

University of North Carolina Recommended Efficiency Initiatives

Initiatives to Improve the Efficiency of Human Resources

1. **Proposal:** Consolidate personnel management for the University of North Carolina by placing governing authority for all University employees under the UNC Board of Governors.
 - **Current Status:** While N.C.G.S. 116 grants the Board of Governors authority for the management of its faculty and other University employees exempt from the State Personnel Act (EPA), all remaining University employees (SPA) are subject to the authority of the State Personnel Commission under N.C.G.S. 126. As a result, each UNC campus is required to manage two distinct personnel systems (one for EPA employees and one for SPA employees). This often creates artificial and unnecessary distinctions between employees, requires adherence to multiple sets of personnel rules and dual reporting requirements, and leads to inefficient duplication of effort. Unlike other State agencies, UNC funds personnel from an extremely complex mix of non-appropriated fund sources (federal grants and contracts, receipts, student fees, etc.) and must recruit for many positions unique to higher education (e.g., athletics, student services, grant-funded research activities). Approximately 50% of UNC employees are classified as SPA. These University employees account for only 13% of the State's total SPA workforce.
 - **Cost/Savings:** The elimination of dual reporting requirements, policy duplication, and the staff time and training required to operate two separate personnel systems would enable UNC to manage its human resources and respond to market forces more efficiently and effectively. Realigning all UNC employees under N.C.G.S. 116 would also relieve workload in the Office of State Personnel and allow OSP staff to focus their own limited resources on serving state agencies.
 - **Risk:** The University has a proven track record in managing its EPA system and the necessary skills and technology in place to effect this change. UNC has been managing the career-banding classification system championed by OSP for several years. Employees who are currently classified as SPA would retain appropriate job protections. Most personnel areas (e.g., civil rights, age, disability) are already highly regulated under federal law. This proposal would simply extend to the University the same institution-wide authority that is already provided to the UNC Health Care System, the State's 58 community colleges, local school districts, and Wake and Mecklenburg Counties. Each UNC campus has a staff of human resources professionals in place who work collaboratively across the system and are positioned and prepared to share expertise and skill sets as needed.
 - **Benefits:** A principal benefit would be the avoidance of costs and staff time currently associated with operating two distinct personnel systems. The Office of State Personnel would realize a workload reduction that would allow OSP staff to focus limited resources on serving State agencies. All UNC employees would remain eligible to participate in State-regulated retirement systems, the State Health Plan, and other benefits associated with State employment. Employee rights to due process would continue as required by federal and state law and Board of Governors policy.

2. **Proposal:** Permanently extend the UNC Phased Retirement Program.
 - **Current Status:** NCGS 135-1(20) bars pre-retirement return to work agreements and requires a six month break in service. UNC is exempt from this statute until August 31, 2013 or 12 months after the Internal Revenue Service issues final phased retirement regulations. Failing to obtain an extension of this exemption in the 2011 General Assembly will end UNC's ability to offer the PRP for the 2013-2014 year, for which registration begins in the fall of 2012.
 - **Cost/Savings:** Savings may be found in faculty retiring sooner than they otherwise would have without this program and returning at halftime service levels.

- **Risk:** The IRS issued regulations about “normal retirement age,” but still has not issued regulations about phased retirement. There is speculation that they may never do so because the normal retirement age regulations corrected the in-service distribution program that was their main concern.
 - **Benefit:** PRP allows faculty to make an orderly transition into retirement through halftime service, while allowing for advance personnel planning by institutions. The program provides a way for faculty to transition to retirement, which is especially critical in light of the State’s fiscal situation.
- 3. Proposal:** Shorten the current break in service requirement for the reemployment of retirees to one month.
- **Current Status:** NCGS 135-1(20) requires a six month break in service before a member of the Teachers and State Employees Retirement System can return to work after retirement. The IRS requirement is for a “break in service” but there is no defined length for that break. The Local Government Employees Retirement system currently uses a one month break in service.
 - **Cost/Savings:** There is no cost associated with shortening the current break in service for the reemployment of retirees to one month. Allowing retirees to return to work sooner would generate savings in cases where the employee comes back on a part-time basis assuming the original position remains vacant.
 - **Risk:** No associated risk.
 - **Benefit:** Retiring faculty and staff are often the best resources for interim part-time leadership or teaching while a replacement search is conducted. The six-month break in service requirement eliminates a pool of highly skilled individuals for consideration for these important transitional roles.
- 4. Proposal:** Authorize vesting reciprocity between the Teachers and State Employees Retirement and UNC Optional Retirement Program.
- **Current Status:** The General Assembly made changes to allow reciprocity between retirement systems for employees moving from the Optional Retirement Program to TSERS. This request is to allow similar reciprocity for employees moving from TSERS to ORP.
 - **Cost/Savings:** There is no cost associated with providing reciprocity between TSERS and ORP.
 - **Risk:** No associated risk. Because both TSERS and ORP have five-year vesting requirements, and because some employees move between positions where they become eligible or ineligible for participation in ORP, some employees find themselves in the unfortunate situation of having made contributions to TSERS and ORP for a period that in combination exceeds five years; however, they are not vested because they have not completed five years of service in either one of the plans.
 - **Benefit:** Recognizes the cumulative contributing service to either plan, providing more flexibility for employees considering changing positions from ORP to TSERS.
- 5. Proposal:** Enable UNC Healthcare to offer ORP as a retirement option.
- **Current Status:** UNC Healthcare is currently only authorized to offer employees benefits under the Teachers and State Employees Retirement System.
 - **Cost/Savings:** There is no additional cost associated with providing ORP as a retirement option.
 - **Risk:** No associated risk.
 - **Benefit:** Having a choice of retirement plan options is a recruitment advantage for management, leadership, and executive positions. The proposal enables UNC Health Care the ability to offer continued ORP participation to incoming transfers from the University System who currently participate in the ORP.

Purchasing

1. Proposal: Eliminate the required review by the Department of Administration for purchases between \$250,000 and the campus purchasing threshold set by the Board of Governors.

- **Current Status:** Following a review of the purchasing capacity of each campus, the UNC Board of Governors set institution-specific purchasing thresholds. Purchases below the threshold can be executed by the campus without support from the Division of Purchases and Contracts in the Department of Administration. The level may be as high as \$500,000, and six campuses currently have levels above \$250,000. For those six campuses, purchases between \$250,000 and the campus-specific threshold must be submitted to the Department of Administration for a secondary review, which usually results in approval of the items as submitted. [To date, 12 purchases have been submitted to the Department of Administration for review during the current fiscal year, and all have been approved as submitted.] Because of the workload in the Department of Administration, this secondary review typically delays the purchasing process by two to three weeks.

The secondary review is required by GS 116-31.10 (b).

§ 116-31.10. Powers of Board regarding certain purchasing contracts.

(a) Notwithstanding G.S. 143-53.1 or G.S. 143-53(a)(2), the expenditure benchmark for a special responsibility constituent institution with regard to competitive bid procedures and the bid value benchmark shall be an amount not greater than five hundred thousand dollars (\$500,000). The Board shall set the benchmark for each institution from time to time. In setting an institution's benchmark in accordance with this section, the Board shall consider the institution's overall capabilities including staff resources, purchasing compliance reviews, and audit reports. The Board shall also consult with the Director of the Division of Purchase and Contracts and the Director of the Budget prior to setting the benchmark.

(b) Each institution with an expenditure benchmark greater than two hundred fifty thousand dollars (\$250,000) shall comply with this subsection for any purchase greater than two hundred fifty thousand dollars (\$250,000) but not greater than five hundred thousand dollars (\$500,000). This institution shall submit to the Division of Purchase and Contract for that Division's approval or other action deemed necessary by the Division a copy of all offers received and the institution's recommendation of award or other action. Notice of the Division's decision shall be sent to that institution. The institution shall then proceed with the award of contract or other action recommended by the Division. (1997-412, s. 1; 2003-312, s. 1.)

- **Cost/Savings:** There would be no cost associated with implementing this request because affected campuses are already preparing the materials needed to execute purchases. Minimal dollar savings would be achieved at the campus level by not copying and sending packages to the Department of Administration. Two to three weeks of time savings would be achieved for each purchase.
- **Risk:** None. In the current fiscal year, reviews by the Department of Administration have resulted in requests to provide further justification to the Department, but have not impacted the proposed purchases.
- **Benefits:** The principal benefit is savings in the time associated with purchasing and the elimination of redundant reviews, both on the campuses and in the Division of Purchase and Contracts.

2. Proposal: In the process of bidding commodity contracts, allow competitors to bid optional one-year contract renewals for up to ten years.

- **Current Status:** G.S. 143-53d allows the University of North Carolina to solicit bids for service contracts for up to ten years but does not allow the same flexibility for commodity contracts. The annual bidding process can take four to six weeks for each commodity contract (coal, gas, etc.). Each time an existing contract could be renewed

without bidding, the campus would eliminate the time spent preparing the request for proposal, soliciting bids, reviewing bids, selecting the vendor, and negotiating the final contract. Multi-year bids could result in purchasing discounts.

G.S. 143-53(d) Notwithstanding the provisions of this section or any rule adopted pursuant to this Article, The University of North Carolina may solicit bids for service contracts with a term of 10 years or less, including extensions and renewals, without the prior approval of the State Purchasing Officer.

- **Cost/Savings:** There is no cost associated with implementing this request. Time savings would result from reducing the number of contracts that must be bid each year. Pricing discounts from multi-year contracts would also be achievable.
- **Risk:** Optional renewals allow complete flexibility with no financial risk or required long-term commitment by UNC. It is possible that the number of awards contested could increase as competitors may not have the ability to compete for certain contracts each and every year.
- **Benefit:** Multi-year contracts provide less volatility in commodity prices and more predictable cost estimates for management. Renewals are “optional” and allow complete flexibility for campuses to continue service.

3. Proposal: Allow UNC to assume responsibility for the quality acceptance inspection process (e.g., ensuring that carpet has been installed as specified).

- **Current Status:** Purchases requiring installation, such as carpet or modular facilities, must currently be inspected by representatives from the Department of Administration before the purchasing process is concluded. The Department of Administration has only two staff members to meet the needs of all State agencies and the demands for their services statewide often results in delays of two to three weeks. UNC campuses have the required expertise (physical plant, engineering, construction, facilities) to conduct these inspections locally. Approximately 500 inspections are conducted annually at UNC campuses.
- **Cost/Savings:** There are no additional costs associated with implementing this request because the inspection expertise is currently available on UNC campuses. Time savings and reduced travel expenses would occur for the Department of Administration.
- **Risk:** None, campus staff have the expertise needed to conduct these inspections.
- **Benefit:** Eliminates delays in the acceptance of completed contracts, expedites building occupancy, and speeds up vendor payments. Reduces staff/travel costs for the State.

Capital Authority

1. Proposal: Delegate to the UNC Board of Governors the authority to approve the planning, authorization, and financing of capital projects funded from balances available in campus accounts from non-General Fund sources (e.g., housing receipts, dining receipts). The Board would report approved projects to the Office of State Budget and Management and to the Joint Legislative Commission on Governmental Operations.

- **Current Status:** When a campus wishes to plan or construct a capital project using institutional resources, the project is presented to the Board of Governors for approval and then forwarded to the Office of State Budget and Management for presentation to the Joint Legislative Commission on Governmental Operations. Once the Board of Governors has approved the project, the subsequent required actions have added an average of 90 days to the process. In the last three years, authorization has been granted to plan 52 capital projects and to execute 131 construction projects. During this period, all projects approved by the Board of Governors were subsequently authorized by the Joint Legislative Commission on Governmental Operations.
- **Cost/Savings:** In periods when inflation and construction costs are rising, each delay in the timetable has a corresponding impact on final project cost. Construction costs are projected to rise sharply over the next two to

three years. Additionally, project delays can result in lost windows of opportunity. If a project must be completed during the summer months, a 90 day delay could result in the need to postpone the project for a year. Additionally, to meet the timeframe requirements of federal contracts and grants, campuses must have the flexibility to make needed renovations and improvements in laboratories more quickly.

- **Risk:** None, no project has been turned down during the last three years. Campuses developed substantial construction expertise during the construction of buildings funded through the bond campaign.
- **Benefit:** Campuses could take advantage of financial savings and seasonal “windows” available for construction, and act more quickly when resources are available.

2. Proposal: Delegate to the UNC Board of Governors the authority to approve repair projects funded from the Statewide Reserve for Repairs and Renovations. The Board would report approved projects to the Joint Legislative Commission on Governmental Operations.

- **Current Status:** When the General Assembly provides funding for repairs and renovations, the Board of Governors allocates the funds to each UNC institution and the President subsequently approves the repair projects proposed by a campus and forwards those projects to the Office of State Budget and Management (OSBM). OSBM is required to consult with the Joint Legislative Commission on Governmental Operations before allowing the University to proceed with the projects. During the past three years, an average of four months has elapsed between the legislative appropriation and the consultation with the Joint Legislative Commission on Governmental Operations.
- **Cost/Savings:** There is no additional cost associated with eliminating the required consultation with the Joint Legislative Commission on Governmental Operations. In periods when inflation and construction costs are rising, each delay in the timetable has a corresponding impact on final project cost. Construction costs are projected to rise sharply over the next two to three years. Additionally, project delays can result in lost windows of opportunity. If a project must be completed during the summer months, a four month delay could result in the need to postpone the project for a year. Savings on one repair project could result in the completion of more repair projects.
- **Risk:** None, no project has been turned down during the last three years.
- **Benefit:** Campuses could take advantage of financial savings and seasonal “windows” available for construction, and act more quickly when resources are available.

3. Proposal: Delegate to the UNC Board of Governors the authority to permit constituent institutions to self-perform energy-related projects that are financed with indebtedness to be repaid from related energy savings.

- **Current Status:** The General Assembly currently authorizes UNC campuses to engage in projects with Energy Service Companies (ESCOs) to achieve energy savings. The projects are financed through indebtedness and campus utility budgets are not reduced to ensure that funds are available for debt repayment and for additional energy savings projects. ESCOs bear the risk associated with the project by guaranteeing the energy savings that a campus will realize. In bearing this risk, the ESCOs structure their pricing to minimize their risk. Campuses have the capacity to manage these energy savings projects. If these projects were self-managed, the energy savings could be achieved at a lower cost.
- **Cost/Savings:** Since 2005, eight guaranteed energy savings contracts have been awarded to ESCOs. These projects will result in the installation of new equipment and other energy savings improvements that total in excess of \$113.6 million and will produce over \$9 million in savings annually. It is estimated that if these same projects had been implemented without ESCOs, additional cost savings of \$11.4 million would have been achieved.
- **Risk:** Some UNC campuses may not have the staff expertise needed to manage these complicated projects. For such campuses, ESCOs should continue to be used to manage these projects or other UNC campuses should

offer their expertise. The Board of Governors would need to ensure that projects not overseen by ESCOs are executed properly.

- **Benefit:** Because they would achieve greater cost savings, campuses would have the financial capacity to execute more projects that save energy.

4. Proposal: Increase the limit for projects that can be performed using University employees.

- **Current Status:** If the total cost of a project is estimated to be more than \$200,000, including labor costs of more than \$100,000, a campus is not allowed to use its internal work force to complete the project. At the same time, the General Assembly has increased the limit for the issuance of “informal” contracts to \$500,000. It is proposed that these limits be aligned and that internal work forces be allowed to complete projects that cost up to \$500,000, with the requirement that the labor component of the project not exceed \$300,000.
- **Cost/Savings:** No additional project costs would be incurred. Campuses would still have the option to seek a construction firm to expedite projects when that approach was determined to be more cost effective or timely.
- **Risk:** Construction firms that seek small jobs may find fewer opportunities.
- **Benefit:** Using the existing work force to complete projects allows a campus to fully utilize internal skill sets and resources to expedite projects immediately.

5. Proposal: Increase the dollar threshold for requiring that designers be interviewed from \$500,000 to \$2,000,000

- **Current Status:** When a project is estimated to cost in excess of \$500,000, the State requires that design firms be interviewed before a firm is selected. The \$500,000 threshold has not been adjusted in over 20 years. The cost of preparing for and interviewing designers requires substantial University resources and staff time. During the past three years, the University has selected 28 designers for projects estimated to cost between \$500,000 and \$2,000,000. Raising the threshold to \$2,000,000 would adjust for inflation in the construction industry and result in a threshold more consistent with the intent of the original \$500,000 authorization.
- **Cost/Savings:** Participating in the interview process is expensive and time consuming for both the University and the design firms.
- **Risk:** Some design firms, including new firms that are not known to the University, may feel excluded from participating in University business.
- **Benefit:** Projects estimated to cost between \$500,000 and \$2,000,000 could proceed more quickly if an interview process was not required.

6. Proposal: Delegate to the Board of Governors the authority to establish lists of consultants available for certain construction related services (commissioning, special inspections, life cycle cost analysis, materials testing, geotechnical services, and surveying).

- **Current Status:** During the past three years, the University has completed 37 projects that could have required any or all of the six specified services: commissioning, special inspections, life cycle cost analysis, materials testing, geotechnical services or surveying. If each of the six services had been required for each project, 222 individual solicitations would have been required. Firms could pre-qualify for services and be placed on a listing authorized by the Board of Governors that would be updated periodically. Campuses could then choose from a pre-qualified firm and avoid individual, time-consuming solicitations.
- **Cost/Savings:** If a list of qualified firms for each service is prepared once, individual solicitations could be avoided.
- **Risk:** New firms, or firms that do not make the list of selected firms, would have to wait until the list is updated to compete for University business.
- **Benefit:** Individual solicitations would not need to be sought for each service for each capital project.

7. Proposal: Require that an official project cost estimate be prepared only after advanced planning for a project has been completed.

- **Current Status:** The current capital improvement process requires the use of a scoping and estimating document called an OC-25. The best cost estimate for a large capital-improvement project can only be prepared based upon the knowledge that is learned through an advance project planning process. Preparing an official estimate too early based on incomplete information results in unreliable estimates.
- **Cost/Savings:** Time spent preparing an official cost estimate for a project that is yet to be defined involves staff time.
- **Risk:** If a project is deemed to be financially unrealistic, an institution may not proceed with advanced planning.
- **Benefit:** A project cost estimate is more reliable and more thoughtful. Authorization for project supplements would be needed less frequently.

8. Proposal: Delegate to the Chancellors the authority to approve expenditures for repairs, maintenance and renovation projects, and equipment purchases when total costs do not exceed \$1,000,000 and are to be met from funding available within operating budgets.

- **Current Status:** The State of North Carolina Budget Manual restricts the ability of a campus to expend funds within campus operating budgets for repairs, maintenance, and equipment purchases to those costing \$300,000 or less. Occasionally, campuses are able to identify funds in their budgets to meet critical repair or equipment needs that cost in excess of \$300,000 and should be granted the latitude to make these decisions provided the expenses do not exceed \$1,000,000.
- **Cost/Savings:** The staff time and resources currently associated with seeking the authorization for a capital project would not be required.
- **Risk:** There is no identified risk.
- **Benefit:** Provided that funding is available, campuses could meet immediate needs more immediately.

9. Proposal: Modify GS 133-3 to allow standardization of building control systems so that a selection process can be conducted to apply campus-wide to all building control systems, new and replacement.

- **Current Status:** G.S. 133-3 requires that designers write performance and design-based specifications, or to specify three or more acceptable examples of a building component for new construction. This requirement results in a wide variety of building components being installed in campus buildings. Everything from fire alarms to controls systems, hardware to lawn sprinkler systems could be from different vendors. While initial construction costs may be lowered by allowing for multiple brands in the bidding process, the operating costs are significantly greater when campuses must maintain and train operators of multiple types of systems. These long-term costs far outstrip the initial savings over the life of the project.
- **Cost/Savings:** The staff time to train on multiple types of systems would not be required. These complex systems are essential to reducing energy costs and usage. Maintenance personnel must be thoroughly trained on the specific system components and operation, or any energy savings incorporated into the system design will be lost through lack of understanding of the system and thus, improper or incomplete maintenance and operation. The inability to train employees at the expert level results in additional costs to send employees to schools for various vendors, stock parts for multiple systems, buy software to troubleshoot multiple systems, maintain computer equipment for multiple systems for employees to take into the field.
- **Risk:** May reduce business opportunities for small vendors.
- **Benefit:** Reduces campus costs to operate buildings effectively and efficiently.

UNC Surplus Property

1. **Proposal:** Excluding the disposal of motor vehicles, allow UNC campuses to sell their surplus property locally; achieve self-supporting operating status for surplus property disposal (sales) operations for all University property except motor vehicles; and eliminate 5% administrative surcharge on proceeds from surplus property sales.
 - **Current situation:** Currently, only surplus property valued under \$150 can be sold locally and 5% of the proceeds from the sales must be remitted to the State Surplus Property Office. All UNC campuses have the expertise required to sell surplus property, thereby avoiding the costs of packaging and transporting this property for sale by the State's Surplus Property Office. For UNC, sales of surplus property totaled less than \$1 million in the 2009-10 year. Additionally, with the assumption of the responsibility for administering the sale of surplus property, campuses should no longer be required to remit 5% of proceeds to the State's Surplus Property Office.
 - **Costs/Savings:** Campuses can manage the sale of surplus property without incurring additional costs. Proceeds from the sale of surplus property purchased from State funds are deposited into State accounts. Associated savings would be derived from no longer transporting inventory to the State Surplus Property Office.
 - **Risk:** There are no associated risks.
 - **Benefits:** Local sales should result in low disposal costs, expedited sales, elimination of transportation costs, and the elimination of redundant efforts by UNC campuses and State Surplus Property Office.

2. **Proposal:** Allow NCSU to sell timber independent of the State Surplus Property Office.
 - **Current situation:** NCSU owns and operates various forest properties, including those managed by the College of Natural Resources and the College of Agriculture. One of the necessary management activities on these properties is the periodic sale of timber. All timber sales require the approval of the Council of State. Currently, timber sales for NCSU must be conducted through the State Surplus Property Office, while other entities (Division of Forest Resources, The Wildlife Resources Commission, The Department of Agriculture) are allowed to sell their timber independently. Selling timber is not the principal expertise of the State's Surplus Property Office. Additionally, timber sales must be culminated when market conditions are optimal and this requires nimbleness and flexibility. All proceeds from timber sales are used to support the management of and programming costs associated with the forests. Currently, the State Surplus Property Office captures 5% of the proceeds. NCSU has the capacity to independently manage timber sales.
 - **Costs/Savings:** The ability to manage sales to market conditions could result in increased receipts for NCSU to apply to forest management.
 - **Risk:** There are no associated risks.
 - **Benefits:** NCSU can time sales to market conditions and react more nimbly when those conditions change.

Purchase of Motor Vehicles for Campus Safety

1. **Proposal:** Allow UNC campuses to purchase motor vehicles independent of Motor Fleet Management.
 - **Current Situation:** Currently, the Motor Fleet Management Division is the State entity responsible for the purchase of motor vehicles for State agencies and that entity has not been able to respond to the needs for UNC campuses to purchase motor vehicles for use by campus safety officers. Allowing campuses to purchase their own vehicles would ensure that vehicles could be purchased when needed, either to provide additional vehicles or to replace older vehicles. The university can acquire campus safety vehicles at a lower cost. For example, one campus pays approximately \$425 per vehicle per month to North Carolina State Motor Fleet. At times, the campus has been required to use campus safety vehicles for up to 8 years, resulting in total lease payments of up to \$40,800 per vehicle. The University could purchase the same vehicle for \$18,000

- **Cost/Savings:** The principal benefit of this proposal is to permit acquisition of vehicles for campus safety in the most cost-effective and time-efficient manner to ensure that the appropriate numbers and types of vehicles are available for use by campus safety officers and that vehicles are replaced when needed
- **Risk:** Discounts on vehicles may not be as large as those achieved by the Motor Fleet Management Division; however, UNC could leverage the strength of the system to achieve significant discounts.
- **Benefits:** UNC campuses can purchase and replace vehicles as needed.

Real Estate

1. **Proposal:** Delegate to the UNC Board of Governors the authority to acquire and dispose of real property.

- **Current Status:** Currently, the process followed in acquiring or disposing of real property is managed by the State Property Office. As a step in the process, the Board of Governors authorizes a campus to acquire or dispose of real property. The State Property Office, working with legal support provided by the Attorney General's Office, expedites the transaction through the Council of State and the Joint Legislative Commission on Governmental Operations. In the past three years, 306 real property transactions have been requested and approved through a process that added an average of 90 days to the transaction. During this same period, 56 non-routine real property transactions have been approved through a process that added an average of 180 days to the transaction. No request has been turned down. The inability of the University to respond to potential sellers and buyers more quickly results in lost opportunities and can result in increased pricing.
- **Cost/Savings:** Streamlining the process would result in time savings. Depending on individual circumstances, dollar savings may be achievable if the University has the ability to negotiate more expeditiously with sellers.
- **Risk:** The individuals in the State Property Office are skilled. The UNC Board of Governors would need to ensure that skilled real estate professionals are available at all UNC institutions. Those without appropriate personnel would be assisted by UNC General Administration or another UNC institution.
- **Benefit:** The ability to achieve the proposed time savings would allow the University to have strength in negotiating real property acquisitions. The University would continue to report all transactions to the Council of State and the Joint Legislative Commission on Governmental Operations.

Investment Flexibility

Proposal: Allow the University and UNC Healthcare to invest its institutional trust funds in investment strategies.

- **Current Status:** G.S. 116-36.1 requires the University to invest institutional trust funds with the Department of State Treasurer. In order to maximize earnings on investable assets, an investment program needs to be tailored to institutional liquidity needs and risk tolerances, as determined by the institution's financial profile, including the composition of their balance sheet and diversity of revenue stream. The University has a proven and successful professional investment infrastructure through an associated entity, UNC Management Company.
- **Cost/Savings:** Savings associated with investment returns.
- **Risk:** There are no additional risks.
- **Benefit:** Potential for improving returns on investments and diversifying the portfolio.