

**University of North Carolina  
Information for the Interim Appropriations Committee**

**What is the cost of charity care at UNC Health Care? How much has indigent care grown at UNC Health Care over the past five years, and how much money has the State appropriated for indigent care during that period?**

UNC Health Care has seen substantial growth in uncompensated care in the last five years. The calculation for 2011 has not yet been finalized and is therefore shown as an estimate.

UNC Health Care's appropriation decreased over the same timeframe and has been cut further to \$18 million for FY 12. The appropriation, while not designated for specific purposes, partially offsets uncompensated care and the considerable costs related to the teaching of medical students and residents.

UNC Health Care	FY07	FY08	FY09	FY10	FY11
Uncompensated Care		\$257M	\$320M	\$309M	\$300M <sup>1</sup>
Teaching Costs		\$32.1M	\$33.7M	\$32.9M	34.2M
State Appropriation		\$47M	\$42M	\$42M	\$36M
<b>Notes:</b> <sup>1</sup> 2011 uncompensated care is an estimate due to the time lag between providing clinical services and identifying as such. Changes to the State Medicaid Plan, which would enhance federal support of Medicaid, could offset this estimate.					

**How much has indigent care grown at East Carolina University over the past five years?  
How much money has the State appropriated for indigent care during that period?**

East Carolina University	FY07	FY08	FY09	FY10	FY11
Uncompensated Care		\$9.6M	\$10.7M	\$8.9M	\$12.7M
State Appropriation		\$2.5M	\$0	\$2M	\$2M
<b>Notes:</b> <ol style="list-style-type: none"> <li>1. Fiscal years 2008 to 2011 based on a consistent methodology for calculating costs associated with providing care to uninsured patients.</li> <li>2. Indigent care funding from State appropriations is not factored into uncompensated care calculations.</li> <li>3. Since Pitt County Memorial Hospital is only affiliated with ECU and not part of the medical school, this data reflects only care provided by ECU Physicians through their practice plan.</li> </ol>					

**Provide the UNC Hospital Fiscal Year.**

UNC Hospital's fiscal year aligns with the State's fiscal year; July 1- June 30

**What is the total of UNC Hospitals’ reserves? How does UNC Hospitals use the savings reserve?**

UNC Hospitals holds \$745 million in total cash and investments which primarily cover bond indebtedness, funding for hospital renovations and capital improvements. UNC Hospitals holds \$295 million in debt. Bond covenants (and other restricted cash) require reserve restrictions totaling \$167 million. Reserves restricted by the UNC Health Care Board to fund committed capital projects approximates \$410 million. The remaining \$168 million in unrestricted reserves equates to roughly 68 days of cash.

UNC Hospitals’ Reserves	
Total Reserves (Cash & Investments)	\$745M
Less: Restricted Cash	(\$167M)
Less: Committed Capital	(\$410M)
Cash for operations	\$168M
Divide by: 1 day of cash (\$2.48 Million)	68 days of cash

We use our reserves to provide fiscal support for the UNC School of Medicine, invest in capital, maintain a strong bond rating, and as collateral against debt issuances. These practices are standard for premier health systems nationally with comparable levels of activity.

Reduced reserves materially impact UNC Health Care and the UNC School of Medicine. Without these funds, our ability to maintain suitable facilities through capital investments and to support the clinical and academic programs of the university would be reduced.

**How much did UNC Hospitals earn in its last fiscal year? How is UNC Hospitals managing the cut in FY12 appropriation?**

UNC Hospitals' FY11 operating income after System transfers was \$50.8 million or 4.7% of revenues.

The Legislature reduced UNC Hospitals' fiscal year 2012 State Appropriation from \$36M to \$18M. The cut in appropriation has reduced UNC Hospitals' operating margin which, in turn, will reduce the funding support provided to UNC School of Medicine. If lower margins persist, clinical and academic programs that are financially unsuccessful will be increasingly difficult to sustain.

Coupled with a broader climate that is reducing the amount of payments for services and rising uncompensated care costs, UNC Hospitals will trim capital investments, seek additional efficiencies, and grow other revenue streams in order to compensate for declining support. The degree to which UNC Hospitals supports the School of Medicine will likely decrease as well.

UNC Hospitals (\$M)	FY08	FY09	FY10	FY11	FYTD12
Net Operating Revenue	845.4	932.2	995.9	1,081.7	567.3
Operating Expenses	(785.2)	(853.5)	(887.6)	(950.3)	(524.0)
Transfers to UNC Health Care & UNC School of Medicine <sup>1</sup>	(18.9)	(28.6)	(62.4)	(80.6)	(21.7)
<b>Operating Income after system transfers</b>	<b>41.3</b>	<b>50.1</b>	<b>45.9</b>	<b>50.8</b>	<b>21.6</b>
Nonoperating Gains (Losses) <sup>2</sup>	(45.1)	(98.1)	24.1	82.8	(23.8)
<b>Increase (Decrease) in Net Assets</b>	<b>(3.8)</b>	<b>(48.0)</b>	<b>70.0</b>	<b>133.6</b>	<b>(2.2)</b>
Op Margin after system transfers	4.9%	5.4%	4.6%	4.7%	3.8%
% Increase (Decrease) in Net Assets	-0.5%	-5.2%	7.0%	12.3%	-0.4%
<b>Notes:</b> <sup>1</sup> Service contracts including those for medical direction are included in operating expenses. <sup>2</sup> Nonoperating Gains (losses) primarily consist of investment portfolio performance. The gains seen in FY10 and FY11 are more than offset by the losses in FY08 and FY09.  Complete audit and financial statements for UNC Hospitals are available at <a href="http://www.ncauditor.net">www.ncauditor.net</a>					

### How much does UNC spend on remedial coursework?

UNC expenditures for remedial coursework were \$1,388,718 in 2009-10. We are in the process of collecting remediation data for 2010-2011. Enrollment in remedial coursework has been declining. Remedial math courses have declined 18% and enrollment in English has declined 29% between 1992 and 2010.

### How many classes enroll under 10 students? How many classes enroll more than 10 students?

The charts below provide section size by all levels of study, and then is broken out by undergraduates only, and master's and doctoral sections. Over the last four years, the number of students in larger section sizes has increased.

#### Section Size for All Levels (undergraduate, master's and doctoral sections)

	2007	2011	% Change
2 - 10 students	10,368	10,215	-1.48%
11 - 25 students	14,709	14,965	1.74%
26 – 50 students	8,412	8,537	1.49%
51 – 100 students	1,715	1,819	6.1%
101 + students	589	718	22%

#### Section Size for undergraduates

	2007	2011	% Change
2 - 10 students	5,519	5,387	-2.4%
11 - 25 students	12,849	12,976	1%
26 – 50 students	7,878	7,882	0%
51 – 100 students	1,604	1,682	4.9%
101 + students	581	708	22%

#### Section Size for master's and doctoral sections

	2007	2011	% Change
2 - 10 students	4,847	4,828	-0.4%
11 - 25 students	1,860	1,989	6.9%
26 – 50 students	534	655	22.7%
51 – 100 students	111	137	23.4%
101 + students	8	10	25%

**Faculty Salary: What is the source of funds for faculty who conduct research and provide instruction? Is the base salary prorated based on grants awarded for research projects?**

All faculty are hired with expectations that they will be involved in classroom teaching, outside of the classroom instructional activities including student advising, service, and scholarship as appropriate to the mission of their own particular university. These expectations are established at the time of hiring and through regular merit reviews. Salaries are compensation for the entire faculty role not just for teaching. Thus, the instructional salary is not prorated. A typical tenure/tenure track faculty salary will normally be paid 100% through institutional resources comprised primarily of tuition and state appropriation revenues. Some faculty have other sources for salaries such as contract and grants. In some cases, faculty with external funding will use grant funds to “buy-out” of a portion of their teaching load. Under these circumstances, a portion of the faculty member’s 9-month base salary is charged directly to the external grant or contract freeing up institutional funds to hire instructional staff to cover his or her courses. Typically, these would be fixed term faculty (lecturers), part-time instructors, or teaching assistants, creating new jobs on that campus. External funding, such as federal contracts and grants, is a powerful leveraging tool to bring new jobs and innovative research into North Carolina. For each \$1M spent for research, 36 jobs are supported. The opportunities created by research to spin off new technologies and companies further create jobs. Other forms of revenue for faculty salaries include clinical revenues for medical and allied health faculty and distributions from endowments in the form of “endowed” professorships and/or chairs.

## What is the impact by institution of reductions in financial aid appropriations?

There are 9,852 fewer students receiving aid from the UNC Need-Based Financial Aid Grant program with an average award \$229 lower in FY2011-12 as compared to FY2010-11. The impact of reductions to the Need-Based Grant program by campus is provided in the chart below.

UNC Need-Based Grant Program -- Distribution of Funds by Campus for 2010-11 and 2011-12															
	Actual 2010-11 Student Awards					Estimated 2011-12 Student Awards*					Difference 2011-12 vs. 2010-11				
Campus	#	%	Amount	Average	%	#	%	Amount	Average	%	#	%	Amount	Average	%
ASU	5,253	7.9%	13,703,649	2,609	8.5%	4,259	7.6%	10,494,401	2,464	8.4%	(994)	-0.4%	(3,209,248)	(145)	-0.1%
ECU	7,313	11.0%	17,711,714	2,422	11.0%	6,266	11.1%	13,491,434	2,153	10.8%	(1,047)	0.1%	(4,220,280)	(269)	-0.1%
ECSU	1,879	2.8%	3,315,572	1,765	2.1%	1,600	2.8%	2,025,686	1,266	1.6%	(279)	0.0%	(1,289,886)	(498)	-0.4%
FSU	2,336	3.5%	4,216,980	1,805	2.6%	2,427	4.3%	3,815,005	1,572	3.1%	91	0.8%	(401,975)	(233)	0.5%
NC A & T	4,975	7.5%	10,846,884	2,180	6.7%	4,428	7.9%	7,761,956	1,753	6.2%	(547)	0.3%	(3,084,928)	(427)	-0.5%
NCCU	3,588	5.4%	7,992,644	2,228	5.0%	3,391	6.0%	6,178,040	1,822	5.0%	(197)	0.6%	(1,814,604)	(406)	0.0%
NCSU	7,727	11.7%	21,818,709	2,824	13.5%	6,082	10.8%	16,965,976	2,790	13.6%	(1,645)	-0.9%	(4,852,733)	(34)	0.1%
UNC-CH	4,172	6.3%	12,204,443	2,925	7.6%	3,325	5.9%	9,518,069	2,863	7.6%	(847)	-0.4%	(2,686,374)	(63)	0.1%
UNCC	7,968	12.0%	19,502,267	2,448	12.1%	6,957	12.3%	15,468,283	2,223	12.4%	(1,011)	0.3%	(4,033,984)	(224)	0.3%
UNCG	6,743	10.2%	16,702,921	2,477	10.3%	5,875	10.4%	14,093,421	2,399	11.3%	(868)	0.2%	(2,609,500)	(78)	1.0%
UNCP	3,099	4.7%	6,221,287	2,008	3.9%	2,305	4.1%	4,056,959	1,760	3.3%	(794)	-0.6%	(2,164,328)	(247)	-0.6%
UNCA	1,289	1.9%	3,054,103	2,369	1.9%	1,040	1.8%	2,216,899	2,132	1.8%	(249)	-0.1%	(837,204)	(238)	-0.1%
UNCW	3,389	5.1%	8,958,037	2,643	5.5%	2,736	4.9%	6,869,647	2,511	5.5%	(653)	-0.3%	(2,088,390)	(132)	0.0%
WCU	3,291	5.0%	8,435,357	2,563	5.2%	2,741	4.9%	6,316,513	2,304	5.1%	(550)	-0.1%	(2,118,844)	(259)	-0.2%
WSSU	3,023	4.6%	6,299,912	2,084	3.9%	2,769	4.9%	4,648,738	1,679	3.7%	(254)	0.3%	(1,651,174)	(405)	-0.2%
UNCSA	145	0.2%	455,324	3,140	0.3%	137	0.2%	609,877	4,452	0.5%	(8)	0.0%	154,553	1,311	0.2%
System	66,190	100.0%	161,439,803	2,439	100.0%	56,338	100.0%	124,530,904	2,210	100.0%	(9,852)	(0)	(36,908,899)	(229)	(0)