

AGENDA
Committee on Strategy and Innovation
February 6, 2025

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|-----|---|-------------|
| I. | Approval of Minutes – November 21, 2024 | Action |
| II. | Legislative Priorities Update | Information |



AGENDA ITEM

- I. Approval of Minutes November 21, 2024 Tom Furr
Committee Chair

Situation: Approval of the minutes from the Committee on Strategy and Innovation on November 21, 2024, is required.

Background:

Assessment:

Action: This item requires a vote by the committee.

**Committee on Strategy and Innovation
Minutes
November 21, 2024**

The Committee on Strategy and Innovation met on Thursday, November 21, 2024. Committee members present were Tom Furr, Scott Shook, Fielding Miller, Van Isley, Jeffrey Roberts, Carl Rogers, Anderson Ward, and Vanessa Workman. The committee approved the minutes from September 26, 2024.

Mushtaq Gunja, the Executive Director of the Carnegie Classification Systems and Senior Vice President at the American Council on Education, is leading the national effort to reimagine the Carnegie framework. He presented the proposed changes to the basic classification model, as well as the research classification and the social mobility designation.

The new Carnegie Classifications will be released in early 2025. Given the Board of Trustees role in supporting the long-term mission and success of ECU, it is imperative the board understands the classification system and what certain designations mean. The Carnegie Classification is a key metric that can directly influence a university's strategic decisions, reputation, funding, and ability to achieve its goals.

No actions were taken at this meeting.

The meeting was adjourned.

AGENDA ITEM

II. Legislative Priorities Update Karson Hallow
Director of Strategic Initiatives

Situation: One of the principal responsibilities of the University of North Carolina Board of Governors is to “develop, prepare, and present to the Governor and the North Carolina 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 long session of the General Assembly and in anticipation of the Office of State Budget and Management (OSBM) requesting budget proposals for the 2025-27 biennium, the University of North Carolina System Office asked institutions to submit budget requests for any critical needs associated with key System priorities. The draft proposal outlines the recommended priorities and approximate request amounts. The [draft agenda](#) was previewed by the Board of Governors at the January board meeting.

Assessment: The 2025-27 Operating Budget Priorities concentrate on a limited number of critical needs focused on implementing the Board-approved performance funding model, natural disaster resiliency and emergency preparedness, student affordability and success, high priority operational needs, and high demand research and instructional program expansion. The final recommended priorities will be presented for approval to the committee and to the full Board at the February meeting.

Action: This item is for information only.



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
Committee on Military and Public Affairs

January 29, 2025 at 10:15 a.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S West Street, Board Room (17th Floor)
Raleigh, North Carolina

AGENDA

- A-1. Preview of Long Session Operating Budget Priorities Jennifer Haygood
- A-2. Preview of Long Session Capital Budget Priorities Jennifer Haygood
- A-3. Preview of 2025-26 Self-Liquidating Capital Improvement Projects Katherine Lynn
- A-4. Preview of Long Session Non-Budget Legislative Proposals Bart Goodson
- A-5. Preview of University of North Carolina System
Federal Policy Priorities for the 119th Congress Elizabeth Morra
- A-6. Adjourn

University of North Carolina

FY 2025-27 Operating Budget Priorities



FY 2025-26

FY 2026-27

Estimated 2025-27 Base Budget

\$3,732,965,861

\$3,735,377,129

(Excludes State Education Assistance Authority & Aid to Private Institutions)

UNC System Expansion Budget Priorities

UNC Enrollment Change

\$46,357,591

\$66,357,591

Adjusts funding to reflect each institution's change in enrollment. In 2024, resident student credit hours increased by 1.6% systemwide. We expect enrollment to be relatively flat in 2025.

Performance Funding Pool

\$30,000,000

\$30,000,000

Provides a set pool of funding to be allocated by the BOG annually based on campus performance metrics, similar to the approach used by the NC Community College System.

Building Reserves

\$5,130,000

\$5,130,000

Provides maintenance and operation funding needs for new or expanded facilities funded through the State Capital and Infrastructure Fund (SCIF) coming online in FY26. Includes facilities at ECSU, NCSU, NCSSM, and UNC-CH.

\$800,000 NR

*from General Fund Reserve for
Future Building Reserves*

NC Promise

\$9,500,000

\$13,000,000

Provides funds to fully fund NC Promise program, which sets tuition at \$500 per semester for NC residents and \$2,500 per semester for non-residents at ECSU, FSU, UNCP, and WCU.

\$90,987,591

\$114,487,591

\$800,000 NR

\$0 NR

Total Requested Increase

\$91,787,591

\$114,487,591

Total Percent Change

2.5%

3.1%

Faculty and Staff Salaries

Due to inflation and the tight labor market, institutions are struggling to recruit and retain talent. Our faculty and staff are key to our continued progress on improving graduation rates, decreasing student debt, and increasing research productivity. Each 1% increase in salary and associated benefits costs \$39.5 million.

UNC System requests funding commensurate with state agencies and strongly supports Labor Market Adjustment Reserve funding.

Budget Flexibility

S.L. 2024-53 appropriated \$5 million in UNC Capital Recovery Funds for unmet R&R needs not covered by insurance or federal aid. We may have less in unmet hurricane recovery needs, but have identified unmet natural disaster resiliency needs.

UNC System requests flexibility to use any unused funds to support improved emergency communication systems and natural disaster preparedness.

Note: All items are recurring unless specified as nonrecurring.

The University of North Carolina System

2025-27 Institution-Specific Requests

The campus-specific requests below reflect vetted investments to increase natural disaster resiliency, improve student completion, and promote research and high demand program growth.

		FY 2025-26	FY 2026-27
Natural Disaster Resiliency and Emergency Preparedness			
Appalachian State University			
UNC Asheville	Enhanced Resiliency and Emergency Management Resources	\$8,000,000 NR	
Western Carolina University			
NC Arboretum			
High Priority Operational Needs			
Western Carolina University	Lab School Relocation Costs	\$792,000 NR	
NC School of Science & Math	Temporary Student Housing	\$1,640,000 NR	\$540,000 NR
NC School of Science & Math	High School Funding Model Adjustment:	\$261,401	\$261,401
UNC School of the Arts	Non-personnel high school operating costs	\$43,026	\$43,026
Student Affordability and Success			
East Carolina University	Retain NC Talent Scholarship Fund	\$4,687,500 NR	\$4,687,500 NR
Fayetteville State University	Completion Assistance Grants	\$2,000,000	\$2,000,000
UNC Pembroke			
North Carolina A&T	Cheatham White Scholarship Program	\$3,000,000	\$3,000,000
NC Central University			
Winston-Salem State			
High Demand Research and Instructional Program Expansion			
Elizabeth City State University	Aviation Program Growth	\$7,270,000 NR	\$2,787,000 NR
NC State University	Engineering Expansion	\$4,900,000	\$4,900,000
UNC-Chapel Hill	School of Civic Life and Leadership	\$4,900,000	\$4,900,000
UNC Charlotte	Data Science, Entrepreneurship, and Battery Engineering and Recycling	\$2,101,000	\$3,038,000
UNC Greensboro	BRIGHT Institute	\$1,374,150 NR	\$384,250 NR
	Battery Research, Innovation, & Green Energy Harvesting Technology		
UNC Wilmington	Health-Related Program Expansion	\$2,250,000	\$2,250,000

Note: All items are recurring unless specified as nonrecurring.



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

2025-27 Capital Improvement Priorities

The University of North Carolina System is one of the largest property managers in the state. The UNC System is entrusted with almost 3,000 buildings, more than \$31.1 billion in public assets that support the UNC System’s mission of teaching, research, and public service. The UNC System’s campuses and research facilities were built with generations of public investment, and it is the UNC System’s duty to preserve that investment for generations to come. For that reason, the UNC System will continue to focus its efforts in the years ahead on caring for the University’s existing physical footprint.

The UNC System’s 2025-27 capital priorities build upon the \$2.89 billion in capital projects previously authorized by the North Carolina General Assembly and the six-year capital plans developed by each institution. The shift from funding large capital programs through the issuance of state bonds to a cash-funded model has reinforced the need for well-developed capital planning, based on the projected availability of funding in the State Capital and Infrastructure Fund (SCIF). The projects recommended in this proposal are based on the following priorities:

- Continuation of SCIF funding for capital projects previously authorized by the General Assembly, including \$250 million annual SCIF funding for University of North Carolina Board of Governors-authorized SCIF projects;
- Repair or replacement of critical campuswide infrastructure systems, especially those that are beyond their useful life, are unsafe or non-code-compliant, or not viable to maintain due to outdated or obsolete equipment or technology;
- Targeted repair or replacement capital projects that will extend the useful life of existing buildings, especially core mission buildings or essential infrastructure; and
- Limited new construction or facility rehabilitation projects for new requirements or programs that cannot be accommodated in other existing buildings.

Consistent with G.S. 143C-8-5, our capital request for this biennium was developed in the context of our broader multiyear plan and has two parts:

<i>In millions</i>	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1. UNC R&R	\$250.0	\$250.0	\$250.0	\$250.0	\$250.0	\$250.0
2. Named Capital Projects	\$641.0	\$464.3	\$428.9	\$370.9	\$392.6	\$415.1
Previously Authorized	\$608.2	\$369.6	\$285.0	\$212.7	\$168.1	\$161.6
New or Increased Projects	\$32.8	\$94.7	\$143.9	\$158.2	\$224.5	\$253.5
Total	\$891.0	\$714.3	\$678.9	\$620.9	\$642.6	\$665.1

UNC Repair and Renovation (UNC R&R) Program

After almost a decade of negligible investment in repair and renovation, the 2021 and 2023 Appropriations Acts (S.L. 2021-180 and S.L. 2023-134) provided a critical infusion of R&R funds to begin addressing our significant deferred maintenance backlog. While these funds have helped remediate institutions’ most urgent issues, ongoing investment in the R&R program is critical to eliminate the backlog and enable campuses to move toward a preventive maintenance approach. Timely and consistent investment in facilities can reduce deferred maintenance costs for the System and the State and extend

the life and efficiency of existing buildings. Such investment also reduces costly repairs due to critical system failures, unexpected disruption of services, increased urgency to restore operations, and the compounding impact of neglected maintenance and deterioration on other areas of the building or infrastructure.

Attachment A provides a list of **major R&R projects** (less than \$15 million) previously authorized and recommended major R&R projects that are critical to maintaining core mission buildings or essential operational plant functions (infrastructure). Focused on extending a facility's useful life or replacing failing and obsolete systems, these projects include:

- Repair or replacement of critical plant operations or infrastructure that directly supports operation of critical core-mission buildings, including steam lines, electrical distribution, chillers, and stormwater lines; this should not include the expansion or upgrade of any infrastructure to support new construction;
- Building envelope repairs, water intrusion mitigation, or roof replacements that allow buildings to remain in use and prevent further deterioration;
- System replacements of failing or obsolete systems (such as HVAC, electrical, fire alarms, elevators, etc.) that directly impact the continued occupancy of the building; and
- Demolition of vacant buildings.

Named Capital Projects

Many aging facilities are simply inadequate to support current academic and other programmatic needs, requiring investment beyond the scope of the UNC R&R program. These more complex, multiyear projects are typically specifically authorized (or "named") in legislation. **Attachment B** provides a list of recommended named capital projects. Projects have been prioritized to meet the following goals:

- **Provide continuation funding for previously authorized projects.** Due to the cash-funded approach of the SCIF, continued funding to support anticipated project costs during the 2025-27 biennium is critical to ensure these previously authorized projects are completed.
- **Adjust for inflationary cost increases.** The construction industry has experienced record inflation over the past four years. Construction costs are beginning to stabilize, but previous project budgets cannot compensate for the inflationary cost increases. While the General Assembly set aside funds to address cost overruns that threaten the viability of projects, certain previously authorized projects are either ineligible for assistance from these reserves or require further action by the General Assembly.
- **Continue developing the project pipeline.** While the 2025-27 biennium will be focused on completing previously authorized projects, significant needs remain. To ensure a continued pipeline of projects, we request authorization and initial funding for critical infrastructure projects to sustain campus operations and comprehensive rehabilitation projects that will significantly increase efficiency and space utilization or accommodate new uses, as well as limited new construction and facility rehabilitation projects for new and expanded programs that cannot be accommodated in an existing building.

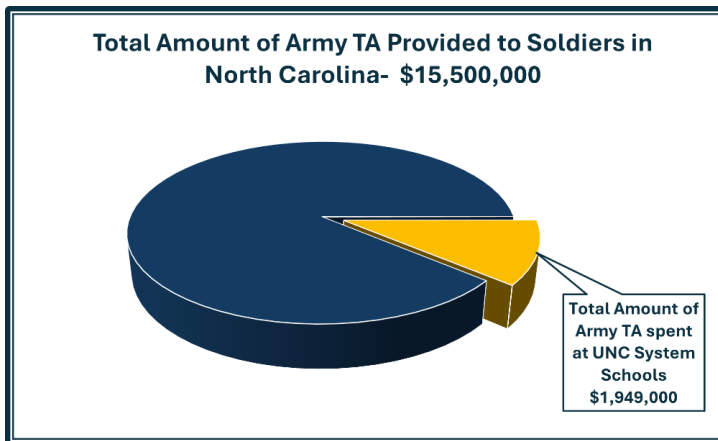
THE UNIVERSITY OF NORTH CAROLINA			
FY2025-31 STATE CAPITAL AND INFRASTRUCTURE FUND (SCIF) MAJOR REPAIR AND RENOVATION CAPITAL PROJECTS			
	Total Project Authorization	FY2021-25 Allocations to Date	Remaining Balance to be Funded
UNFUNDED SCIF R&R (UNC/R&R21)			\$2,096,914,457
SCIF Minor R&R Allocation (FY25-FY31)			\$300,000,000
FY24-25 UNC SCIF R&R to be allocated			-\$175,250,000
TOTAL SCIF R&R (UNC/R&R21)	\$2,208,738,495	\$236,574,038	\$1,972,164,457
Appalachian State University	\$118,000,000	\$12,692,308	\$105,307,692
Duncan Hall	\$26,000,000	\$12,692,308	\$13,307,692
Additional Work for Duncan Hall Octagon Attachment	\$5,000,000		\$5,000,000
Main Campus Stormwater Rehabilitation (Hurricane Helene related)	\$15,000,000		\$15,000,000
Rankin West Envelope and HVAC Upgrades (Hurricane Helene related)	\$15,000,000		\$15,000,000
NCCET Hickory Building renovation and Roof Replacement	\$10,000,000		\$10,000,000
IG Greer and East Hall Demolition	\$7,000,000		\$7,000,000
Main Campus Water Infrastructure Rehabilitation	\$15,000,000		\$15,000,000
Water Main Replacement - Water Plant to Main Campus	\$10,000,000		\$10,000,000
East/West Campus Steam Line Rehabilitation/Replacement	\$15,000,000		\$15,000,000
East Carolina University	\$159,108,652	\$31,975,000	\$127,133,652
Howell Science Building South	\$32,500,000	\$30,000,000	\$2,500,000
Main Campus - Replace Electrical Sectionalizing Switches (7) - Phase 1	\$2,000,000	\$200,000	\$1,800,000
Jenkins Art Roof and South Side Envelope Repairs	\$3,000,000	\$300,000	\$2,700,000
Main Campus - Replace Condensate - Bate to Wright Steam Tunnel	\$3,000,000	\$300,000	\$2,700,000
Brody Upgrade HVAC Ground Floor and Replace AHU AC-3	\$3,500,000	\$350,000	\$3,150,000
Minges Colesium Replace Roof	\$3,250,000	\$325,000	\$2,925,000
Main Campus Steam Plant Fuel Tank Farm Service Road, Tank and Fuel Pump Phase 3	\$5,000,000	\$500,000	\$4,500,000
MC Steam Distribution MC25 to Bate Building Phase 1	\$3,750,000		\$3,750,000
AJ Fletcher Music Center Partial Roof Replacement	\$1,300,000		\$1,300,000
Central Chiller Plant #1 Expansion and Connection to Joyner Library	\$10,000,000		\$10,000,000
HSC CUP Replace 500Hp Boiler (Replace existing 500Hp Boiler with 800Hp for redundancy)	\$4,198,000		\$4,198,000
MC Steam Distribution MC25 to Bate Building Phase 2	\$4,750,000		\$4,750,000
Wright Building Auditorium HVAC, and Auditorium and Building Life Safety Upgrades	\$9,750,000		\$9,750,000
ECHI Envelope Repairs Phase 2	\$1,500,000		\$1,500,000
Replace Steam & Condensate Piping to Joyner Library	\$3,000,000		\$3,000,000
Replace Steam & Condensate Piping/Steam Infrastructure Improvement, Brewster & Christenbury	\$3,000,000		\$3,000,000
Spilman AHU-1, -2, and -3 Replacement	\$1,500,000		\$1,500,000
Biotechnology Building Upgrade Laboratory Exhaust System Phase 2	\$3,300,000		\$3,300,000
ECHI Envelope Repairs Phase 3	\$1,500,000		\$1,500,000
Health Sciences Building Replace Partial Roof	\$2,956,800		\$2,956,800
Messick Replace Roof	\$1,250,000		\$1,250,000
Replace Medium-Voltage Switches, Ph. 2	\$3,000,000		\$3,000,000
Health Sciences Campus Tunnel Water Intrusion Repairs	\$2,000,000		\$2,000,000
ECHI Envelope Repairs Phase 4	\$2,407,812		\$2,407,812
Warren Life Sciences Water Intrusion Repair	\$2,646,040		\$2,646,040
Main Campus Replace Steam Distribution from Steam Plant to Greenmill Bridge	\$9,000,000		\$9,000,000
Replace Steam & Condensate Piping to Fleming Hall	\$2,000,000		\$2,000,000
MC Steam Plant Boiler #1 Replacement	\$10,000,000		\$10,000,000
Spilman Electrical Distribution Replacement	\$1,000,000		\$1,000,000
Rivers AHU-4 & Terminal Unit Replacement	\$1,000,000		\$1,000,000
Brody School of Medicine Replace Steam and Condensate Piping	\$2,000,000		\$2,000,000
Brody - Replace Air Handling Unit Phase I	\$2,000,000		\$2,000,000
Brody Auditorium Comprehensive Renovation	\$8,750,000		\$8,750,000
Replace Rivers AHU-2 & AHU-3 & Terminal Units	\$1,800,000		\$1,800,000
Main Campus Steam Tunnel Renovations - Wright to Fleming	\$2,500,000		\$2,500,000
MC Electrical Distribution Steam Plant	\$2,000,000		\$2,000,000
Main Campus Replace Condensate Line (Fleming to Old Cafe) & Tunnel Repairs	\$2,000,000		\$2,000,000
Bate Variable Air Volume Boxes Replacement	\$1,000,000		\$1,000,000

THE UNIVERSITY OF NORTH CAROLINA FY25-27 STATE CAPITAL AND INFRASTRUCTURE FUND (SCIF) NAMED CAPITAL PROJECTS											
NC GA Code	Project Name	Total Project		Prior		FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
		Authorization	Appropriations	Appropriations	Appropriations						
Appalachian State University		\$4,817,343,276	\$960,856,182	\$641,005,068	\$464,302,759	\$429,879,368	\$370,882,077	\$392,612,959	\$415,104,985		
UNC/ASU21-2	Innovation Campus	\$277,000,000	\$101,400,000	\$26,100,000	\$24,250,000	\$23,750,000	\$16,000,000	\$10,000,000	\$18,500,000		
	Innovation Campus Conservatory Addition	\$54,000,000	\$54,000,000			\$12,000,000	\$8,000,000				
UNC/ASU21-1	Peacock Hall	\$20,000,000	\$25,000,000	\$15,000,000	\$0	\$0					
UNC/ASU22-1	Hickory Campus	\$40,000,000	\$22,400,000	\$9,300,000	\$14,350,000	\$3,950,000					
UNC/ASU23-1	Walker Hall-Interior Renovation	\$50,000,000	\$0	\$1,800,000	\$9,900,000	\$6,300,000					
	Central Receiving Warehouse Facility	\$18,000,000				\$1,500,000					
	IG Greer Replacement Academic Building	\$15,000,000				\$1,500,000					
		\$80,000,000				\$8,000,000					
East Carolina University		\$413,600,000	\$126,100,000	\$103,744,824	\$114,655,196	\$19,992,780	\$19,767,200	\$10,000,000	\$19,340,000		
UNC/ECU21-1	Brody School of Medicine	\$265,000,000	\$95,250,000	\$84,007,300	\$85,742,700						
UNC/ECU23-1	Howell Science Building North-Comprehensive Renovation	\$46,000,000	\$4,600,000	\$8,237,524	\$20,162,496	\$12,999,980					
UNC/ECU23-2	Leo Jenkins Building/Health Sciences-Comprehensive Renovation	\$18,900,000	\$0			\$1,890,000					
UNC/ECU23-3	Medical Examiner Office	\$35,000,000	\$26,250,000	\$8,750,000	\$0						
	Increase for Brody SOM (Envelope Repairs)	\$10,000,000		\$1,250,000	\$8,750,000						
	UNC Coastal Studies Institute Housing	\$15,000,000		\$1,500,000		\$5,102,800	\$8,397,200				
	ECU Campus Police Department Building	\$13,700,000				\$1,370,000					
	Brody School of Medicine-Envelope Repairs-Phase 2	\$10,000,000				\$10,000,000					
Elizabeth City State University		\$199,000,000	\$49,327,273	\$17,172,727	\$15,000,000	\$1,250,000	\$6,000,000	\$12,750,000	\$18,000,000		
UNC/ECS21-2	Sky Bridge	\$2,500,000	\$2,500,000								
	Increase for Sky Bridge	\$5,000,000			\$5,000,000						
UNC/ECS21-4	Flight School	\$54,000,000	\$44,827,273	\$0	\$9,172,727						
UNC/ECS23-1	Infrastructure Repairs-Phase 3	\$20,000,000	\$2,000,000	\$17,172,727	\$827,273						
UNC/ECS23-2	Jenkins Hall/Dixon Hall-Labs/Classroom/Blidg Renovation	\$12,500,000	\$0			\$1,250,000					
	Mechanical Infrastructure Upgrades-New Central Utility Plant	\$60,000,000					\$6,000,000				
	Replacement Library	\$45,000,000							\$4,500,000		
Fayetteville State University		\$133,838,258	\$60,926,088	\$12,073,912	\$0	\$2,075,000	\$4,000,000	\$12,000,000	\$16,675,000		
UNC/FSU21-2	College of Education	\$63,000,000	\$56,426,088	\$6,573,912							
UNC/FSU23-1	Butler Targeted Renovation	\$20,750,000	\$0			\$2,075,000					
UNC/FSU23-2	H.L. Cook Building Renovation and Addition	\$10,000,000	\$4,500,000	\$5,500,000							
	Capel Health Renovation	\$40,088,258					\$4,000,000				
North Carolina Agricultural & Technical State University		\$200,500,000	\$4,365,000	\$5,335,000	\$0	\$2,000,000	\$18,912,000	\$34,790,000	\$76,328,000		
UNC/A&T23-1	Marteen Hall Renovation Phase 2	\$9,700,000	\$4,365,000	\$0				\$5,335,000			
UNC/A&T23-2	Health and Human Sciences Building	\$125,500,000	\$0	\$5,335,000		\$2,000,000	\$18,912,000	\$29,455,000	\$69,798,000		
	Bluford Library Renovation and Addition	\$65,300,000							\$6,530,000		
North Carolina Central University		\$113,573,222	\$3,356,804	\$4,829,500	\$13,561,718	\$14,824,680	\$9,500,000	\$17,500,000	\$32,000,000		
UNC/NCC23-1	Dent Building - Comprehensive Renovation	\$12,073,798	\$1,207,380	\$4,829,500	\$6,036,918	\$0	\$0				
UNC/NCC23-2	Edmonds Classroom Building - Comprehensive Renovation	\$12,999,424	\$1,299,424		\$4,549,800	\$7,149,680	\$0				
	Increase for Edmonds Classroom Building	\$6,500,000				\$6,500,000					
UNC/NCC23-3	University Theater Renovation	\$8,500,000	\$850,000		\$2,975,000	\$4,675,000	\$0				
	Increase to University Theater Renovation	\$13,500,000							\$5,500,000		
	Infrastructure Upgrades-Electrical, Water, Steam-Phase 1	\$30,000,000				\$3,000,000			\$12,000,000		
	Infrastructure Upgrades-Electrical, Water, Steam-Phase 2	\$30,000,000				\$3,000,000			\$12,000,000		
North Carolina State University		\$898,923,000	\$87,575,177	\$152,173,553	\$160,007,880	\$155,743,367	\$69,642,300	\$82,000,000	\$99,200,000		
UNC/NC20-1	S.T.E.M. Building	\$180,000,000	\$60,775,177	\$22,224,800							
UNC/NC23-1	Mann Hall-Renovation, Phase 2	\$30,000,000	\$3,000,000	\$7,000,000							
	Mann Hall Renovation-Phase 3	\$10,000,000							\$2,000,000		
UNC/NC23-2	Dabney Hall-Renovation, Phase 2	\$80,000,000	\$8,000,000	\$24,000,000	\$28,000,000	\$20,000,000					
UNC/NC23-3	Polk Hall-Renovation, Phase 2	\$63,000,000	\$6,300,000	\$18,900,000	\$22,050,000	\$15,750,000					
UNC/NC23-4	Veterinary School-Large Animal Hospital	\$200,000,000	\$0	\$35,000,000	\$35,000,000	\$40,000,000					
UNC/NC23-5	Engineering Classroom Building	\$200,000,000	\$0			\$40,000,000			\$80,000,000		
UNC/NC23-7	Business School (Study)	\$4,500,000	\$4,500,000								
UNC/NC24-1	Poe Hall Assessment Study	\$5,000,000	\$5,000,000								
	Poe Hall Rehabilitation or Replacement	\$180,000,000		\$25,048,753	\$74,957,880	\$79,993,367					
	Partners II and Toxicology Thermal Utilities	\$26,423,000							\$2,642,300		
North Carolina School of Science and Mathematics		\$53,988,042	\$12,750,000	\$4,000,000	\$4,800,000	\$15,500,000	\$7,938,042	\$9,000,000	\$18,200,000		
UNC/SSM23-2	Durham Campus-Renovation of Residence Halls	\$28,988,042	\$12,750,000	\$3,000,000	\$4,800,000	\$6,500,000			\$9,000,000		
	Increase to Residence Halls	\$15,000,000							\$6,000,000		

Area:	Access; Affordability and Efficiency
Topic:	Discounted tuition for students using Military Tuition Assistance and employer-sponsored education benefits
Governance:	Provisions within G.S. 116-143
Current Status:	The University is missing out on opportunities to serve more military-affiliated students utilizing Military Tuition Assistance and other working adults utilizing employer tuition benefits due to statutory restrictions on tuition discounting that put our constituent institutions at a disadvantage compared to out-of-state competitors. Targeted flexibility to discount tuition when certain conditions are met would create opportunity to generate additional partnerships between the military, employers, and constituent institutions.
Current Challenges:	<p>Working adults—including the large number of active-duty servicemembers stationed in North Carolina—need educational opportunities that are online, on-demand, and priced at or below the federally-established Military Tuition Assistance rate (\$250 per credit hour). In partnership with Project Kitty Hawk, North Carolina Central University, Appalachian State University, and East Carolina University currently offer the kinds of flexible, workforce-aligned programs that military-affiliated students seek. However, because these Project Kitty Hawk-powered programs are, at the General Assembly’s request, operated on a self-supporting basis and are not included in the enrollment funding model, tuition prices exceed the current Military Tuition Assistance rate.</p> <p>To ensure that Project Kitty Hawk can compete with out-of-state universities for military-affiliated students, the General Assembly could grant the Board of Governors the ability to provide discounted tuition to students using Military Tuition Assistance. Such flexibility would enable our constituent universities to become a top destination for active-duty personnel stationed in North Carolina, which is not the case today.</p> <p>Employer partnerships with universities, wherein current employees are offered tuition assistance from employers to enroll in and complete a degree program aligned with the employer’s needs, often also depend on the flexibility to discount tuition for those working learners. The General Assembly could therefore grant the Board of Governors the ability, on a case-by-case basis, to allow universities to discount tuition rates in particular degree and credential programs in which an employer has committed to invest in tuition assistance and/or scholarships to help cover the cost of tuition in that academic program. If granted such flexibility, the Board of Governors would then articulate the criteria under which such approvals would be granted and the process for securing those approvals, including a clear assessment of the benefits to the state, our students, and the constituent university.</p>
Proposed Action or proposed new statutory language:	<p>Amend G.S. 116-143:</p> <p><u>(f) Notwithstanding subsection (c) of this section, the Board of Governors of the University of North Carolina may provide discounted tuition to students under the following conditions:</u></p> <p style="padding-left: 40px;">(1) <u>The student pays for the discounted tuition, in whole or in part, with Military Tuition Assistance; or</u></p> <p style="padding-left: 40px;">(2) <u>The student is an employee enrolled in a program approved by the Board of Governors in which the student’s employer has committed to provide financial support to offset the cost of tuition and fees in the student’s degree or credential program.</u></p> <p><i>Note that this flexibility will not impact the enrollment funding model, as the revised model no longer bases state appropriation on tuition receipts.</i></p>

In FY 2024, the Army spent approximately \$15.5m on tuition assistance for Soldiers **living in North Carolina** (primarily at Ft. Liberty and NC Army Reserve units).

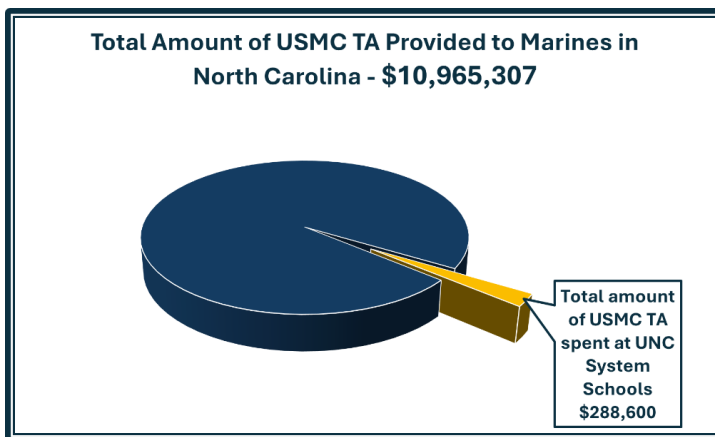
Of the \$15.5m spent on Army TA in FY 24, only **12.57%** was spent at UNC System Schools.



According to the Education Services Office at Joint Force Headquarters, the vast majority of soldiers in NC are attending either private, for-profit, or out-of-state schools. The primary reason for this is that these schools offer programs with tuition rates below the \$250 per credit hour TA cap.

In FY 2024, the US Marine Corps spent approximately \$10.9m on tuition assistance for Marines **living in North Carolina** (primarily at Camp Lejeune and MCAS Cherry Point).

Of the \$10.9m spent on USMC TA in FY 24, only **2.63%** was spent at UNC System Schools.



According to the Education Services Office for Camp Lejeune and MCAS Cherry Point, for the past 4 years, the 10 Institutions that receive the most USMC TA for Marines **living in NC** include **no** universities from the UNC System. UNC System schools are not even in the top 25 most popular IHLs for North Carolina’s Marines. Like the Army, the primary reason for this is that private, for-profit, and out-of-state schools offer programs with tuition rates below the \$250 per credit hour TA cap.

In order for the UNC System to compete with private, for-profit, and out-of-state schools for military students **living in our own state**, it is imperative that our universities have the ability to offer tuition rates for active-duty service members that fall below the \$250 per credit hour tuition assistance cap.

UNC SYSTEM FEDERAL PRIORITIES FOR 119th CONGRESS

The UNC System's commitment to expanding access, affordability, and student success

The UNC System is an economic engine for North Carolina – with 16 public universities from the mountains to the sea and one of the nation's best math and science high schools – all cultivating talent and driving innovation. This year, the UNC System's universities are serving more students than ever – nearly a quarter of a million people – delivering rigorous, affordable education and a remarkable return on investment to both graduates and the public. Bucking national trends, North Carolina's public universities are growing and thriving. Graduation rates are up, student debt is down, and long-term outcomes for graduates are stronger than ever.

Key facts:

- The UNC System is focused on access and affordability. There have been *no tuition increases* for North Carolina undergraduates for nine years. The state also provides generous financial aid to families who earn \$80,000 or less through the NEXT NC scholarship.
- The UNC System enrolls about 250,000 students, including 10,000 who transferred from the state's community colleges and 21,000 military-affiliated students.
- Debt is falling among UNC System graduates – 50 percent of North Carolina students graduated with federal student loan debt in 2024, compared to 61 percent five years ago. Meanwhile, four-year graduation rates are climbing and consistently surpass the national average.
- UNC degrees continue to deliver strong returns, according to a 2023 independent study. Graduates of North Carolina's public universities earn an average \$500,000 income premium compared to those who do not attend; and nearly \$1 million for those who earn advanced degrees.
- The same study found that nearly 90% of low-income graduates experience upward economic mobility, upholding the university's core promise of life-changing opportunity.
- The UNC System is a research powerhouse, bringing in \$2.2 billion in grants and funded research in 2023, advancing the frontiers of science and bolstering local economies.
- Each year, UNC institutions graduate thousands of engineers, health professionals, teachers, and other essential workers to meet the needs of a growing, complex economy in North Carolina and across the country.
- UNC Health operates 19 hospitals and an extensive health care network across the state, providing broad access to life-saving care.
- The UNC System serves the state in countless other ways – including PBS North Carolina, the North Carolina Arboretum, and the museums, planetariums, and sports and performance venues that enrich North Carolina's cultural life.

The importance of deregulation

- Regulation and oversight in higher education are important to ensuring accountability for federal dollars.
- Every year, however, new statutory and regulatory requirements are imposed on colleges, adding real costs at a time when institutions are being asked to tighten their belts.
- Congress and the Executive Branch should decide what is critical to federal oversight and taxpayers and then limit new reporting and related regulatory requirements to those areas, as overly burdensome reporting requirements only add to institutions' bottom lines – a particular hardship for smaller, under-resourced colleges.

Federal research is key to U.S. competitiveness

- **Innovation:** Sustained growth in public research funding is necessary to ensure that the United States retains its status as the global leader in innovative sectors such as artificial intelligence (AI), biotechnology, and cybersecurity, which help address the needs of North Carolina and the nation.
 - UNC System institutions rely on important partnerships with the nation's federal research agencies, including NIH, NSF, NASA, DOD, DOE, NOAA, and the USDA.
- **Research security:** UNC System institutions take research security seriously and are actively implementing controls to comply with federal disclosure requirements of various research collaborations.
 - Any new research security initiative should not become a hindrance to healthy research collaborations, or add overly burdensome reporting requirements, which can create financial hardships, particularly for smaller, under-resourced institutions.

Campus-based aid

- The UNC System will continue to deliver on the promise to provide affordable, accessible, and high-quality education to all North Carolinians with support from Congress on the following federal programs:
 - Nearly 70,000 UNC System students benefit from federal **Pell Grants**. The percentage of students relying on the grants ranges from 25% to as high as 65% on some UNC System campuses.
 - More than 12,400 UNC System students rely upon **Supplemental Education Opportunity Grants (SEOG)**, which benefit the neediest students.
 - More than 5,000 UNC System students receive funding from **Federal Work-Study (FWS)**.
 - UNC System students also benefit from **TRIO, GEAR UP, Graduate Assistance in Areas of National Need (GAAN), Student Success Completion and Basic Needs grants**.

Other important initiatives

- **Pathfinder Airborne Program**
 - UNC institutions continue to partner with the Army Futures Command and operational commands at Ft. Liberty, such as the XVIII Airborne Corps, to develop soldier-led innovations.
 - The UNC System seeks continued programmatic funding for this partnership, which has been consistently funded in the DoD appropriations bill for the last five years.
 - Five UNC System campuses are now engaged in Pathfinder Airborne projects (East Carolina University, NC Agricultural and Technical State University, NC State University, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte).
- **Military student benefit systems**
 - The UNC System prioritizes efficient and effective delivery of benefits to a growing military-affiliated student body.
 - Congress should support legislation that makes a college degree more accessible to military-affiliated students, while resisting efforts that increase red tape and bureaucracy.
- **Historically Minority-Serving Institutions (HMSIs)**
 - The UNC System's five Historically Black Colleges and Universities (HBCUs) and one Native American-Serving Nontribal Institution (NASNTI), UNC Pembroke, make significant contributions to the state's economy through affordable academic offerings, research, and partnerships that serve the community and region.
 - Support funding for HBCUs and NASNTIs, as well as the new Department of Education research infrastructure program for minority-serving institutions.
- **Project Kitty Hawk**
 - To help address the state's current and future workforce challenges, the UNC System developed a first-of-its kind effort to bring the best practices of online program management into the public sector, launching Project Kitty Hawk to allow our universities to better serve working adults, including military-affiliated individuals.
 - Nearly 700 students are already enrolled in Project Kitty Hawk-powered programs that teach skills in high-demand fields that power North Carolina's economy, including cybersecurity, health care, and business.