



**JOHNSON & WALES**  
UNIVERSITY

CHARLOTTE CAMPUS

**Johnson & Wales University**

**State Aid Financial Activity Report**

in accordance with  
Session Law 2011-145, Section 14.10.(a).

Due September 1, 2012

Submitted August 23, 2012

Receiving Entities:  
Joint Legislative Commission on Governmental Operations  
Fiscal Research Division

Submitting Entity:  
Johnson & Wales University

Johnson & Wales University (JWU) respectfully submits this report to comply with the North Carolina State Aid Reporting Requirements set forth in S.L. 2011-145 Section 14.10.(a).

## **Background**

Johnson & Wales University ("JWU") was recruited by the State of North Carolina to open a campus in the State based, in part, on its (the State's) commitment of a \$10 million incentive grant. The purpose of this grant was to reimburse JWU for some of the costs associated with constructing facilities for such a campus. In reliance on this commitment, JWU made the decision in 2002 to consolidate its Charleston, SC and Norfolk, VA campuses and build a campus in Charlotte, NC. The Charlotte Campus of JWU opened in fall 2004.

The 2011 North Carolina General Assembly appropriated \$500,000 towards the completion of the State's \$10 million commitment. With this most recent installment, JWU has received a total of \$7,865,000 of the \$10 million to date.

## **Program activities, objectives, and accomplishments**

Since the Charlotte Campus' 2004 opening, enrollment has grown to exceed 2,500 students pursuing degrees through the Colleges of Business, Hospitality or Culinary Arts. Over 33 percent (840) of the students enrolled during the 2011/2012 academic year declared themselves to be North Carolina residents.

In 2012, JWU awarded Associate or Bachelor's degrees to 965 students. Graduates' training and credentials have prepared them to pursue their career goals and improve their economic circumstances.

In 2011/2012, our 230 JWU employees and our students (including over 450 who were also employed by the university) brought significant economic activity into the region. Employees and students have also provided nearly 25,000 hours of community service.

Activities undertaken on JWU's Charlotte Campus will continue to educate career-focused students and will continue to contribute to North Carolina's economy and residents' quality of life.

## **Fiscal year expenditures**

As mentioned, the \$10 million economic development grant to JWU was intended, by the State of North Carolina, to cover some of the overall costs JWU incurred before or during 2004 to construct its Charlotte Campus. Because the State's payments on this grant would be irregular, i.e. the timing and amounts would be determined annually during the General Assembly's budgeting process, JWU was compelled to pay all of the original construction costs and consider the North Carolina grant payments to be partial reimbursement for those costs.

This most recent \$500,000, appropriated from 2011-2012 budget of the NC Department of Commerce ("NCDOC"), required JWU to enter into a contract with the NCDOC prior to the

disbursement of funds. As a part of this contract, JWU was required to submit quarterly expenditure reports, example enclosed. The quarterly report language, which references language from the original contract, was crafted with the advisement of NCDOT and reflects the mutual understanding between NCDOT and JWU that the purpose of this grant was, and continues to be, to reimburse JWU for a portion of prior years' costs.

JWU has accounting records documenting expenditures associated with construction of the Charlotte Campus and will make those records available for review if necessary. Additionally, JWU will provide the Fiscal Research Division with a copy of its annual audited financial statements from fiscal year 2011-2012 within 30 days of their issuance, as required by S.L. 2011-145 Section 14.10.(a).

Johnson & Wales University greatly appreciates North Carolina's ongoing commitment to this grant and the Charlotte Campus. Please contact Arthur Gallagher, Charlotte Campus President, for additional information.



**JOHNSON & WALES**  
UNIVERSITY

CHARLOTTE CAMPUS

Office of the President

*Arthur J. Gallagher*  
President

July 9, 2012

Ms. Monique M. Johnson  
Department of Commerce, Internal Auditor  
NC Department of Commerce  
301 North Wilmington Street | 4302 Mail Service Center  
Raleigh, NC 27699-4302

Dear Ms. Johnson:

Per the advisement of your office, this letter is intended to serve as our fourth quarterly report on grants to non-governmental organizations for the period beginning April 1, 2012, and ending June 30, 2012.

We respectfully submit the same language for your request of information as was included in Attachment D-1 of the contract submitted to the Department of Commerce in August of 2011:

*"Johnson & Wales University was recruited to relocate to North Carolina based on, in part, a \$10 million incentive grant from the State. This incentive grant was to assist in the costs of constructing new facilities on the Charlotte Campus. In reliance on this grant, Johnson & Wales relocated its campuses at Charleston, SC and Norfolk, VA to Charlotte, NC. The North Carolina General Assembly had appropriated \$7,365,000 of the \$10 million incentive grant prior to 2011.*

*The 2011 North Carolina General Assembly appropriated \$500,000 towards the completion of this grant to be paid in fiscal year 2011-2012 beginning July 1, 2011. Upon the receipt of these monies, the total received of the \$10 million grant will be \$7,865,000. The funds have been used for partial reimbursement of the cost for constructing the facilities at the Charlotte Campus."*

As discussed, Johnson & Wales University has records documenting these capital expenditures should they be necessary. Thank you again for your work on behalf of the University. Please let me know if you have any questions.

Sincerely,

Arthur J. Gallagher

cc: Wayne Kezirian  
Michael Schrader  
Allison Waller