Budget Highlights

Money Report
- $62.5 million for UNC repairs and renovations
- $46.8 million to fully fund projected enrollment growth
- ($413.9 million) management flexibility reduction
- ($26 million) reduction to UNC Hospitals
- Continuation Review for the Center for Public Television with a 12% reduction in FY 11-12
- $3.5 million FY11-12 and $5 million FY12-13 to the ECU School of Dentistry
- $18.5 million FY11-12 and $29.2 million FY12-13 to fund UNC building reserves
- $1 million for the NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering
- $127 million for UNC Need-based Financial Aid
- ($1.85 million) reduction to the Energy Centers at A&T, NCSU, and ASU. Remaining funds are allocated as prescribed on page H27 of the money report.

Senate Budget Impact:
- A $413.9 million Management Flexibility Reduction.
- Total net cut (includes reductions to campuses, financial aid and hospital with add backs for enrollments, etc.) -$407 million or -14.6%
- Net cut to campuses -$344 million or -13.0%
- The compromise plan exempts $95 million of our base budget from being reduced (Asheville, School of the Arts, etc.); thus, real cut to remaining campuses is -13.5%

Notable Provisions:
- Section 5.4 Education Lottery Act: Restores UNC portion of Scholarships for Needy Students.
- Section 9.6 Management Flexibility Language: No across-the-board allocation by the Board of Governors; outlines suggested areas for reductions, but does not mandate those reductions; prevents reductions to several items; caps reduction to Agricultural Research Programs, Agricultural Extension and the NC Judicial College.
- Sections 9.11 Limit Financial Aid to 9-semesters: Exceptions granted for military personnel or other extenuating circumstances.
- Section 9.16 Auditing: Continues annual audit requirements, but outlines that a campus may hire outside CPA or state auditor to perform this function.

UNC Flexibility Provisions:
- Section 9.6C Chancellors may approve repair projects (under $1 million) from available operating funds.
- Section 9.6D NCSU may self-perform energy related projects financed with indebtedness
- Section 9.6E Investment flexibility for campuses and UNC Healthcare
- Section 9.6F Eliminate the required review by the Department of Administration for purchases between $250,000 and the campus purchasing threshold set by the Board of Governors.
- Section 9.6G UNC assumes responsibility for quality acceptance inspection process
- Section 9.6H NCSU may sell timber without paying a charge or surcharge to the State Surplus Property Agency
- Section 9.19 Constituent Institutions may purchase motor vehicles independent of Motor Fleet Management
- Section 29.24 Permanently extend phased retirement
- Section 29.26 Vesting reciprocity between TSERS and ORP
- Section 29.27 UNC Healthcare may offer ORP
- Section 30.10 Board of Governors may approve capital projects funded from non-GF sources
- Section 30.11 allows the Board of Governors to allocate and reallocate funds in Repairs and Renovations Reserve
- Section 30.12 OC-25 shall be prepared only after advanced planning for a project has been completed
Salary Provisions:

- **Section 29.8 Salary Increase Restrictions**: All salaries for FY 11-12 frozen, except for reallocations/promotions, in-range adjustments for job change, career progression, or any other increase in duties. Increases over 10% must be approved by BOG. Compensation bonuses may be provided to employees of UNC Healthcare and ECU Medical Practice Plan. Salary increases for faculty are allowed from the DPETF, UCRF and faculty recruiting and retention fund. Salary increases are allowed for all employees for any purpose, including retention, if non-state funds are used.

- **Section 29.20 Comprehensive Review and Reform of Public Employee Compensation Plans**: Study to create and implement a “modernized, fair and fully functional performance-based compensation system for state employees.” Includes labor market analysis of pay, fringe-benefits, classification and banding plans of government employees. Evaluation of current laws and policies related to “career status” including tenure for public school employees and university professors. $121 million salary reserve for FY 12-13 to make adjustments based on this study.

UNC Self Liquidating Projects:

- **Section 30.7 Authorizes UNC Non-General Fund capital projects.**