

**Report to the
2003 North Carolina General Assembly
Joint Legislative Education Oversight Committee**

**The University of North Carolina
Strategic Initiatives Reserve
2001-02**

March 1, 2003

First appropriated in 1999, the Strategic Initiatives Reserve is used by the President of the University of North Carolina to capitalize on University-wide opportunities and to address issues and concerns impacting multiple campuses. In the past, these funds have enabled the President to purchase specialized software used in genomics-related teaching and research for use by all campuses, launch an initiative to assess opportunities for technology development and transfer across all 16 campuses, support the development of a multi-campus financial services institute, conduct surveys of student engagement, and develop web applications for sponsored research and professional development. The reserve has further enabled the President to provide all campuses with the expertise and tools needed to follow best practices in implementing the 2000 higher education bond program, and further ensured appropriate oversight and compliance for the program.

The General Assembly has provided recurring appropriations for the reserve of \$3 million annually; however, for the 2001-02 fiscal year, the General Assembly reduced the appropriation by \$1 million on a non-recurring basis due to the state's budget circumstances. Additionally, the General Assembly directed the University to allocate \$1 million of the remaining funds to help offset the effect of budget reductions at historically black universities and other smaller campuses. Projects funded from the 2001-02 Strategic Initiatives Reserve are summarized below.

UNC Bond Program – Oversight and Compliance – \$940,000

The 2000 General Assembly authorized a statewide referendum to provide \$3.1 billion in higher education construction bonds. Of this total, \$2.5 billion was designated for use by the University of North Carolina. On Election Day, three out of four voters in all 100 counties cast votes in favor of the bond issue. Since then, the University has been heavily engaged in expediting the construction program, ensuring that all projects are built on time and within budget. To date, the program has been enormously successful, with the President dedicating a significant portion of the Strategic Initiatives Reserve to ensure that campuses use best practices and that the University is fully accountable to the General Assembly and the voters of North Carolina.

During the 2001-02 year, construction consultants assisted the President in reviewing and finalizing master construction schedules for all projects in the program. The schedules outline all project phases from designer selection through project completion and enable the President to assess project progress throughout the bond program on a project-by-project basis and for each phase of each project. Accompanying each project phase is an estimate of associated cash requirements, enabling the University to match cash availability to anticipated cash needs over the life of the program. Funding has been used to develop and enhance computerized systems that ensure program compliance and accountability and signal to the President any program deviations that would require corrective action. Consultants further assessed the staffing capacity at each campus to ensure that appropriately skilled professionals are available in sufficient quantity to ensure that the program is expedited effectively.

Strategic initiative funds were also used to evaluate the participation of historically underutilized businesses (HUBs) in the bond program and to examine and implement practices that will expand participation by these businesses. A plan to increase HUB participation was adopted by the Board of Governors and the Board receives regular progress reports. Each chancellor has appointed a HUB liaison to the President's Office and each campus is working to expand participation and continually assess progress.

In addition, campuses were provided opportunities to engage in partnering, a best practice in the construction industry. A "partnering" firm has been assigned to engage in activities on a single project on each campus. Experiences to date have been positive and the practices learned through partnering efforts are being applied to all projects, whether or not a consulting firm is utilized.

Additionally, funds were used to evaluate and ensure that appropriate construction management capacity existed on each campus to ensure the success of the program.

UNC Coastal Studies Institute – \$60,000

Northeastern North Carolina contains a complex set of ecosystems. An understanding of the region's unique natural characteristics is important to not only the State of North Carolina, but to the nation as a whole. The nature and importance of these ecosystems necessitates sustained, broad, and in-depth consideration of issues such as water quality, fisheries, land and water habitats, tourism, leisure activities, and human interaction with the natural environment. The Institute will provide for a coordinated approach to research, educational, and outreach programs in the northeast region.

The Board of Governors approved the UNC Coastal Studies Institute in January 2002. The University provided start-up funding for this initiative involving East

Carolina University, Elizabeth City State University, North Carolina State University, UNC-Chapel Hill, and UNC Wilmington. Undergraduate and graduate research opportunities will be available in the following areas: (1) maritime history and nautical archaeology, (2) coastal processes, (3) estuarine ecology, and (4) tourism and coastal resources management. Additionally, instructional and outreach programs will be developed to meet the needs and interests of a broad array of groups in the northeast. Such groups include University students, K-12 students, retirees, tourists, and managers and other agency personnel who require scientific/technical information and assistance with public policy or management issues.

Transition Funding for Historically Black Universities and Smaller Campuses – \$1,000,000

Through the 2001 Conference Committee Report, the General Assembly directed the University to allocate \$1,000,000 to temporarily offset the effects of permanent position cuts at the historically black and minority and smaller campuses. The non-recurring allocations were based on prorata distribution of personnel compensation reductions from the 2001 session. Specific campus allocations were as follows:

Institution	Allocations
Elizabeth City State University	\$ 68,289
Fayetteville State University	91,522
North Carolina A&T University	205,536
North Carolina Central University	153,852
North Carolina School of the Arts	56,203
UNC Asheville	86,915
UNC Pembroke	75,548
Western Carolina University	168,604
Winston-Salem University	93,531
Total	1,000,000

In summary, allocations from the Strategic Initiatives Reserve have enabled the President to launch important new initiatives, grasp new opportunities, and ensure University-wide accountability.

