

University of North Carolina

FY 2025-27 Operating Budget Priorities



	FY 2025-26	FY 2026-27
Estimated 2025-27 Base Budget <i>(Excludes State Education Assistance Authority & Aid to Private Institutions)</i>	\$3,734,978,720	\$3,735,382,901

UNC System Expansion Budget Priorities

UNC Enrollment Change Adjusts funding to reflect each institution's change in enrollment. In 2024, resident student credit hours increased by 1.6% systemwide. We expect enrollment to be relatively flat in 2025.	\$46,375,508	\$66,375,508
Performance Funding Pool Provides a set pool of funding to be allocated by the BOG annually based on campus performance metrics, similar to the approach used by the NC Community College System.	\$30,000,000	\$30,000,000
Building Reserves Provides maintenance and operation funding needs for new or expanded facilities funded through the State Capital and Infrastructure Fund (SCIF) coming online in FY26. Includes facilities at NCSU, NCSSM, and UNC-CH.	\$3,187,530 \$516,664 NR <i>from General Fund Reserve for Future Building Reserves</i>	\$3,731,400
NC Promise Provides funds to fully fund NC Promise program, which sets tuition at \$500 per semester for NC residents and \$2,500 per semester for non-residents at ECSU, FSU, UNCP, and WCU.	\$9,500,000	\$13,000,000
	\$89,063,038 \$516,664 NR	\$113,106,908 \$0 NR
Total Requested Increase	\$89,579,702	\$113,106,908
Total Percent Change	2.4%	3.0%

Faculty and Staff Salaries

Due to inflation and the tight labor market, institutions are struggling to recruit and retain talent. Our faculty and staff are key to our continued progress on improving graduation rates, decreasing student debt, and increasing research productivity. Each 1% increase in salary and associated benefits costs \$39.5 million.

UNC System requests funding commensurate with state agencies and strongly supports Labor Market Adjustment Reserve funding.

Budget Flexibility

S.L. 2024-53 appropriated \$5 million in UNC Capital Recovery Funds for unmet R&R needs not covered by insurance or federal aid. We may have less in unmet hurricane recovery needs, but have identified unmet natural disaster resiliency needs.

UNC System requests flexibility to use any unused funds to support improved emergency communication systems and natural disaster preparedness.

Note: All items are recurring unless specified as nonrecurring.

The University of North Carolina System

2025-27 Institution-Specific Requests

The campus-specific requests below reflect vetted investments to increase natural disaster resiliency, improve student completion, and promote research and high demand program growth.

		FY 2025-26	FY 2026-27
Natural Disaster Resiliency and Emergency Preparedness			
Appalachian State University UNC Asheville Western Carolina University NC Arboretum	Enhanced Resiliency and Emergency Management Resources	\$8,000,000 NR	
High Priority Operational Needs			
Western Carolina University	Lab School Relocation Costs	\$792,000 NR	
NC School of Science & Math	Temporary Student Housing	\$1,640,000 NR	\$540,000 NR
NC School of Science & Math	High School Funding Model Adjustment:	\$261,401	\$261,401
UNC School of the Arts	Non-personnel high school operating costs	\$43,026	\$43,026
Student Affordability and Success			
East Carolina University	Retain NC Talent Scholarship Fund	\$4,687,500 NR	\$4,687,500 NR
Elizabeth City State University Fayetteville State University NC Central University UNC Pembroke Winston-Salem State	Completion Assistance Grants	\$5,000,000 <i>from Escheats Fund</i>	\$5,000,000
North Carolina A&T NC Central University Winston-Salem State	Cheatham-White Scholarship Program	\$3,150,000 <i>from Education Lottery Funds</i>	\$3,150,000
High Demand Research and Instructional Program Expansion			
Elizabeth City State University	Aviation Program Growth	\$7,270,000 NR	\$2,787,000 NR
NC State University	Engineering Expansion	\$4,900,000	\$4,900,000
UNC-Chapel Hill	School of Civic Life and Leadership	\$4,900,000	\$4,900,000
UNC Charlotte	Data Science, Entrepreneurship, and Battery Engineering and Recycling	\$2,101,000	\$3,038,000
UNC Greensboro	BRIGHT Institute Battery Research, Innovation, & Green Energy Harvesting Technology	\$1,374,150 NR	\$384,250 NR
UNC Wilmington	Health-Related Program Expansion	\$2,250,000	\$2,250,000

Note: All items are recurring unless specified as nonrecurring.

The University of North Carolina System 2025-27 Operating Budget Priorities

The University of North Carolina System remains committed to delivering high-quality, affordable education, while ensuring a strong return on investment for students and taxpayers alike. Our institutions have made significant strides in efficiency and affordability. Education spending per degree has declined by nearly 11 percent since 2020, while average debt at graduation has fallen by 27 percent for first-time students and 34 percent for transfers. A recent independent study confirms the strong value of a UNC degree. Graduates of our institutions earn, on average, a \$500,000 income premium compared to those who do not attend, and the premium is nearly \$1 million for those who earn advanced degrees. The study also found that nearly 90 percent of low-income graduates experience upward economic mobility. These numbers demonstrate real benefits for North Carolina families and reflect our commitment to responsible stewardship of public investment. Our budget priorities focus on sustaining this momentum by supporting student success, ensuring financial accessibility, and strengthening our institutions. The University of North Carolina Board of Governors recommends the following adjustments to the UNC System's General Fund base budget (see Appendix B for base budget details for each UNC Budget Code).

System Requests

UNC Enrollment Change

The enrollment model adjusts funding to reflect changes in **actual resident student credit hours** delivered from calendar year 2023 to 2024. Systemwide, resident student credit hours increased by 1.6 percent from calendar year 2023 to 2024, driven by growth in STEM disciplines. Enrollment growth in 2025 is expected to require an additional \$20 million in appropriation.

FY 2025-26 Enrollment Funding Request

Institution	2024 Enrollment Change	% of Base Budget
App State	\$4,399,924	1.2%
ECU	(4,129,746)	-0.7%
ECSU	565,890	1.0%
FSU	2,496,837	2.4%
N.C. A&T	(778,165)	-0.3%
NCCU	4,713,562	3.1%
NC State	14,048,265	1.2%
UNCA	831,429	1.2%
UNC-CH	2,443,372	0.2%
UNCC	8,588,565	1.6%
UNCG	6,399,830	2.1%
UNCP	875,241	0.8%
UNCW	5,244,133	1.5%
UNCSA	923,652	1.6%
WCU	143,610	0.1%
WSSU	(483,783)	-0.5%
NCSSM	92,892	0.2%
TOTAL	46,375,508	0.8%

Performance Funding Pool

To directly align funding with outcomes related to the strategic goals, the UNC System requests \$30 million in recurring funding for a performance pool to be allocated by the Board of Governors annually based upon campus performance metrics.

FY 2025-27 Performance Funding Pool Funding Request

Program	2025-26	2026-27
Performance Funding Pool	\$30,000,000	\$30,000,000

The performance funding pool will be allocated through a two-pronged approach, using a performance change component and an impact component. For the performance change component, an institution is assigned a performance weight of +/-100 percent based on how actual performance compares to its baseline and stretch goal for six metrics. This percentage determines how much of the eligible funding is earned by an institution, up to a maximum based on the institution's pro-rata share of the system's FTE enrollment. Eligible funding is capped for each metric across the system. If an institution exceeds its stretch goal, and there is funding remaining for the metric, then the funding can be allocated as extra credit.

The metrics used in the performance change component include five metrics that are core to the UNC Strategic Plan and the Board's goals for the president:

Goal	Metric
Increasing Undergraduate Student Success	Four-Year Graduation Rate
	Undergraduate Degree Efficiency
Increasing Affordability	First-Time Student Debt at Graduation
	Transfer Student Debt at Graduation
Improving Productivity	Education and Related Expenses per Degree

Institutions have also selected one performance metric from the set of 10 strategic plan metrics that aligns with its unique mission. Examples include sponsored research and licensing income, military-affiliated enrollment, and the four-year graduation rate for Pell recipients.

Baselines were established based on each institution's actual performance directly preceding the performance cycle, recognizing the differences in institutional missions and circumstances. Likewise, the stretch goals are also unique to each institution but have been benchmarked to national trend data to ensure rigor.

The balance of the performance funding pool is allocated through the impact component. If needed, a portion of the impact component will be reserved for the UNC Board of Governors to fund student success interventions and enrollment mitigation. The remainder will be allocated to universities to reward efforts in increasing degree completions. The degree completion funding is based on an institution's pro-rata share of the system's degree completions.

See Appendix A for the associated "UNC Performance Funding" special provision request.

Building Reserves

As a result of various State Capital and Infrastructure Fund (SCIF) investments, the University of North Carolina System has several projects that will come online during the 2025-27 biennium. The University of North Carolina System requests building reserves to support the maintenance and operations of three new and expanded facilities expected to be completed in FY 2025-26. NC State's Apiculture Facility is a new 5,000-square-foot (SF) building dedicated to advanced research on bee colony health and productivity. NCSSM-Morganton's Student Wellness Center is a new 28,500 SF building which will support the physical health, mental wellness, and fitness of the students on campus. The School of Business Addition at UNC-Chapel Hill is a 176,500 SF addition to the Kenan-Flagler Business School, which includes classrooms, lecture halls, seminar rooms, and collaborative space, as well as faculty offices, administrative spaces, and student amenities.

Our Short Session budget priorities will request additional funding for approximately 11 projects that are expected to be completed in FY 2026-27.

Building Reserves Request for Buildings Scheduled to Open in FY 2025-26

Institution	Building	2025-26		2026-27
		Recurring	Nonrecurring	Recurring
NC State	Apiculture Facility	\$84,164	\$57,951	\$112,218
UNC-CH	Business School	\$2,579,080	\$397,927	\$3,094,896
NCSSM	Morganton Campus – Student Wellness Center	\$524,286	\$60,786	\$524,286
Total		\$3,187,530	\$516,664	\$3,731,400

NC Promise

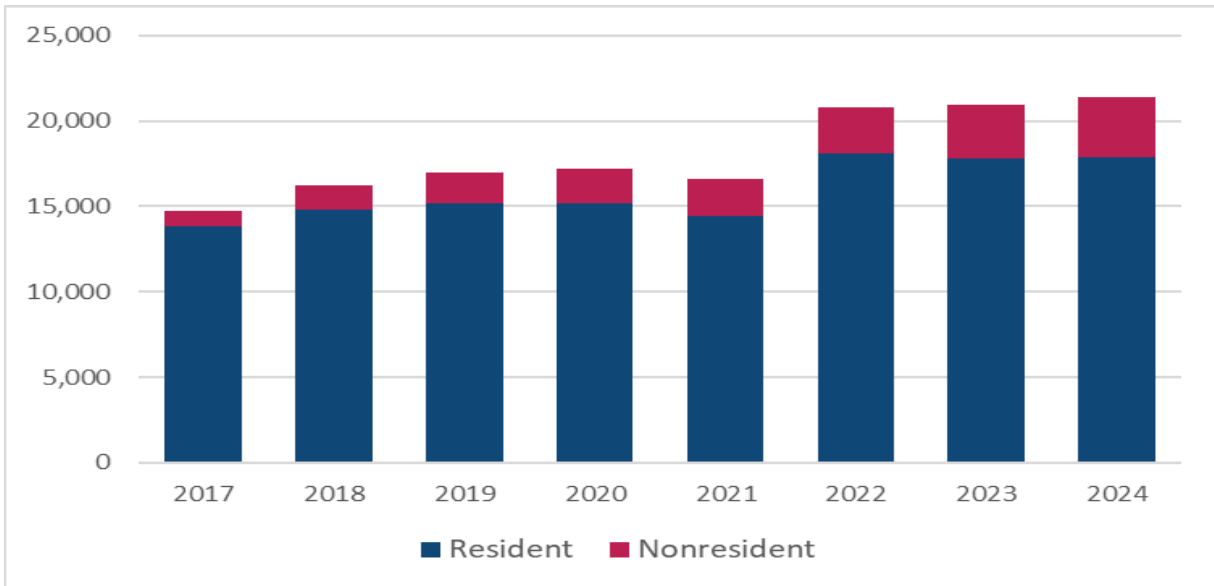
The total appropriation for the NC Promise program has not kept up with the growth in student enrollment. NC Promise enrollment has grown significantly since the program's inception in FY 2018-19. The UNC System requests \$9.5 million recurring in FY 2025-26 and \$13 million recurring in FY 2026-27 to ensure the program is fully funded. The current appropriation for NC Promise is \$82.5 million.

FY 2025-27 NC Promise Funding Request

Program	2025-26	2026-27
NC Promise	\$9,500,000	\$13,000,000

Enrollment growth has not been split evenly among resident and nonresident students. Nonresident enrollment has grown faster than resident enrollment. As seen in the chart below, both resident and nonresident enrollment grew from Fall 2017 to Fall 2024 but the rate of increase for nonresidents was higher. During this timeframe, nonresident enrollment at the three original NC Promise institutions grew by 51 percent while resident enrollment grew by only 7 percent. Fayetteville State University experienced similar growth when it joined the NC Promise program in Fall 2022. Nonresident enrollment at FSU grew by 41 percent and resident enrollment grew by 4 percent from Fall 2022 to Fall 2024.

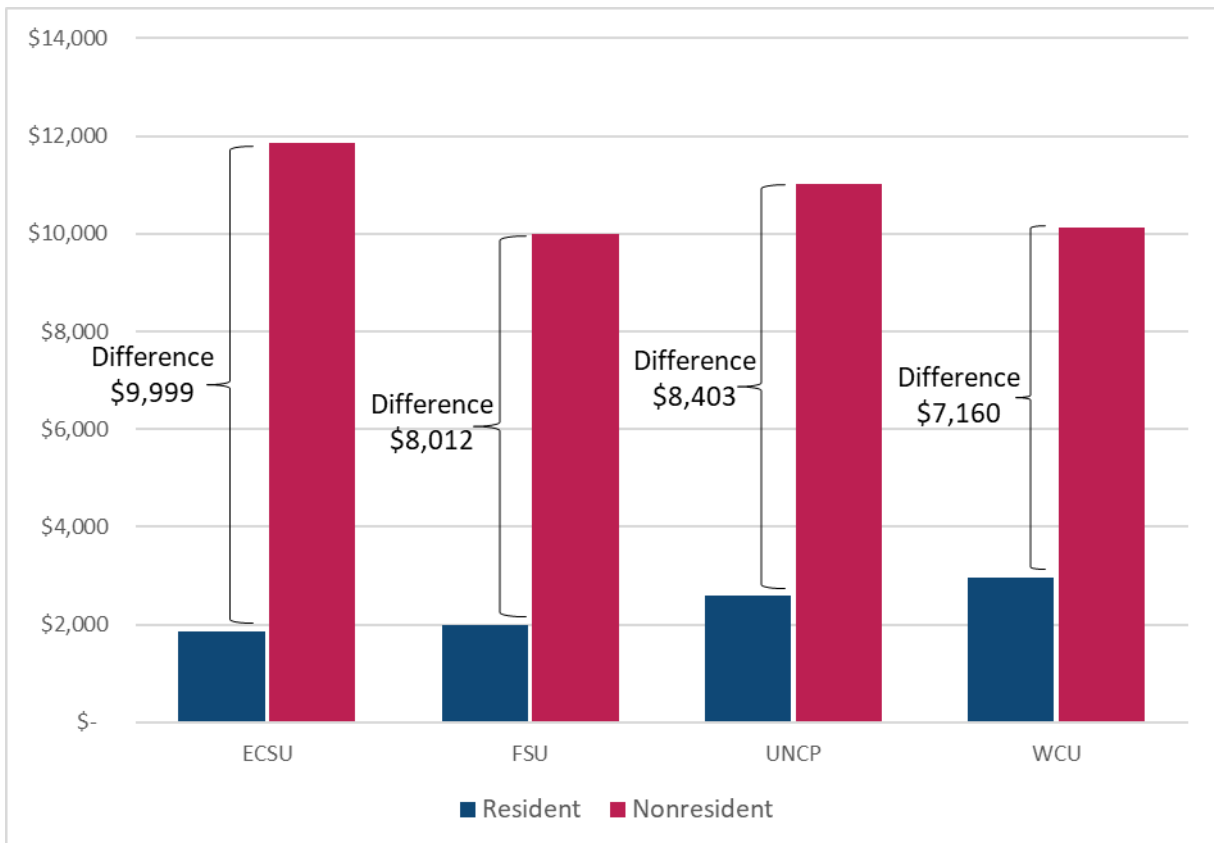
NC Promise Fall Full-Time Equivalent Enrollment by Residency



*FSU added to NC Promise effective Fall 2022

Nonresident students at NC Promise institutions pay \$5,000 annually for tuition compared to the \$1,000 annually for residents. However, despite this higher tuition the buydown rates for nonresidents are significantly higher than the rates for residents (see chart below). As nonresident enrollment has grown so has the share of the state appropriation used for the nonresident buydown.

NC Promise Resident and Nonresident Buydown Differences FY 2024-25



Faculty and Staff Salaries

The UNC System's most important assets are the talented faculty and staff that educate and support our students, researchers that produce scientific breakthroughs and attract significant federal and private funding to the state, and public servants that leverage the expertise and resources of the universities to positively impact communities in North Carolina. Therefore, faculty and staff salaries remain a top priority. The UNC System requests funding commensurate with state agencies for salary increases. Each one percent increase in salary and associated benefits is estimated to cost \$39.5 million.

The UNC System strongly supports Labor Market Adjustment Reserve (LMAR) funding for targeted labor market salary adjustments to address recruitment and retention for hard-to-fill positions. The LMAR funding included in the 2022 Appropriations Act provided an important source of funding for targeted salary adjustments to address our most pressing workforce challenges.

Institutions are struggling to recruit and retain talent due to the tight labor market and salaries that have not kept up with inflation. For example, an employee earning \$70,000 in FY 2018-19 would earn \$80,026 in FY 2024-25 after the legislative increases passed by the General Assembly. Due to inflation, an employee would need to earn \$87,936 in FY 2024-25 to retain the same purchasing power of \$70,000 and, therefore, has experienced an earnings decrease of \$7,910 in real (inflation-adjusted) terms.

Hurricane Helene Budget Flexibility

S.L. 2024-53, The Disaster Recovery Act of 2024 – Part II, appropriated \$5 million in UNC Capital Recovery Funds for unmet R&R needs not covered by insurance or federal aid. The UNC System may have less in unmet hurricane recovery needs but has identified unmet natural disaster resiliency needs. UNC System requests flexibility to use any unused funds to support improved emergency communication systems and natural disaster preparedness.

See Appendix A for associated "Hurricane Helene Budget Flexibility" special provision request.

Codify Authority for UNC System Faculty Realignment Incentive Program

S.L. 2023-134, 2023 Appropriations Act, authorized the UNC System to develop a pilot Faculty Realignment Incentive Program (FRIP). The program is designed to provide a retirement incentive to eligible tenured faculty members, providing individuals with a one-time severance payment in exchange for relinquishing their tenured position and retiring from their employing institution. The program results in long-term cost savings and operational efficiencies that accrue to the benefit of constituent institutions. The program is not intended to broadly solicit requests for early retirements across the University's workforce, but rather to be a management-directed initiative to address specific identified cost-saving opportunities through position abolishment, position reclassification, or organizational restructuring. During the 2023-25 biennium, over 150 tenured faculty members accepted the severance payment, relinquished tenure, and retired from their employing institution. Given how valuable this program has been to our academic realignment efforts, we recommend the General Assembly codify the UNC System's authority to offer such a program using available funds.

See Appendix A for associated "Codify Authority for UNC System Faculty Realignment Incentive Program" special provision request.

Institution Specific Requests

Natural Disaster Resiliency and Emergency Preparedness

Natural Disaster Resiliency and Emergency Preparedness	2025-26	2026-27
Appalachian State University UNC Asheville Western Carolina University NC Arboretum	\$8,000,000 NR	\$-

To better prepare for future natural disasters impacting Western North Carolina, the Board of Governors requests funding for investments that will enhance our western institutions' resilience and preparedness for future natural disasters. These investments will focus on improving emergency communication and response capabilities, strengthening infrastructure, and ensuring continuity of operations in the face of extreme weather events. Proactive funding for these initiatives is essential to mitigating future risks and safeguarding the ability of our institutions to fulfill their educational and service missions

High-Priority Operational Needs

Western Carolina University	2025-26	2026-27
Lab School Relocation Costs	\$792,000 NR	\$-

WCU is requesting funds for relocation costs incurred due to the unexpected relocation of the Catamount School (TCS) from Jackson County Public Schools (JCPS) property to its campus. On April 23, 2024, the JCPS voted to relocate the laboratory school as of August 1, 2024, providing 97 days for WCU to open the laboratory school in a new location. WCU located alternative space on campus in the Camp Building that would meet the K-12 code requirements with renovation that could be achieved in the timeframe allowed. The Camp Building space, however, required the relocation of several campus units, increasing the costs of the relocation and forgoing lost revenue from enterprise operations. WCU also incurred costs purchasing new student laptops and meal delivery for the K-12 students.

NC School of Science and Math	2025-26	2026-27
Temporary Student Housing	\$1,640,000 NR	\$540,000 NR

NCSSM is requesting funds for temporary student housing while the school renovates dormitories at its Durham campus. In order to renovate the residence halls, NCSSM had to create temporary housing where students can live while their residence hall is being renovated. NCSSM prepared a site to locate the modular units on what were athletic fields and are leasing the two modular units. The cost for developing the site or leasing the modular units cannot be funded through capital funding even though the renovations of the residence halls would not be possible without having the temporary bed spaces created by having the modular units.

High School Funding Model Adjustment	2025-26	2026-27
NC School of Science and Math	\$261,401	\$261,401
UNC School of the Arts	\$43,026	\$43,026

NCSSM and UNCSA are requesting funds to cover inflationary increases in non-personnel operating costs for high school programs. Since high school students do not generate tuition revenue and are fully funded

through the General Fund, these costs put significant strain on institutional budgets. While legislative appropriations cover salary and benefit increases, no mechanism exists to address rising non-personnel expenses. A two percent inflation adjustment in the funding model would provide more sustainable support for these institutions.

Student Affordability and Success

East Carolina University	2025-26	2026-27
Retain NC Talent Scholarship Fund	\$4,687,500 NR	\$4,687,500 NR

ECU is requesting funds to create a merit-based scholarship for resident students. The state funds will be matched by private fundraising to create individual endowments for 300 scholarships that will provide \$2,500 annually to selected students. Merit-based scholarships have a demonstrated impact on students' decisions to enroll at ECU; for example, in academic year 2024-25, 70 percent of the students who applied and met Honors College academic criteria but did not enroll at ECU. Based on a recent one-time scholarship ECU piloted, each additional \$1,000 in financial award (any aid, grants, scholarships, etc.) made a prospective student 25percent more likely to enroll. Students with scholarship support are more likely to persist and graduate on time.

See Appendix A for relevant "Retain NC Talent Scholarship" special provision request.

Completion Assistance Grants	2025-26	2026-27
Elizabeth City State University Fayetteville State University NC Central University UNC Pembroke Winston-Salem State University	\$5,000,000 <i>From Escheats Fund</i>	\$5,000,000 <i>From Escheats Fund</i>

Since 2019, more than 28,000 students with more than 60 credit hours stopped out of a UNC System institution. Of those students, 14,626 had more than 90 credit hours. While students leave for a variety of reasons, finances are often cited as the number one reason students decide not to re-enroll. This request would provide funds to ECSU, FSU, NCCU, UNCP, and WSSU for completion assistance grants. Funds must be awarded to students who need financial assistance to remain enrolled and earn credits necessary to be on track for on-time graduation. To be eligible, students must be North Carolina residents enrolled full time in a program leading to an undergraduate degree, meet satisfactory academic progress, and have completed or be on track to complete at least 60 credit hours by the end of term. Students must also have completed the FAFSA for the current year and have a financial aid gap constituting an unpaid balance with the institution for direct costs, such as tuition, fees, room, board, or other balance. The maximum award amount is \$1,000 per academic semester.

See Appendix A for relevant completion assistance grant special provision requests.

Cheatham-White Scholarship Program	2025-26	2026-27
N.C. Agricultural and Technical State University NC Central University Winston-Salem State University	\$3,150,000 <i>From Education Lottery funds</i>	\$3,150,000 <i>From Education Lottery funds</i>

The Cheatham-White Scholarship is a fully funded, four-year award for select students at N.C. A&T and NCCU that covers the cost of all of the following: tuition, student fees, housing, meals, textbooks, a laptop,

supplies, travel, and personal expenses. Each scholarship also provides four summers of fully funded enrichment and networking opportunities that may include international travel and study. This request would expand the number of scholarship slots at N.C. A&T and NCCU as well as expand the program to WSSU.

See Appendix A for relevant Cheatham-White Scholarship special provision requests.

High-Demand Research and Instructional Program Expansion

Elizabeth City State University	2025-26	2026-27
Aviation Program Growth	\$7,270,000 NR	\$2,787,000 NR

ECSU is requesting funds for growth in its aviation program. ECSU's aviation program continues to grow at a rate beyond its capacity to accommodate. The funding in the first year of the biennium would increase capacity at Elizabeth City Regional Airport to 250 flight students by purchasing new equipment and aircraft. The funding in the second year would begin operations at Currituck Regional Airport for 50 initial flight students. ECSU expects continued growth in the Spring 2025 and subsequent semesters, so aircraft demand will continue to grow. Funding is needed to both expand and replace aging aircraft in order to achieve a modern and sustainable fleet.

NC State University	2025-26	2026-27
Engineering Expansion	\$4,900,000	\$4,900,000

NC State University is requesting funds to expand the engineering program through hiring more faculty and staff. NC State has a proven ability to graduate students within the talent pipeline that employers are seeking. To continue providing job-ready graduates for North Carolina's ever-growing economy, NC State was tasked by the legislature with significantly increasing the number of undergraduate and graduate students in engineering disciplines over the course of several years. The university has currently grown enrollments by almost 1,800 students, 45 percent of its total goal of 4,000 additional students.

UNC-Chapel Hill	2025-26	2026-27
School of Civic Life and Leadership	\$4,900,000	\$4,900,000

UNC-CH is requesting funds for the School of Civic Life and Leadership (SCiLL). SCiLL, housed within the College of Arts & Sciences, anticipates total annual operating expenditures of approximately \$8 million once it is operating at the capacity required to fulfill its vision. UNC-CH, along with the College of Arts & Sciences, has allocated \$2.8 million in total recurring state support, which is the estimated enrollment funding expected for the SCiLL curriculum to generate once the full complement of faculty has been hired. The requested funding will supplement additional needs that are expected above and beyond what the enrollment model is expected to provide for this important new school.

UNC Charlotte	2025-26	2026-27
Data Science, Entrepreneurship, and Battery Engineering and Recycling	\$2,101,000	\$3,038,000

UNC Charlotte is requesting funds to grow programs and research important to the Charlotte region and the state. Data science is one of the fastest growing fields in the Charlotte region and the State of North Carolina. To provide these skills, UNC Charlotte has grown programs in computing and founded the first School of Data Science in the Carolinas. UNC Charlotte seeks to grow its entrepreneurship programming both at the main campus and through an entrepreneurship incubator known as CO-LAB, supporting the city's goal of developing the North Tryon Tech Hub in Uptown Charlotte. With state investment, UNC Charlotte can expand its master-level Battery Engineering concentration to include both battery engineering and recycling to address the growing demand for skilled professionals in the burgeoning battery technology industry.

UNC Greensboro	2025-26	2026-27
BRIGHT Institute	\$1,374,150 NR	\$384,250 NR

UNCG is requesting funds for the Battery Research, Innovation, and Green Energy Harvesting Technology (BRIGHT) Institute. The funds will allow UNCG to launch the BRIGHT institute focusing on three aspects: providing students with an education through three new certificate programs in Battery Science and Manufacturing, Microelectronics and Semiconductor Technology, and Green Energy Technologies; establishing a workforce development program in partnership with Apprenticeship North Carolina to train students and prepare them for the workforce in the emerging technology companies currently in our region; and building research and development capacity to launch the technologies needed to produce the raw materials from regional sites in North Carolina as well as the innovative products.

UNC Wilmington	2025-26	2026-27
Health-Related Program Expansion	\$2,250,000	\$2,250,000

UNCW is requesting funds to grow its health-related programs. North Carolina is facing a significant workforce shortage in health-related fields. UNCW seeks to stand up and expand applicable academic programs creating a workforce pipeline intended to increase the number of graduates entering health-related fields. The funding would allow UNCW to hire and retain more faculty, offer more competitive graduate student support, and acquire and maintain research equipment. Programs that may be supported through the increase include (but are not limited to) Doctor of Nursing Practice, Ph.D. in Pharmaceutical Chemistry, and Master of Healthcare Administration.

UNC Operating Budget Special Provision Requests

UNC PERFORMANCE FUNDING

SECTION 8.X.(a) Part 1 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

“G.S. 116-11.5 Institutional performance accountability.

(a) Implementation of Accountability Measures and Performance Standards. - The UNC Board of Governors shall adopt and implement a system of accountability measures and performance standards for the constituent institutions. At least once every three years, the Board shall review, and revise, as necessary, the accountability measures and performance standards to ensure that they are appropriate for use in recognition of successful institutional performance.

(b) Recognition of Successful Institutional Performance. - Subject to the availability of funds, the Board of Governors may allocate funds among constituent institutions based on the evaluation of each institution's performance, including at least the following components:

- (1) Performance change evaluated by determining a college's rate of student success on each measure as compared to an institution-specific baseline and goal.
- (2) Institutional impact based on the number of degree completers.

The Board may also allocate funds to specific institutions warranting targeted support to increase institutional performance or adapt to significant enrollment changes. Institutions shall use funds allocated to it pursuant to this subsection to support strategies to improve institutional performance.

(c) Reporting Requirement. – The UNC Board of Governors shall report annually on the implementation of this section consistent with G.S. 116-11(9b).”

Section 8.X.(b) G.S. 116-11(9b) reads as rewritten:

“(9b) The Board of Governors shall report by ~~February~~ March 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:

- a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.
- b. Budget allocations and reductions, including for operating expenses and specific programs.
- c. Distribution of additional State allocations for enrollment funding.
- d. Use of State funds and budget flexibility.
- e. Availability of federal funds.
- f. Tuition and fees.

g. Composition of the student population at the institution, including headcount enrollment and full-time student enrollment for both undergraduate and graduate students, and aggregate data on residency status, median household income, gender, race, and ethnicity.

h. Student retention and graduation rates.

i. Postsecondary educational attainment rate at the institution, including comparison to statewide data.

j. A comparison to prior fiscal year expenditures and appropriations.

k. The total amount of mandatory student fee revenue collected by institution and fee type.

l. Any source of student auxiliary revenue that represents greater than ten percent (10%) of the overall student auxiliary revenue by institution and revenue type.

m. Any source of sales revenue that represents greater than ten percent (10%) of the overall sales revenue by institution and sales revenue type.

n. Institutional performance on accountability measures adopted by the Board of Governors pursuant to G.S. 116-11.5.

HURRICANE HELENE BUDGET FLEXIBILITY

SECTION 8.X.(a) S.L. 2024-53 is amended by adding a new section to read:

"UNC UNMET CAPITAL RECOVERY FUNDS

SECTION 4A.9.(a) Of the funds appropriated in this act from the Helene Fund to the Board of Governors of the University of North Carolina, the Board of Governors shall allocate the sum of five million dollars (\$5,000,000) in nonrecurring funds to constituent institutions for repair and renovation of capital facilities with a federal disaster declaration due to Hurricane Helene. These funds are for unmet needs not covered by insurance or available federal aid.

SECTION 4A.9.(b) Remaining capital recovery funds – In the event there are funds remaining unallocated as of June 30, 2025, the Board of Governors may allocate funds to constituent institutions to support enhancements to emergency communication systems and projects improving resilience and preparedness for future natural disasters."

CODIFY AUTHORITY FOR UNC SYSTEM FACULTY REALIGNMENT INCENTIVE PROGRAM

SECTION 8.X. Part 1 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"G.S. 116-17.4 Faculty Realignment Incentive Program

(a) For purposes of this section, the term "identified faculty member" means a full-time, tenured faculty member employed by a constituent institution of The University of North Carolina who meets all of the following criteria:

(1) Is at least 55 years of age.

(2) Meets either of the following criteria:

a. Is eligible to commence retirement with an early or service retirement allowance under the Teachers' and State Employees' Retirement System (TSERS).

b. Is vested in the Optional Retirement Program (ORP) for The University of North Carolina.

(3) Does not receive disability or workers' compensation benefits.

(b) The Board of Governors of The University of North Carolina may establish a Faculty Realignment Incentive Program (Program) for constituent institutions of The University of North Carolina to award severance payments to identified faculty members to provide long-term cost-savings and improved operational efficiencies for The University of North Carolina using available funds. The Program shall meet at least the following requirements:

- (1) An identified faculty member shall be selected to receive a payment under the Program in the discretion of the constituent institution where the identified faculty member is employed.
- (2) Severance payments shall be equivalent to the identified faculty member's base salary from the prior academic year.
- (3) Severance payments shall be exempt from payroll deductions for retirement contributions and shall not be considered compensation for purposes of the supplemental plans administered by The University of North Carolina or plans administered by the Supplemental Retirement Board of Trustees under G.S. 135-96.
- (4) If an identified faculty member does not qualify for the full employer premium contribution for retiree health coverage provided under TSERS or ORP, then the constituent institution where the identified faculty member is employed may provide the faculty member, in addition to a severance payment, an amount equivalent to 12 months of the full employer contribution to the employee health insurance premium."

CAMPUS-SPECIFIC OPERATING REQUESTS**EAST CAROLINA UNIVERSITY RETAIN NC TALENT SCHOLARSHIP FUND**

Section 8.X.(x). Beginning October 1, 2026, ECU shall submit a progress report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the status of the state supported endowment, including the number of donor pledges, the progress in endowing private matching funds, the number of scholarships fully endowed, and the number of scholarships awarded off the earnings annually. The reporting requirements of this subsection terminate upon ECU's submission of a report confirming that the entirety of the match has been raised and the fund is fully operational for student scholarships.

COMPLETION ASSISTANCE PROGRAMS

SECTION 8.3.(a) For purposes of this section, the term "eligible constituent institutions" refers to the following constituent institutions of The University of North Carolina:

- (1) Elizabeth City State University
- (2) Fayetteville State University.
- (3) NC Central University
- (4) University of North Carolina at Pembroke
- (5) Winston-Salem State University

SECTION 8.3.(b) The Board of Governors of The University of North Carolina shall establish a Completion Assistance Program (Program) at each eligible constituent institution. At a minimum, each Program shall meet the following criteria:

- (1) A student enrolled in a Program established by this section may receive up to one thousand dollars (\$1,000) per academic semester under that Program to pay for the costs of continuing attendance and earning necessary credit hours at the eligible constituent institution.
- (2) A student shall be eligible to receive funds under a Program if the student meets at least the following requirements:
 - a. Needs financial assistance to remain enrolled at the eligible constituent institution and earn credits necessary to graduate on time.
 - b. Is a resident for tuition purposes, as provided in G.S. 116-143.1.
 - c. Meets satisfactory academic progress, as determined by the Board.
 - d. Has completed or is on track to complete at least 60 academic credit hours by the end of the semester in which the funds are provided.
 - e. Has completed the Free Application for Federal Student Aid (FAFSA) for the academic year in which the funds are provided.
 - f. Has an unpaid balance with the eligible constituent institution. This may include an unpaid balance for tuition, fees, room, board, or other expenses of attendance.

SECTION 8.3.(c) The Board of Governors of The University of North Carolina shall report on each Completion Assistance Program established pursuant to this section to the Joint Legislative Education Oversight Committee no later than March 15, 2027. The report shall include, at a minimum, an analysis of the impact of each Program on the following:

- (1) On-time graduation rates.
- (2) Student debt at graduation.

SECTION 8.3.(d) Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for Completion Assistance Programs, the Board shall allocate funds to each eligible constituent institution of The University of North Carolina proportional to the number of undergraduate students enrolled at each eligible constituent institution who are residents of North Carolina and recipients of a federal Pell Grant.

EXPAND CHEATHAM -WHITE SCHOLARSHIP PROGRAM

SECTION 8.X.(a) G.S. 116-290 reads as rewritten:

“(a) Scholarships Established; Purpose. - The Cheatham-White Scholarships are established as a merit scholarship program at North Carolina Agricultural and Technical State University, ~~and at~~ North Carolina Central University, and Winston-Salem State University. The purpose of the scholarships is to provide an outstanding educational experience for students who are exceptional scholars, versatile and well-rounded individuals with a broad range of interests, and who are accomplished and proficient in areas of both the arts and the sciences. They must also demonstrate leadership potential and a strong commitment to service.

(b) Scholarship Benefits. - Each scholarship is a fully funded four-year scholarship that covers the cost of all of the following: full tuition, student fees, housing, meals, textbooks, a laptop, supplies, travel, and personal expenses. Each scholarship also provides four summers of fully funded enrichment and networking opportunities that may include international travel and study.

(c) Number of Scholarships Awarded. - Up to ~~50-150~~ scholarships, ~~40-120~~ for resident students and ~~10-30~~ for nonresident students, may be awarded each academic year to students admitted to North Carolina Agricultural and Technical State University. Up to ~~50-100~~ scholarships, ~~40-80~~ for resident students and ~~10-20~~ for nonresident students, may be awarded each academic year to students admitted to North Carolina Central University. Up to 50 scholarships, 40 for resident students and 10 for nonresident students, may be awarded each academic year to students admitted to Winston-Salem State University.”

Section 8.X.(b) G.S. 116-292(a) reads as rewritten:

“(a) Eligibility. - To be eligible to be nominated as a potential candidate for a Cheatham-White Scholarship, a person must satisfy all of the following criteria:

- (1) Be a competitive applicant for admission as a freshman in the fall semester into a baccalaureate program at either North Carolina Agricultural and Technical State University, ~~or~~ North Carolina Central University, or Winston-Salem State University.
- (2) Be a United States citizen or permanent resident.
- (3) Be on course to graduate from high school in the spring semester prior to college admission.

Section 8.X.(c) G.S. 116-292(a) reads as rewritten:

“The University of North Carolina System Office shall administer the Cheatham-White Scholarships, in consultation and collaboration with North Carolina Agricultural and Technical State University, ~~and~~ North Carolina Central University, and Winston-Salem State University, pursuant to policies adopted by the Board of Trustees of both constituent institutions. As part of its administrative responsibilities, The University of North Carolina System Office, in consultation and collaboration with North Carolina Agricultural and Technical State University, ~~and~~ North Carolina Central University, and Winston-Salem State University, shall do all of the following:

- (1) Design and implement an application and school nomination process to be used to identify potential scholarship candidates and a process for awarding the scholarships.
- (2) Develop a direct nomination process, in addition to the school nomination process, that allows a student to nominate himself or herself to be considered as a candidate for the scholarship in certain circumstances.
- (3) Define and describe more fully the selection criteria to be considered when choosing a scholarship candidate and recipient.
- (4) Identify the parties that will (i) evaluate scholarship applications and nominations and (ii) determine which candidates shall be awarded scholarships.
- (5) Design the framework and add the necessary substantive detail for the scholarship program, including courses of study that will be available, summer enrichment programs, and other extraordinary educational opportunities, and oversee its implementation.
- (6) Establish a mentoring and networking system for scholarship recipients.
- (7) Administer the Cheatham-White Scholarships Fund.
- (8) Establish a Cheatham-White Scholarships alumni association and network.
- (9) Any other function necessary for the successful implementation of the Cheatham-White Scholarships program and administration of the Cheatham-White Scholarships Fund. (2016-94, s. 11.4(e); 2018-12, s. 12.)