

University of North Carolina

FY 2021-23 Operating Budget Priorities

		FY 2021-22	FY 2022-23
	2021-23 Base Budget	\$2,962,056,895	\$2,962,173,367
	<i>(Excludes Aid to Private Institutions)</i>		
UNC System Enrollment Funding			
Despite the pandemic, the UNC System had the highest student enrollment in the System's history. Funding for enrollment growth will support high-quality education for new students across the state, including at the NCSSM Morganton campus.	NR to R*	\$29,392,231	\$29,392,231
	FY 2021-23	40,176,497	83,998,971
		1,334,264 NR	347,412 NR
	Total	\$69,568,728	\$113,391,202
		\$1,334,264 NR	\$347,412 NR
NC Promise Program			
The NC Promise program has been a tremendous benefit to students at some of our most rural institutions, demonstrating North Carolina's unparalleled commitment to affordability. Enrollment at ECSU, UNCP, and WCU is expected to continue to grow.	NR to R*	\$15,000,000	\$15,000,000
	FY 2021-23	—	5,000,000
	Total	\$15,000,000	\$20,000,000
Building Reserves			
The Connect NC bond significantly increased the number of new appropriated capital projects in the UNC System. As these buildings begin to reach completion, there are substantial needs for maintenance and operation funding. The UNC System is also requesting \$3,985,459 NR in FY 2020-21 for buildings coming online this fiscal year.	NR to R*	\$15,143,629	\$15,143,629
	FY 2021-23	10,904,122	20,480,657
		2,804,782 NR	1,242,230 NR
	Total	\$26,047,751	\$35,624,286
		\$2,804,782 NR	\$1,242,230 NR
		\$110,616,479	\$169,015,488
		4,139,046 NR	1,589,642 NR
Total Requested Increase		\$114,755,525	\$170,605,130
Total Percent Change		3.87%	5.76%

* Total request includes the conversion of FY 2021 nonrecurring to recurring, as well as new funding for FY 2021-23.

Faculty and Staff Salaries

UNC System faculty and staff have been working hard educating, promoting student success, and producing groundbreaking research. We have seen the results of these efforts in our steadily increasing graduation rates and nationally recognized research on treatment and prevention of COVID-19.

UNC System requests equity with state agencies

UNC System employees have not had a salary increase in two years and have not received an increase that was equivalent to that of other state agencies in three years.

Note: All items are recurring unless specified as nonrecurring.

The University of North Carolina System 2021-23 Operating Budget Priorities

Rising to the Challenge

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

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

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

Bucking the Trend

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

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

Looking Forward

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

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

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

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

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

1. Enrollment Change Funding

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

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

Enrollment Funding Request

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

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

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

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

Enrollment for Comprehensive Transition Programs

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

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

Comprehensive Transition Program Enrollment

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

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

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

NCSSM Morganton Operational Funding for 2021-23

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

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

2. NC Promise

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

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

3. Building Reserves

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

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

Building Reserves for Unfunded Buildings Opening in FY 2021

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

*NC Connect Bond Project

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

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

*NC Connect Bond Project

Building Reserves for Buildings Scheduled to Open in 2021-23

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

*NC Connect Bond Project

4. Faculty and Staff Salaries

The UNC System's most important assets are the talented faculty and staff that educate and support our students, researchers that produce scientific breakthroughs and attract significant federal and private funding to the state, and public servants that leverage the expertise and resources of the universities to positively impact communities in North Carolina. As such, faculty and staff salaries remain a top priority.

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

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

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

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

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



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

2021 LEGISLATIVE PROPOSALS

SUMMARY OF PRIORITY PROPOSALS

Institute Efficiencies to Respond to the Impacts of COVID

1. Support additional HR flexibilities

The UNC System needs additional tools to address potential funding pressures to the university. These flexibilities include:

- Expanded availability of early retirement beyond faculty positions;
- Additional authority for furloughs;
- Flexibility over reduction in force and severance payment using existing resources;
- Permission for state employees to continue using vacation and/or sick leave interchangeably through December 2021; and
- Authority for the University to cover (using non-State dollars) furloughed employees' contributions to state health plan monthly premiums.

2. Amend carryforward authority to allow for additional uses

In S. 212, the legislature increased carryforward authority to five percent, but limited the eligible use to repairs and renovations exclusively. We seek the authority to use identified HR and operational efficiencies to minimize the impact to our institutions.

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

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



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

2021 LEGISLATIVE PROPOSALS

University Efficiencies

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

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

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

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

3. Report consolidation or eliminations

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



Area:	Efficiency
Topic:	Support Additional HR Flexibilities
Governance:	G.S. 116-14(b3)
Current Status:	<p>COVID-19 has had significant financial impacts on the state. As we look toward a tight state budget in FY22, the UNC System needs additional tools to address potential funding pressures on the System and its employees.</p> <p>These flexibilities include:</p> <ul style="list-style-type: none">• Expanding the availability of voluntary early retirement beyond faculty positions,• Additional authority for furloughs and temporary salary reductions,• Flexibility over reduction in force and severance payments using existing resources,• Allowing state employees to continue to use vacation and/or sick leave interchangeably through December 2021; and• Authority for the University to cover (using non-State dollars) furloughed employees' contributions to state health plan monthly premiums.
Current Challenges:	These flexibilities are urgent needs that can minimize harm caused by the deleterious effects of COVID-19 on the University, its mission of public service, and its ability to care for employees.
Proposed Action:	See draft language.

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

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

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



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



Area:	Efficiency
Topic:	Report Elimination (or UNC requirement to participate)
Governance:	G.S. 66-58(h), Section 36.7(b) of S.L. 2017-57, Section 26.5(b)(1) of S.L. 2012-142, Section 26.4(b) of S.L. 2012-142, S.L. 2001-424, G.S. 116-30.7, S.L. 2010-148, G.S. 143-133.1.
Current Status:	<p>With regard to efficiency, we request the elimination of the following reports below as they involve a significant amount of time, effort, and (human) resources.</p> <p>North Carolina General Assembly Fiscal Research Division staff requested or approved the elimination of the following reports:</p> <ol style="list-style-type: none">1 Report on Debt or Contracts for Golf Courses and Transient Accommodations Facilities - G.S. 66-58(h)2 Status of Capital Projects - Quarterly Report - Section 36.7(b) of S.L. 2017-573 Status of Capital Projects - Biannual Report - Section 26.5(b)(1) of S.L. 2012-1424 Progress Report on Fire Sprinklers - Section 26.4(b) of S.L. 2012-1425 Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets – Report on President’s Strategic Initiative Reserve - S.L. 2001-4246 Report on UNC Enrollment Growth - G.S. 116-30.7 <p>UNC System Division of Finance and Administration requested the elimination of the following reports:</p> <ol style="list-style-type: none">7 Bond Default Report - S.L. 2010-1488 Report to the Secretary of Administration for any construction manager at risk, design-builder, or public-private partnership contracts awarded - G.S. 143-133.1., section (a)
Current Challenges:	These reports, which have been mandated by statute or budget provision, require a great deal of time and effort to complete. We request that these reports be eliminated to improve efficiency. If the reports cannot be eliminated, we request that the reporting requirements be simplified or be required less frequently.
Proposed Action:	<p>Eliminate statutes to exclude the requirement for the UNC System to complete the following reports:</p> <ol style="list-style-type: none">1 Report on Debt or Contracts for Golf Courses and Transient Accommodations Facilities - G.S. 66-58(h)2 Status of Capital Projects – Quarterly Report - Section 36.7(b) of S.L. 2017-573 Status of Capital Projects – Biannual Report - Section 26.5(b)(1) of S.L. 2012-1424 Progress Report on Fire Sprinklers - Section 26.4(b) of S.L. 2012-1425 Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets – Report on President’s Strategic Initiative Reserve - S.L. 2001-4246 Report on UNC Enrollment Growth - G.S. 116-30.77 Bond Default Report - S.L. 2010-1488 Report to the Secretary of Administration for any construction manager at risk, design-builder, or public-private partnership contracts awarded - G.S. 143-133.1., section (a)

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

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

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



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

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

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

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

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

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

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



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