

**The University of North Carolina  
Budget Comparison  
2009-11**

|   | <u>2009-10</u>                      |                                 | <u>2010-11</u>                      |                                 |
|---|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|
|   | <u>BOG Budget<br/>Priorities **</u> | <u>Governor's<br/>Budget</u>    | <u>BOG Budget<br/>Priorities **</u> | <u>Governor's<br/>Budget</u>    |
| <b>Authorized Continuation Budget</b>   | 2,894,709,782                       | 2,894,709,782                   | 2,894,709,782                       | 2,894,709,782                   |
| Enrollment  | 44,197,776                          | 44,197,776                      | 97,630,002                          | 97,630,002                      |
| EARN Scholars (restore NR reduction)  | 43,775,000                          | 43,775,000                      | 43,775,000                          | 43,775,000                      |
| Adjustments for Staff Benefits & Continuing Personnel Costs                                       | 12,882,433                          | 17,941,178                      | 12,624,702                          | 18,321,298                      |
| Operating Reserves for New Facilities   | 16,253,821                          | 11,206,113                      | 43,572,192                          | 28,791,675                      |
| Utilities   | 21,559,736                          | 18,006,187                      | 26,497,478                          | 20,751,481                      |
| Replacement of Vehicles, Equipment, and Supplies  | 13,523,535                          | 2,525,708                       | 7,104,818                           | (857,471)                       |
| Inflationary Increases – Library Books & Materials  | 15,727,062                          | 14,129,584                      | 20,571,865                          | 18,411,905                      |
| Remove Nonrecurring Appropriations  | (27,318,000)                        | (20,063,243)                    | (27,318,000)                        | (21,027,434)                    |
| Cancer Research Fund – Replace Tobacco Tax Receipts with<br>General Fund Appropriations           | 11,000,000                          | –                               | 11,000,000                          | –                               |
| Other Adjustments   | 10,100,503                          | (242,830)                       | 12,543,737                          | 365,337                         |
| <b>Total Continuation Budget Increases</b>  | <b>161,701,866</b>                  | <b>131,475,473</b>              | <b>248,001,794</b>                  | <b>206,161,793</b>              |
| <b>Total Continuing Operations</b>  | <b>3,056,411,648</b>                | <b>3,026,185,255</b>            | <b>3,142,711,576</b>                | <b>3,100,871,575</b>            |
| <b><u>Reductions :</u></b>  |                                     |                                 |                                     |                                 |
| "Truth in Budgeting Reform" UNC-GA Salaries & Benefits @ 97%                                      | –                                   | (766,000)                       | –                                   | (766,000)                       |
| "Truth in Budgeting Reform" Campus Salaries & Benefits @ 98%                                      | –                                   | (54,238,000)                    | –                                   | (54,238,000)                    |
| Building Reserve Completion Dates Adjustment  | –                                   | (2,692,333) NR                  | –                                   | (2,256,597) NR                  |
| Reduce 2009-11 Building Reserves (reduce recurring costs<br>by 25%; eliminate nonrecurring funds) | –                                   | (2,578,250) R<br>(1,434,788) NR | –                                   | (6,265,803) R<br>(4,707,288) NR |
| Remove 2009-11 Inflationary Increases for Library Books   | –                                   | (14,129,584)                    | –                                   | (18,411,905)                    |
| Reduce 2009-11 Inflationary Increases for Utilities   | –                                   | (1,603,910)                     | –                                   | (1,362,610)                     |
| Reduce transfer from General Fund to UNC Hospitals  | –                                   | (10,000,000) NR                 | –                                   | (10,000,000) NR                 |
| Reduce GF appropriation for UNC Cancer Research Fund <sup>1</sup>                                 | –                                   | (561,179)                       | –                                   | (592,890)                       |

<sup>1</sup> Current projections indicate that overcollections from the tax on other tobacco products will be sufficient to bring the UNC Cancer Research Fund to \$50M.

NR = nonrecurring

|   | 2009-10                     |                      | 2010-11                     |                      |
|---|-----------------------------|----------------------|-----------------------------|----------------------|
|   | BOG Budget<br>Priorities ** | Governor's<br>Budget | BOG Budget<br>Priorities ** | Governor's<br>Budget |
| <b><u>Reductions (continued) :</u></b>  |                             |                      |                             |                      |
| Reduce recurring reserve for distance education and capacity enhancement by 10% | –                           | (112,936)            | –                           | (112,936)            |
| Reduce recurring reserve for information technology by 10%                      | –                           | (90,592)             | –                           | (90,592)             |
| Reduce NC LIVE by 10%   | –                           | (145,440)            | –                           | (145,440)            |
| Reduce the Strategic Initiatives Reserve  | –                           | (1,000,000) NR       | –                           | (1,000,000) NR       |
| Suspend ECU & WCU Legislative Schools for 2009-11 biennium                      | –                           | (500,000) NR         | –                           | (500,000) NR         |
| Discontinue state funding for UNC Center for Alcohol Studies                    | –                           | (500,000)            | –                           | (500,000)            |
| Eliminate residual Focused Growth Reserves                                      | –                           | (1,343,002)          | –                           | (1,343,002)          |
| Phase out tuition waiver for NCSSM graduates                                    | –                           | (990,619)            | –                           | (2,034,190)          |
| Reduce NC Research in Education Network (NCREN) by 10%                          | –                           | (660,000)            | –                           | (660,000)            |
| Management flex reduction – UNC-GA  | –                           | (1,847,683)          | –                           | (1,847,683)          |
| Management flex reduction – UNC campuses  | –                           | (96,569,651)         | –                           | (85,235,276)         |
| Freeze longevity payments for two years   | –                           | *                    | –                           | *                    |
| <b>Total Reductions</b>   | –                           | <b>(191,763,967)</b> | –                           | <b>(192,070,212)</b> |

\* Governor's budget recommends that teacher and state employee longevity payments be frozen for two years. Statewide nonrecurring reduction is \$173M for 2009-10 and \$177.8M for 2010-11 (reduction for UNC yet to be determined). Teachers' and state employees' final retirement calculations shall be held harmless from this longevity reduction.

**Expansion Items :**

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Our Citizens &amp; Their Future: Access to Higher Education</b> | <b>26,995,765</b> | <b>23,397,311</b> | <b>49,955,017</b> | <b>23,397,311</b> |
| Need-Based Financial Aid   | 23,397,311        | 23,397,311        | 45,856,563        | 23,397,311        |
| Regional Partnerships (Hickory, Onslow Co., Rocky Mount)           | 1,106,054         | see page 3        | 1,306,054         | see page 3        |
| <b>Our Health</b>  | <b>16,610,800</b> | <b>4,000,000</b>  | <b>31,718,100</b> | –                 |
| ECU Indigent Care  | 3,000,000         | 4,000,000 NR      | 5,000,000         | –                 |

|  | 2009-10                     |                      | 2010-11                     |                      |
|--|-----------------------------|----------------------|-----------------------------|----------------------|
|  | BOG Budget<br>Priorities ** | Governor's<br>Budget | BOG Budget<br>Priorities ** | Governor's<br>Budget |
| <b><u>BOG Priorities not Funded</u></b><br><i>(listed by UNC Tomorrow category)</i>  | <b>124,399,970</b>          | –                    | <b>194,825,720</b>          | –                    |
| Campus Safety  | 14,200,000                  | –                    | 5,700,000                   | –                    |
| Increase Efforts to Recruit & Retain High Quality Faculty  | 66,737,000                  | –                    | 122,557,000                 | –                    |
| Efficient Use of Available Resources & Continue Efforts to<br>Establish Accountability & Performance Measures  | 3,000,000                   | –                    | 5,000,000                   | –                    |
| Our Global Readiness   | 2,646,700                   | –                    | 2,646,700                   | –                    |
| Our University's Outreach & Engagement   | 1,076,500                   | –                    | 2,306,250                   | –                    |
| Our Communities & Their Economic Transformation  | 29,791,000                  | –                    | 45,142,000                  | –                    |
| Our Children & Their Future: Improving Public Education  | 5,273,770                   | –                    | 8,998,770                   | –                    |
| Our Environment  | 1,675,000                   | –                    | 2,475,000                   | –                    |
| <b>Other UNC Items</b>   | –                           | <b>200,000</b>       | –                           | <b>200,000</b>       |
| Centralize public 4-year higher education offerings in Hickory by<br>combining the Hickory Metro Higher Education Center (HMHC) at<br>Catawba Valley Community College with the NC Center for<br>Engineering and Technology. Funding for the directors of the<br>HMHC is transferred from Community College System to<br>Appalachian State University. | –                           | 200,000              | –                           | 200,000              |
| <b>Aid to Private Colleges</b>   | –                           | <b>(3,700,343)</b>   | –                           | <b>(3,700,343)</b>   |
| Reduce Legislative Tuition Grant   | –                           | (3,700,343)          | –                           | (3,700,343)          |
| <b>Recurring budget amounts</b>  | <b>153,306,535</b>          | <b>(156,239,878)</b> | <b>269,948,837</b>          | <b>(153,709,359)</b> |
| <b>Nonrecurring budget amounts</b>   | <b>14,700,000</b>           | <b>(11,627,121)</b>  | <b>6,550,000</b>            | <b>(18,463,885)</b>  |
| <b>Recommended UNC Operating Budget Changes</b>  | <b>168,006,535</b>          | <b>(167,866,999)</b> | <b>276,498,837</b>          | <b>(172,173,244)</b> |
| <b>Total Recommended UNC Operating Budget</b>  | <b>3,224,418,183</b>        | <b>2,858,318,256</b> | <b>3,419,210,413</b>        | <b>2,928,698,331</b> |

\*\* Note: Only the BOG priorities upon which actions were taken in the Governor's budget are shown on page 2. The detailed list of priorities approved by the Board in November 2008 can be viewed at: [http://intranet.northcarolina.edu/docs/finance/reports/FINAL\\_2009-11\\_Budget.pdf](http://intranet.northcarolina.edu/docs/finance/reports/FINAL_2009-11_Budget.pdf)

NR = nonrecurring

**The University of North Carolina  
Budget Comparison  
2009-11 Capital Improvements**

**Governor's  
Budget**

**Capital Budget (nonrecurring)**

***UNC-CH Biomedical Research Imaging Center (BRIC)***

\$10,000,000

The Governor recommends a nonrecurring appropriation of \$10M for the UNC-CH Biomedical Research Imaging Center. The General Assembly appropriated \$8M in 2007-08 to begin planning this project. In 2008-09, the General Assembly appropriated \$35M to complete planning, begin site development, pre-purchase materials, and increase the scope of the project to include wet labs and drug research space. Due to the budget shortfall and based on estimated cash flow projections, the 2008-09 appropriation was reduced to \$12.5M.

An additional \$229.5M will be needed to fund later phases of the project, which is scheduled for completion in 2013. The Governor intends to finance the completion of the project using bonded indebtedness beginning in 2010-11. Repayment of debt will be shared, with 15% from UNC-CH, 15% from UNC Hospitals, and 70% from the General Fund.

**There are no other capital recommendations from the Governor.**