

**Report to the
2010 North Carolina General Assembly
Joint Legislative Education Oversight Committee**



**The University of North Carolina
Strategic Initiatives Reserve
2008-09**

First appropriated in 1999, the Strategic Initiatives Reserve is used by the President of the University of North Carolina to encourage multi-campus initiatives, capitalize on promising opportunities, and address system-wide issues and concerns. Beginning in the 2005-07 biennium, the previous annual appropriation of \$4 million was reduced to \$3.3 million. Projects and collaborative efforts funded from this Reserve during the 2008-09 fiscal year are identified below.

UNC Financial Improvement and Transformation Project (UNC FIT) \$1,993,350

In order to ensure the fiscal integrity of all UNC institutions, the President initiated the UNC FIT project to identify best practices and common standards and integrate those practices into the financial operations of each campus. One product of the UNC FIT project will be a dashboard of key financial indicators available to the President and to all of the chancellors to aid in the early identification of operations that are not performing appropriately and address those operations before they become critical problems. During the 2008-09 fiscal year, a project management office was established within UNC General Administration to lead the UNC FIT project. This Office is also responsible for creating a shared services center and for migrating nine UNC campuses that process their payrolls on the State's central payroll system to a university-specific system that is integrated with the financial software utilized by those campuses.

Specifically, in the 2008-09 fiscal year, the UNC FIT project team worked:

1. to implement best practices in the general accounting, contracts and grants, and financial aid areas;
2. to implement a dashboard of key performance indicators for monitoring financial compliance and implementing corrective actions when required; and
3. to define and establish a shared services center for payroll operations for nine UNC campuses migrating off of the State's central payroll system.

At the same time that the UNC FIT project was initiated, the North Carolina Office of the State Controller began the State of North Carolina Enhancing Accountability in Government through Leadership and Education (EAGLE) project to ensure the adequacy of internal controls at all

state agencies. The State Controller has concurred that the practices and standards being addressed through UNC FIT will meet the requirements of the EAGLE project for the universities.

The decision to establish a shared services center to process payroll for nine UNC campuses was made when the Office of the State Controller converted to the BEACON system. The nine UNC campuses that were processing payrolls through the State's central payroll system were required to either utilize BEACON or convert to another payroll system. For efficiency reasons, the University chose to convert to a payroll system that was fully integrated with the financial software utilized by each of the nine campuses and to bring that system up in a shared services environment. The pilot campus, UNC Pembroke, went live on the new payroll system in October 2009. The remaining eight campuses are scheduled to go live on staggered schedules with the final three campuses processing payroll on the shared services center by January 2011.

As the UNC FIT project evolves, UNC will continue to see system-wide improvements in all financial processes, continued standardization and use of best practices, expansion of the efficiencies gained through sharing services, and greater accountability and transparency in all financial operations.

Public Health Satellite Video Conference – \$4,000

Strategic Initiatives Reserves were used to support a satellite broadcast of the 14th Annual Videoconference on Minority Health by the NC Institute for Public Health at UNC-CH. The conference reviewed research on *Men's Health Disparities: Implications for Research and Intervention*.

Institutional Research Collegiate Learning Assessment (CLA) Study – \$16,520

The President provided funds for the CLA study, designed to assess the academic achievement of students and use those assessments to make curricular improvements. In the CLA study, a cohort of freshmen and seniors are tested in the same academic year to assess academic growth from the first to the last year of college. Longitudinal studies are also conducted that test a cohort of freshmen students then retest those same students at the end of both their sophomore and senior years. In 2008-09, CLA testing occurred at Fayetteville State University, North

Carolina A&T State University, UNC Charlotte, and Winston-Salem State University. All other UNC institutions began CLA testing in the previous year.

Reversion to the General Fund – \$1,286,130

On April 9, 2009, Governor Perdue issued an executive order to suspend the expenditure of State resources for all but essential purposes. As a result, plans for expending the remaining Strategic Initiatives Reserve funds were cancelled and the funds reverted to the State.