Legislative and Budget Update
External Relations/University Advancement Committee of the Board of Trustees
March 27, 2013
2013-2015 NC General Assembly Refresher

- 170 Legislators (120 House and 50 Senate)

- 40% faced no competition in the general election

- 60% of members will be in either their first or second term

- Republicans retained majority in both House and Senate, expanding margin in House to a veto-proof supermajority (77R-43D)
UNC Bill Tracking

- As of 3/22/13, staff is tracking over 50 introduced bills, with more to come.

- Examples of tracked bills:
  - HB 156 - Honest Lottery Act
  - HB 328 - Revise Auditor’s Responsibilities
  - HB 208 - Ban the Box
  - SB 125 - Public Meeting/Records Law Violations
  - SB 187 - PM2.5 Studies on Humans Unlawful
  - SB 190 - Gun on Educational Property/Stored in Locked Car
  - SB 398 - Governor’s Budget
Governor’s Recommended 2013–15 Budget

- Budget is structured around three main priorities
  - Economy, Education and Efficiency/Transformation in State Government
- General Fund budget recommendation totals $20.6 billion
  - $11.4 billion (56%) supporting education–related spending
- Authorizes no new debt, no tax increases
- Maintains and enhances reserves in excess of $900 million
- Leaves $130.8 million in FY 2013-14 and $332.3 million in FY 2014-15 “on the table”
- Consensus revenue forecast assumes modest growth for FY 2013-15 biennium
Governor’s Budget – UNC System

- Budget recommendation represents a 5.4% decrease or $138.5 million reduction in FY 2013-14

- Major FY 2013-14 reductions include:
  - $110.7 “management flex” for UNC campuses and GA
  - Strategic directions efficiency reductions of $25.8 million
  - Additional tuition increases for non-resident students (over BOG-approved rates) that reduce state appropriations
  - Repeal resident tuition for nonresident scholarship students

- Major FY 2013-14 expansion investments support UNC strategic directions recommendations at $19.6 million
Governor’s Budget – UNC System and Other

- Recommendation funds enrollment growth and building reserves for both years of the biennium

- Replenishes statewide reserves for repairs and renovations ($150 million) and rainy day fund ($200 million)

- 1% recurring compensation increase for all state employees
Areas of University Concern

- Magnitude of recurring management flexibility reduction
- Size of additional nonresident tuition increases and ability of campuses to actually collect those receipts (also, receipts recommended to go to general fund, not remain on campuses for financial aid)
- UNC System would receive only 33% of statewide repair and renovations monies, rather than customary 50%
- No recurring funds identified for need-based financial aid, resulting in a $25 million reduction for program, coupled with increases in tuition and fees
Next Steps in Budget Process

- Senate and House Full Appropriations Committee received briefing from State Budget Director on March 21, 2013
- Senate and House subcommittees will review recommendations in more detail
- Senate budget process anticipated to run through April/first of May; House budget process would run from middle to end of May
- Conference process early June
- Conference report approved/budget adopted by June 30, 2013
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