



JOHNSON & WALES
UNIVERSITY

CHARLOTTE CAMPUS

Johnson & Wales University

State Aid Financial Activity Report

in accordance with

Session Law 2013-360, Section 15.25
and
Session Law 2011-145, Section 14.10.(a)

Due September 1, 2014

Submitted August 18, 2014

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. 2013-360, Section 15.25; and 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 2013 North Carolina General Assembly appropriated \$1,635,000 towards the State's \$10 million commitment, which is now paid in full.

Program activities, objectives, and accomplishments

Since the Charlotte Campus' 2004 opening, enrollment has grown to over 2,300 students pursuing degrees through 13 degree programs offered through the Colleges of Management 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 2013-2014 follows:

- 41 percent (941) of enrolled students declared themselves to be North Carolina residents.
- 841 Charlotte Campus students earned Associate and/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 240 individuals – full-time or part-time – in addition to over 500 students employed through the Federal Work Study Program.
- 428 employers visited the Charlotte campus to participate in career conferences, summits, class visits, job fairs and recruiting activities.
- Student attendance at career events totaled 3,823, and 733 on-campus interviews were held.
- Charlotte Campus students, faculty and staff members contributed 29,618 hours of community service.

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 grant of \$1,635,000, appropriated from the 2013-2014 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 2013-2014 within 30 days of their issuance, as required by S.L. 2013-360, Section 15.25; and 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

July 23, 2014

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:

This letter is intended to serve as a semiannual report on grants to non-governmental organizations for the quarters ending on March 30, 2014, and June 30, 2014.

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 2013.

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. ...

In its most recent 2013 session, the North Carolina General Assembly completed this commitment with the appropriation of \$1,635,000 in non-recurring funds to be disbursed in the 2013-2014 fiscal year beginning on July 1, 2013. 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,

Arthur J. Gallagher
President, Charlotte Campus

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