

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 956 (First Edition)

SHORT TITLE: Repeal UNC Authority to Retain Reversions

SPONSOR(S): Rep. Arnold

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
EXPENDITURES					
POSITIONS:					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	universities				
EFFECTIVE DATE:	when it becomes law				

BILL SUMMARY: REPEAL UNC AUTHORITY TO RETAIN REVERSIONS. TO PROVIDE THAT THE UNIVERSITY OF NORTH CAROLINA AND ITS CONSTITUENT INSTITUTIONS SHALL NOT RETAIN REVERSIONS. Repeals GS 116-30.3, which permits UNC and institutions to retain reversions.

ASSUMPTIONS AND METHODOLOGY: The budget of the UNC system is approximately \$1.8 billion. For every 1% of their budget they revert, the General Fund would receive \$18 million. The university has carried forward approximately \$29 million for the past several years under management flexibility. Under the statute they have the authority to carry forward up to 2 1/5 % of their budgets. However since they have the ability to move funds around from salary to non-salary items, if they were no longer allowed to keep reversions, there would be an incentive to spend down as much of their appropriations as possible. Therefore, I am assuming that the university campuses would only revert 1% of their appropriations unless the law were changed on their ability to move money around under management flexibility.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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DATE: May 21, 2001



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