Statutes of North Carolina and the general delegations of authority provided for in section II of this policy.

III. Administration of Design and Construction of Certain Capital Improvement Projects. Delegations of the Board of Governors authority for the administration of design and construction of capital improvement projects requiring the estimated expenditure of public money of \$2,000,000 or less shall be in accordance with G.S. 116-31.11 and "The University of North Carolina Design and Construction Guidelines."

IV. Construction Delivery Method Reporting Requirement. In accordance with G.S. 143-133.1, constituent institutions that contract with a construction manager at risk, designer-builder, or private developer under a public-private partnership shall report to the System Office (in a manner prescribed by the president or the president's designee) the following information within 60 days of award for contracts utilizing such alternative delivery methods:

- A. A detailed explanation of the reason why the particular construction manager at risk, design-builder, or private developer was selected;
- B. The terms of the contract with the construction manager at risk, design-builder, or private developer;
- C. A list of all other firms considered but not selected as the construction manager at risk, design-builder, or private developer;
- D. A report on the form of bidding utilized by the construction manager at risk, design-builder, or private developer on the project; and
- E. A detailed explanation of why the particular delivery method was used in lieu of the delivery methods identified in G.S. 143-128(a1) subdivisions (1) through (3) and the anticipated benefits to the public entity from using the particular delivery method.

The information shall be collectively reported annually to the Board for all projects awarded during the fiscal year and submitted with the annual report of the Committee on Budget and Finance.

IV. Procedures and Reporting Requirements. The senior vice president for finance and administration shall have general authority to establish such procedures and reporting requirements for constituent institutions and affiliated entities as may be prudent to enable implementation of this policy and associated regulations.

VI. Other Matters

A. Effective Date. ~~The requirements of this policy shall be effective on July 1, 2019. The requirements of this policy shall be effective on the date of adoption by the Board of Governors.~~

B. Relation to Other Laws. This policy is designed to supplement, and does not purport in any way to supplant or modify, those statutory enactments and rights which may govern capital improvement projects in the State of North Carolina.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

¹This delegation of authority shall be interpreted consistent with G.S. 143C-8-12. See also Appendix 1 to *The Code* and Section 200.6 of the UNC Policy Manual.

²Unless otherwise indicated by the Board of Governors, this delegation of authority to boards of trustees to approve advance planning efforts shall not be further delegated.

³See endnote 1, above.

⁴See endnote, 1, above.



AGENDA ITEM

A-7. Capital Improvement Projects – Appalachian State University, UNC-Chapel Hill,
UNC Greensboro, and Western Carolina University Katherine Lynn

- Situation:** Appalachian State University, University of North Carolina at Chapel Hill, The University of North Carolina at Greensboro, and Western Carolina University have requested new authorizations for five capital improvement projects, and The University of North Carolina at Greensboro has requested increased authorization for one capital improvement project.
- Background:** The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.
- Assessment:** Appalachian State University, University of North Carolina at Chapel Hill, The University of North Carolina at Greensboro, and Western Carolina University are requesting projects that meet the statutory requirements, and it is recommended that the Board of Governors approve the projects and the method of funding. It is further recommended that these projects be reported to the NC Office of State Budget and Management as non-appropriated projects that do 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 Projects – Appalachian State University, UNC-Chapel Hill, UNC Greensboro, and Western Carolina 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.

Four UNC System institutions have requested six capital improvement projects: five new projects and one project for increased authorization.

I. NEW PROJECTS

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
Appalachian State University					
1.	University Bookstore Remodeling	\$5,000,000	\$167,100	\$4,832,900	Trust Funds
<i>Appalachian Subtotal</i>		<i>\$5,000,000</i>	<i>\$167,100</i>	<i>\$4,832,900</i>	
University of North Carolina at Chapel Hill					
2.	Cone-Kenfield Tennis Center Renovation and New Team Building	\$17,000,000	\$0	\$17,000,000	Donations & Gifts
3.	Kenan Football Center Renovations and Addition	\$15,000,000	\$0	\$15,000,000	Donations & Gifts
4.	FPG Student Union Bojangles Renovations	\$810,000	\$0	\$810,000	Dining Receipts
<i>UNC-CH Subtotal</i>		<i>\$32,810,000</i>	<i>\$0</i>	<i>\$32,810,000</i>	
Western Carolina University					
5.	Norton Intramural Fields	\$3,700,000	\$0	\$3,700,000	Student Activity Fee Reserves
<i>WCU Subtotal</i>		<i>\$3,700,000</i>	<i>\$0</i>	<i>\$3,700,000</i>	
Grand Total		\$41,510,000	\$167,100	\$41,342,900	

II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
The University of North Carolina at Greensboro					
6.	Stone Building Roof Replacement	\$775,552	\$62,000	\$713,552	Carry-forward (92%)/R&R (8%)
<i>UNCG Subtotal</i>		<i>\$775,552</i>	<i>\$62,000</i>	<i>\$713,552</i>	
Grand Total		\$775,552	\$62,000	\$713,552	

RECOMMENDATION

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

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

III. REPORTING

The following projects are being reported to the Board of Governors and Fiscal Research Division in compliance with GS 143C-8-13 (d) which permits Chancellors to authorize Repairs and Renovation projects less than \$600,000 in 13 allowable categories.

Institution/Project Title		Amount	Fund Source	R&R Category
University of North Carolina School of the Arts				
1.	DeMille Theatre HVAC Renovation	\$375,000	Carry-forward	4 - Repairs to or installation of new electrical, plumbing, and heating,
2.	Keenan Drive Improvements	\$500,000	Carry-forward	11 - Improvements to roads, walks, drives, and utilities infrastructure
3.	Cool Building Renovation	\$499,959	Donations & Gifts	9 - Improvements and renovations to improve use of existing space
4.	Pearce Building Renovation	\$499,761	Donations & Gifts	9 - Improvements and renovations to improve use of existing space