



# The University of North Carolina

GENERAL ADMINISTRATION

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July 10, 2008

## MEMORANDUM

**TO:** Members of the Board of Governors

**FROM:** Rob Nelson *RN*

**SUBJECT:** Final 2008-09 University Budget

As expected, the General Assembly enacted the 2008-09 State Budget this week. The attached spreadsheet compares the enacted budget to the House and Senate versions, as well as the priorities approved by the Board of Governors.

Given the current economic environment, the legislature's response to the Board's budget priorities was extraordinarily supportive, and we believe that this budget is good for the future of North Carolina and for the students whose education has been entrusted to us. It will enable the University to better compete for quality faculty, make investments in research, and build facilities needed to support enrollment growth and new programs.

In the end, the General Assembly committed to fully fund enrollment growth. That was a huge victory for the students our campuses had already admitted for the fall term. The legislature also provided significant funding for campus safety improvements – the University's highest expansion priority. Budget cuts are minimal, and our Chancellors will be allowed flexibility in budgeting for this permanent reduction.

This very positive result would not have been possible without your active participation and advocacy, and we thank you. More to the point – it most certainly would not have happened without the General Assembly's continued support of the University and public education, and we urge you to contact members to express your heartfelt thanks on behalf of the University and our students.

Please feel free to contact me if you have questions.

Attachment

Constituent Universities  
Appalachian State  
University

East Carolina  
University

Elizabeth City  
State University

Fayetteville State  
University

North Carolina  
Agricultural and  
Technical State  
University

North Carolina  
Central University

North Carolina  
School of  
the Arts

North Carolina  
State University  
at Raleigh

University of  
North Carolina  
at Asheville

University of  
North Carolina  
at Chapel Hill

University of  
North Carolina  
at Charlotte

University of  
North Carolina  
at Greensboro

University of  
North Carolina  
at Pembroke

University of  
North Carolina  
at Wilmington

Western Carolina  
University

Winston-Salem  
State University

Constituent High School  
North Carolina  
School of Science  
and Mathematics

An Equal Opportunity/  
Affirmative Action  
Employer

**The University of North Carolina  
Budget Comparison  
2008-09**

	BOG Budget Priorities		House		Senate		Conference	
<b>Authorized Continuation Budget</b>	2,656,447,099		2,656,447,099		2,656,447,099		2,656,447,099	
Enrollment Adjustment	34,667,264		14,613,302		34,613,302		34,613,302	
<b>Total Continuing Operations</b>	<b>2,691,114,363</b>		<b>2,671,060,401</b>		<b>2,691,060,401</b>		<b>2,691,060,401</b>	
<b><i>UNC Reductions &amp; Adjustments :</i></b>								
<b>Total UNC Reductions &amp; Adjustments</b>	-		<b>(29,594,475)</b>		<b>(\$3,505,851)</b>		<b>(\$19,505,851)</b>	
Building Reserve Adjustments	-		(3,673,321)		(3,673,321)		(3,673,321)	
	-		732,470	NR	732,470	NR	732,470	NR
Flexibility Reduction <i>The UNC President and the Board of Governors will determine the allocation of budget cuts.</i>	-		(18,499,495)		-		(16,000,000)	
Reduction to Inflationary Increases – Utilities	-		(1,300,759)		-		-	
Reduction to Inflationary Increases – Library Books	-		(1,331,512)		-		-	
Reduction to Incr. – Campus Vehicles & Equipment Replacement	-		(4,956,858)		-		-	
SREB Contract Programs Phase-Out	-		(93,000)		(93,000)		(93,000)	
Coaching Scholarships Elimination	-		(72,000)		(72,000)		(72,000)	
Tuition Surcharge Over-realized Receipts	-		(400,000)		(400,000)		(400,000)	
<i>Note: Conference budget requires that \$1M of the Principal Fellows Trust Fund balance revert to the General Fund and another \$1.74M be used for payments to the PEP participants of Class 10.</i>								
<b><i>Expansion Items :</i></b>								
<b>Campus Safety</b>	<b>11,700,000</b>	R	<b>6,400,000</b>	R	<b>7,000,000</b>	R	<b>6,000,000</b>	R
	<b>17,500,000</b>	NR	<b>6,400,000</b>	NR	<b>10,000,000</b>	NR	<b>9,000,000</b>	NR
<b>Academic Salary Increases</b>	<b>153,847,371</b>		<b>56,020,000</b>		<b>64,020,000</b>		<b>61,620,000</b>	
Competitive Salaries for Faculty – 80th percentile of Peers	69,621,862		-		-		-	
Merit-Based EPA Salary Increases (BOG-4%; Conference-3%) <i>SPA: Conference - greater of \$1,100 or 2.75%</i>	72,225,509		54,020,000		54,020,000		54,020,000	
Distinguished Professorships	7,000,000		2,000,000	NR	5,000,000	NR	4,600,000	NR
Faculty Recruiting and Retention Fund	5,000,000		-		5,000,000		3,000,000	

NR = nonrecurring

**The University of North Carolina  
Budget Comparison  
2008-09**

	BOG Budget Priorities		House		Senate		Conference	
<b>Student Success &amp; Retention &amp; Graduation</b>	<b>300,000</b>							
University of North Carolina Online	300,000	NR	-		-		-	
<b>Research</b>	<b>66,639,711</b>		<b>7,500,000</b>		<b>15,750,000</b>		<b>14,000,000</b>	
NC Research Competitiveness & Commercialization Gap Funding	30,000,000		-		3,000,000	NR	1,000,000	NR
Graduate Student Recruitment & Retention	8,384,715		-		2,000,000		1,500,000	
Center for Bioenergy Technologies (NCSU)	2,043,594	R	-		-		-	
	3,800,000	NR	-		1,250,000	NR	1,250,000	NR
Electric Vehicle Research (NCSU)	500,000		-		500,000	NR	250,000	NR
NC Research Campus (Kannapolis)	13,972,402		3,000,000		7,000,000		6,000,000	
Joint Program in Nanosciences & Nanoengineering (NCA&T and UNCG)	2,939,000	R	2,000,000	R	1,000,000	R	1,500,000	R
	4,000,000	NR	1,500,000	NR	1,000,000	NR	1,500,000	NR
Biomanufacturing Research Institute & Technology Enterprise (BRITE) Initiative (NCCU)	1,000,000		1,000,000		-		1,000,000	
<b>More and Better Teachers &amp; Improved Schools</b>	<b>8,504,800</b>		<b>200,000</b>		<b>870,000</b>		<b>600,000</b>	
New Teacher Support and Mentoring Aimed at Retention	2,748,000		-		-		-	
NC Center for the Advancement of Teaching	378,400		-		-		-	
Comprehensive Pilot for New Teacher Support	601,400		-		-		-	
Mathematics Science Education Network (MSEN) Pre-college Prog. <i>Conference funding for continuation of ECU and WCU programs</i>	870,000		-		870,000	NR	400,000	NR
NCSSM Online High School Courses	350,000		-		-		-	
NC Center for International Understanding	200,000		200,000	NR	-		200,000	NR
Principals' Executive Program (PEP) and Kenan-Flagler Leadership Program for Priority Middle & High Schools	607,000		-		-		-	
Science, Technology, Engineering & Mathematics (STEM) Education (NCSU & UNC-CH)	1,250,000		-		-		-	
UNCC Lateral Entry and Teacher Educ. Support Programs	1,500,000		-		-		-	
<b>Healthcare</b>	<b>24,000,000</b>		<b>9,190,562</b>		<b>9,000,000</b>		<b>4,750,000</b>	
Contract Programs in Other States/BOG Medical & Dental Scholarship Programs	-		see reductions on p. 1		see reductions on p. 1		see reductions on p. 1	
Dental School (ECU)	2,000,000		1,500,000		1,000,000		1,500,000	
Area Health Education Centers	3,000,000		1,190,562		2,000,000		1,750,000	
Medical School Expansion Planning Funding (ECU/UNC-CH/UNCC) <i>Conference only recommends funding for ECU &amp; UNC-CH</i>	5,000,000		4,000,000		2,000,000	NR	1,500,000	NR
Nursing Program Expansions (ASU, UNCC, UNCW)	1,500,000		-		-		-	
Indigent Care – ECU	5,000,000		2,500,000	NR	2,000,000	NR	-	
Indigent Care – UNC Hospitals	7,500,000		-		2,000,000	NR	-	

NR = nonrecurring

UNC-GA Finance  
7/10/08

**The University of North Carolina  
Budget Comparison  
2008-09**

	BOG Budget Priorities		House		Senate		Conference	
<b>Regional &amp; Statewide Economic Transformation and Competitiveness</b>	<b>23,668,750</b>		<b>8,100,000</b>		<b>7,218,750</b>		<b>9,350,000</b>	
NCSU College of Engineering	10,000,000		1,000,000		3,000,000		2,000,000	
NCA&T College of Engineering	2,000,000		2,000,000		1,500,000		2,000,000	
NCCU School of Law	2,500,000		2,500,000		–		2,000,000	
Entrepreneurship & Regional Cluster-based Economic Devel. (NCSU)	2,000,000		–		–		–	
Support for NC Communities (UNC-CH)	1,000,000		–		–		–	
Funding Support for Regional Collaborations	968,750		–		968,750		500,000	
Center for Applied Public Policy (UNC-CH)	1,250,000		–		–		–	
ECSU Aviation Program	950,000		300,000	R	–		300,000	R
			300,000	NR	–		300,000	NR
WCU Forensic Science Program	500,000		500,000		–		500,000	
Campuses Specializing in the Arts & Sciences (NCSA, UNCA, NCSSM) <i>Conference - NCSA-\$750K; UNCA-\$750K; NCSSM-\$250K</i>	2,500,000		1,500,000	NR	1,750,000		1,750,000	
<b>UNC Systems Support &amp; Data Integration</b>	<b>1,957,751</b>	R	–		<b>1,957,751</b>	R	<b>1,000,000</b>	R
	<b>2,020,000</b>	NR	–		<b>1,720,000</b>	NR	<b>1,000,000</b>	NR
<b>Affiliated Entities</b>	<b>953,522</b>		<b>400,000</b>		<b>230,000</b>		<b>400,000</b>	
UNC-TV Statewide Public Affairs & Informational Program Services	588,533		200,000		230,000		200,000	
NC Arboretum International Institute for Natural Biotechnology and Integrative Medicine	200,000		200,000	NR	–		200,000	NR
UNC Press Digital Books	164,989		–		–		–	

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**The University of North Carolina  
Budget Comparison  
2008-09**

	BOG Budget Priorities	House	Senate	Conference
<b>Other UNC Items</b>	-	<b>2,208,000</b>	<b>2,878,064</b>	<b>2,828,064</b>
Cochlear Implant Programs (Conference \$575K-UNC-CH; \$100K-ECU)	-	500,000	675,000	675,000
UNC-CH TEACCH	-	358,000	353,064	353,064
NCSU Veterinary Medicine Clinical Teaching & Research Fund	-	200,000	200,000	200,000
FSU Fire Training Tower	-	400,000	-	400,000
NCSU Dairy Agriculture Extension Agents	-	200,000	-	200,000
UNC-CH Statewide Prog. For Infection Control & Epidemiology (SPICE)	-	250,000	250,000	250,000
UNCG A+ Schools	-	100,000	-	100,000
UNCP Fire Protection Funds	-	200,000	-	200,000
EARN Scholars Revision - allow private college students and fund total of \$66.2 million estimated need for the program in 2008-09	-	(50,000,000) *	(50,000,000) *	(43,775,000) *
UNC-CH Perinatal Mortality and Disease	-	-	500,000	250,000
Study DPI Structure and Organization	-	-	200,000	-
NCSU Horticultural Program in Eastern NC	-	-	200,000	200,000
NC Center for Nursing	-	-	500,000	-
UNC to Study Coastal Sounds Wind Energy <i>BOG shall use available funds from its budget to conduct study &amp; may apply for, receive, or accept grants/contrib. from any source</i>	-	-	within available funds	within available funds
UNC and DENR to Study Plastics Use <i>Shall use available funds from their budgets to conduct study &amp; may apply for, receive, or accept grants/contrib. from any source</i>	-	-	-	within available funds
<b>Aid to Private Colleges</b>	-	<b>(\$1,050,000)</b>	<b>(\$2,800,000)</b>	<b>(\$1,050,000)</b>
Legislative Tuition Grant Adjustment	-	(1,700,000)	(1,700,000)	(1,700,000)
State Contractual Scholarship Fund Adjustment	-	(1,100,000)	(1,100,000)	(1,100,000)
Legislative Tuition Grant for Half-time Students	-	1,750,000	-	1,750,000
<b>Recurring budget amounts</b>	<b>283,471,905</b>	<b>63,404,919</b>	<b>116,554,546</b>	<b>98,848,045</b>
<b>Nonrecurring budget amounts</b>	<b>27,620,000</b>	<b>16,982,470</b>	<b>32,397,470</b>	<b>25,757,470</b>
<b>Recommended UNC Operating Budget Changes</b>	<b>311,091,905</b>	<b>80,387,389</b>	<b>148,952,016</b>	<b>124,605,515</b>
<b>Total Recommended UNC Operating Budget</b>	<b>3,002,206,268</b>	<b>2,736,834,488</b>	<b>2,805,399,115</b>	<b>2,781,052,614</b>

\* Non-add item (nonrecurring) - change in funding source

In addition to the items listed, the Conference budget recommends \$900,000 in nonrecurring funds to expand social work programs at FSU, UNCC, UNCP, & WCU, \$125,000 for the expansion of the Nurse Practitioner Scholarship Program at UNC-CH School of Nursing, \$300,000 to UNC-CH School of Medicine for four projects in the Department of Psychiatry, and \$30,000 in nonrecurring funds for UNC-CH's TEACCH to develop an autism education and awareness video. In addition, of funds appropriated to DPI for the School Connectivity Initiative, up to \$600,000 annually may be transferred to the Friday Institute at NCSU. These items are located outside of the University section of the Committee Report.

NR = nonrecurring

UNC-GA Finance  
7/10/08

**The University of North Carolina  
Budget Comparison  
2008-09**

	<b>BOG Priorities</b>	<b>House</b>	<b>Senate</b>	<b>Conference</b>
<b>Capital Budget (all items are nonrecurring)</b>	<b>737,293,340</b>	<b>410,818,016</b>	<b>610,079,210</b>	<b>623,127,826</b>
<b><u>Priorities</u></b>	<b>528,834,000</b>			
Fire Safety Improvements – Student Residence Halls	38,500,000	3,000,000	10,000,000*	10,000,000*
ECU School of Dentistry	62,000,000	62,000,000*	69,000,000*	69,000,000*
ECSU School of Education Building	18,000,000	18,000,000*	18,000,000*	18,000,000*
NCA&T General Classroom Instructional Facility	20,487,000	20,490,000*	20,490,000*	20,490,000*
NCCU School of Nursing Building	22,500,000	24,500,000*	–	24,500,000
NCSSM Discovery Center – Science Labs/Classrooms/ Residence Hall	66,663,000	7,250,000	–	7,250,000
NCSU Centennial Campus Library	97,000,000	109,100,000*	109,100,000*	109,100,000*
UNC-CH Dental Sciences Teaching and Learning Building	69,000,000	69,000,000*	69,000,000*	69,000,000*
UNCC Energy Production Infrastructure Center	57,218,000	–	57,218,000*	57,218,000*
UNCG Academic Classroom & Office Building	42,667,000	42,670,000*	42,670,000*	42,670,000*
WSSU Student Activities Center – Budget Supplement	9,799,000	9,799,000	9,799,000*	9,799,000*
System-wide Reserve for Land Acquisition	25,000,000	5,000,000	35,000,000*	25,000,000*
<b><u>Next Priorities</u></b>	<b>208,459,340</b>			
ASU College of Nursing & Health Sciences Building – Planning	4,200,000	2,100,000	4,200,000	4,200,000
ECU New Family Medicine/Geriatric Center	36,800,000	1,874,932	36,800,000*	36,800,000*
ECSU School of Aviation Complex	14,500,000	1,500,000	1,500,000	1,500,000
FSU Teaching Education & General Classroom Building – Planning	4,272,100	1,700,000	4,272,110	4,272,110
NCA&T Joint Primary Data Center – Planning (with UNCG)	2,315,020	1,852,016	–	1,852,016
NCSA Central Storage Facility – Planning	1,110,000	444,000	11,100,000*	11,100,000*
NCSU Engineering Complex	21,373,400	–	21,373,400	14,400,000
UNCA Replace Carmichael Hall & University Lecture Hall – Planning	2,680,100	1,100,000	1,100,000	1,100,000
UNC-CH Carolina North Development, Phase 1 – Planning	16,900,000	3,500,000**	16,900,000**	11,500,000**
UNC-CH Biomedical Research Imaging Center – Planning	19,500,000	4,000,000	31,000,000***	35,000,000***
UNCC Science Building – Planning	12,000,000	2,400,000	2,400,000	2,400,000
UNCG Joint Primary Data Center – Planning (with NCA&T)	2,315,020	<i>see NCA&amp;T above</i>	–	<i>see NCA&amp;T above</i>
UNCP Information Commons Building – Planning	5,000,000	2,000,000	2,000,000	2,000,000
UNCW Allied Health and Human Sciences Building – Planning	4,320,000	1,700,000	4,320,000	4,320,000
WCU Education and Allied Professions Building – Planning	4,018,700	1,900,000	4,018,700	4,018,700
WSSU Sciences and General Office Building	24,900,000	3,000,000	3,000,000	3,000,000
WSSU/NCSA Center for Design Innovation – Site Preparation	1,500,000	1,500,000*	1,500,000*	1,500,000*
UNC Hospitals Inpatient Bed Tower & Operating Room Facility – Planning	16,275,000	–	–	–
Upper Coastal Plain Higher Education Center	14,480,000	1,000,000	1,000,000	1,000,000

**The University of North Carolina  
Budget Comparison  
2008-09**

	<b>BOG Priorities</b>	<b>House</b>	<b>Senate</b>	<b>Conference</b>
<b>Other Items</b>				
NCA&T Land Acquisition and Construction of Horse Barns <i>(at the proposed Barnes St. site in Reidsville &amp; jointly operated by NCA&amp;T, the County of Rockingham, and the City of Reidsville)</i>	–	2,438,068	2,438,000 *	2,438,000 *
NCSU 4-H Camp Improvements	–	2,500,000	4,500,000	4,000,000 *
UNC-CH Morehead Planetarium Renovation and Expansion	–	3,500,000	3,480,000	1,800,000
NCSA Film School Production Facility	–	–	12,900,000 *	12,900,000 *
<b>Repair and Renovation Reserve</b>		<b>27,600,000</b>	<b>50,000,000</b>	<b>29,826,049 ****</b>
<i>BOG requests modification of the current R&amp;R allocation formula to accurately reflect the proportion of state-owned buildings throughout the state.</i>		<i>House 46%</i>	<i>Senate 50%</i>	<i>Conference 46%</i>

\* *The Conference Committee recommends funding these projects with Certificates of Participation (COPS).*

*In addition to the items listed, the Conference Committee Report recommends \$4,303,944 in COPS for a research scale oyster hatchery in the Division of Marine Fisheries to be located at the Center for Marine Science at UNCW.*

*In addition to the COPS funding for Fire Safety Improvements, the Conference Budget [Section 27.3(b)] requires the use of housing receipts and a portion of Repair and Renovation funds for residence hall sprinklering projects.*

\*\* *The Board of Governors recommended the UNC-CH Law School Replacement - Planning as a part of the UNC-CH Carolina North, Phase I - Planning. The House budget recommended planning funds only for the Law School project. The Senate budget included the Law School planning funds in the \$16.9M for the Carolina North project. The Conference Committee recommends funds for planning the Law School replacement and infrastructure for the Law School and the Innovation Center.*

\*\*\* *In addition to this appropriation, there is also a special provision in the Conference Budget (Section 27.7B) that appropriates \$172M in 2009-10 and \$45M in 2010-11 to fully construct UNC-CH's Biomedical Research Imaging Center.*

\*\*\*\**The Conference budget proposes 46% of \$69,839,238, or \$32,126,049 to go to the University. However, of that amount, \$2.3 million is required to be allocated to the Energy Efficiency Reserve [Section 27.3(e)]. The Energy Efficiency Reserve will be administered by the State Energy Office in consultation with the State Construction Office.*