



**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, 2013

Submitted August 20, 2013

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 \$8,365,000 of the \$10 million to date.

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

Since the Charlotte Campus' 2004 opening, enrollment has grown to approximately 2,400 students pursuing degrees through 12 degree programs offered through the Colleges of Business, Hospitality or Culinary Arts. Activities undertaken on JWU's Charlotte Campus will continue to educate professionally focused students and will continue to contribute to North Carolina's economy and residents' quality of life. Quantitative information on the Campus' activities, objectives and accomplishments during 2012-2013 follows:

- 32 percent (772) of enrolled students declared themselves to be North Carolina residents.
- 785 Charlotte Campus students earned Associate or Bachelor's degrees. These graduates' training and credentials have prepared them to pursue their career goals and improve their economic circumstances.
- JWU employed over 250 individuals – full-time or part-time – in addition to over 550 students employed through the Federal Work Study Program
- 290 employers visited the Charlotte campus to participate in career conferences, summits, class visits, job fairs and recruiting activities.
- More than 1,500 students attended career events, and 461 on-campus interviews were held.
- 1,130 members of the Charlotte Campus contributed 21,221 hours of community service. The Campus was again named to the President's Higher Education Community Service Honor Roll, a distinction it has held since the Honor Roll was established in 2006.

## **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 2012-2013 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 NCDOC and reflects the mutual understanding between NCDOC 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 2012-2013 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

*Arthur J. Gallagher*  
*President*

January 15, 2013

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 a semiannual report on grants to non-governmental organizations for the quarters ending on September 30, 2012, and December 31, 2012.

We respectfully submit the same language (below) for your request of information as was included in Attachment D-1 of the contract submitted to the Department of Commerce in October of 2012. Please note that although the language cited states that the current year's appropriation will bring the total received by Johnson & Wales University to \$8,343,664, the total will actually be \$8,365,000, due to an adjustment in the Management Flexibility Reduction in the 2012-2013 fiscal year.

"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 \$7,865,000 of the \$10 million incentive grant prior to 2012.

In its 2012 short session, the North Carolina General Assembly appropriated \$500,000 towards the completion of this grant to be paid in fiscal year 2012-2013 beginning July 1, 2012. Upon the receipt of these monies, the total received of the \$10 million grant will be \$8,343,664. The funds have been used for partial reimbursement of the cost for constructing the facilities at the Charlotte Campus."

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,

Art Gallagher

cc: Wayne Kezirian, J.D., Senior Vice President and General Counsel, Johnson & Wales University  
Michael Schrader, Director, Grants & Sponsored Program Administration, Johnson & Wales University, Allison Waller, Policy Advisor, Nelson Mullins Riley & Scarborough LLP