

University of North Carolina

FY 2021-23 Operating Budget Priorities

	FY 2021-22	FY 2022-23
2021-23 Base Budget <i>(Excludes Aid to Private Institutions)</i>	\$2,962,056,895	\$2,962,173,367

UNC System Enrollment Funding

Despite the pandemic, the UNC System had the highest student enrollment in the System's history. Funding for enrollment growth will support high-quality education for new students across the state, including at the NCSSM Morganton campus.

NR to R*	\$29,392,231	\$29,392,231
FY 2021-23	40,176,497	83,998,971
	1,334,264	347,412
Total	\$69,568,728	\$113,391,202
	\$1,334,264 NR	\$347,412 NR

NC Promise Program

The NC Promise program has been a tremendous benefit to students at some of our most rural institutions, demonstrating North Carolina's unparalleled commitment to affordability. Enrollment at ECSU, UNCP, and WCU is expected to continue to grow.

NR to R*	\$15,000,000	\$15,000,000
FY 2021-23	—	5,000,000
Total	\$15,000,000	\$20,000,000

Building Reserves

The Connect NC bond significantly increased the number of new appropriated capital projects in the UNC System. As these buildings begin to reach completion, there are substantial needs for maintenance and operation funding. The UNC System is also requesting \$2,359,159 NR in FY 2020-21 for buildings coming online this fiscal year.

NR to R*	\$15,143,629	\$15,143,629
FY 2021-23	10,904,122	20,480,657
	2,804,782	1,242,230
Total	\$26,047,751	\$35,624,286
	\$2,804,782 NR	\$1,242,230 NR

	\$110,616,479	\$169,015,488
	4,139,046 NR	1,589,642 NR
Total Requested Increase	\$114,755,525	\$170,605,130
Total Percent Change	3.87%	5.76%

* Total request includes the conversion of FY 2021 nonrecurring to recurring, as well as new funding for FY 2021-23.

Faculty and Staff Salaries

UNC System faculty and staff have been working hard educating, promoting student success, and producing groundbreaking research. We have seen the results of these efforts in our steadily increasing graduation rates and nationally recognized research on treatment and prevention of COVID-19.

UNC System requests equity with state agencies

UNC System employees have not had a salary increase in two years and have not received an increase that was equivalent to that of other state agencies in three years.

Note: All items are recurring unless specified as nonrecurring.

The University of North Carolina System 2021-23 Operating Budget Priorities

Rising to the Challenge

Since the start of the pandemic, North Carolina's public universities have gone to extraordinary lengths to continue serving students. Through the dedicated work of faculty, staff, and public health officials, hundreds of thousands of students have maintained progress toward their educational goals, despite incredibly challenging circumstances.

UNC System institutions operated through the fall semester with a mix of online and in-person learning, adapting to the conditions and capacities in their local communities. All campuses maintained vital services, like housing and counseling, to support students who needed them. This spring, campus leaders have taken a similarly flexible approach, opening with a mix of online and in-person learning, informed by the lessons of the past several months. The UNC System is prepared to make quick adjustments as conditions change, following the latest science, the advice of federal and state authorities, and the guidance of our own experts in public health.

Closing our public universities and waiting for the pandemic to end was never an option. Students' lives cannot be put on indefinite hold, and we know from decades of research that interrupting college harms vulnerable students the most. Across the country, we have seen alarming data about declining enrollment among low-income, minority, and rural students — people whose prospects may be permanently diminished by the loss of educational opportunity.

Bucking the Trend

In the fall, while enrollments across the rest of the country were suffering steep declines, the number of students pursuing a degree in our public universities increased to an all-time high. Students who began their college career at a UNC institution last fall returned in record numbers despite having their lives disrupted by a global pandemic. As a result, our latest System-wide fall-to-fall retention rate hit 88 percent, while our four-year graduation rate climbed to 54 percent in spring 2020—an increase of 12.5 percentage points since 2013.

These trends reflect our students' hunger for opportunity and their trust in our universities to deliver. They reflect steadfast leadership and phenomenal work by faculty and staff in the face of unprecedented challenges. And they reflect the support of a General Assembly that has maintained its commitment to college affordability through good budget cycles and bad.

Looking Forward

This has been a season of hard choices for everyone, and we recognize there are more ahead. Due to the current budget constraints, the University's budget priorities are limited to a few items that we regard as core to the instructional mission of the University and critical to our continued success.

The following four priorities were approved by the Board of Governors in November 2020:

1. **Enrollment Funding** – Despite the pandemic, the UNC System had the highest student enrollment in our history. Funding enrollment growth will support high-quality education for new students across the state and maintain hard-won progress toward North Carolina's attainment goals.
2. **NC Promise Program** – This program has been a tremendous benefit to students at some of our most rural institutions, sending a vital message to students across the state about the affordability of higher education. Enrollment at ECSU, UNCP, and WCU is expected to continue growing.

3. **Building Reserves** – The Connect NC Bond significantly increased the number of new appropriated capital projects in the UNC System. As these buildings begin to reach completion, we want to plan responsibly for maintenance and operation.
4. **Faculty and Staff Salaries** – UNC System faculty and staff have done extraordinary work in teaching, promoting student success, and conducting groundbreaking research even in the midst of a hugely disruptive pandemic. Their effectiveness is demonstrated through our steadily increasing graduation rates and nationally recognized research on the treatment and prevention of COVID-19.

In addition to new funding to support these priorities, the UNC System is also requesting that nonrecurring funds appropriated for FY 2020-21 for enrollment growth, NC Promise, and building reserves be made recurring.

1. Enrollment Change Funding

Over the course of the FY 2019-21 biennium, the UNC System transitioned to funding actual enrollment in arrears. As part of this transition, funding for new students now lags a year, putting pressure on UNC institutions to sustain their growth temporarily on tuition receipts alone. In exchange, the UNC System has gained accuracy and transparency from using actual enrollment reported at the end of the term.

The UNC System is at the highest level of enrollment in history and is requesting funding to support enrollment growth realized in 2020. The funding amounts shown below are based on the UNC System enrollment funding formula for the change in enrollment from calendar year 2019 to 2020.

Enrollment Funding Request

Institution	Requirements	Receipts	Appropriation
ASU	\$ 4,525,769	\$ 976,590	\$ 3,549,179
ECU	1,623,339	(3,100,080)	4,723,419
ECSU	1,941,908	841,697	1,100,211
FSU	3,540,540	442,599	3,097,941
N.C. A&T	2,877,331	2,019,859	857,472
NCCU	(1,113,491)	1,375,284	(2,488,775)
NC State	2,723,416	(3,113,469)	5,836,885
UNCA	(1,903,882)	(1,059,486)	(844,396)
UNC-CH	(947,684)	(1,314,552)	366,868
UNCC	5,905,904	(1,124,302)	7,030,206
UNCG	(3,623,062)	(1,129,494)	(2,493,568)
UNCP	7,123,639	2,041,511	5,082,128
UNCW	13,983,198	1,897,874	12,085,324
UNCSA	910,939	235,239	675,700
WCU	2,626,560	2,707,049	(80,489)
WSSU	(614,451)	619,992	(1,234,443)
NCSSM	-	-	(8,069)
Total	\$39,579,973	\$2,316,311	\$37,255,593

* FTE Model programs include: ECU Medical and Dental School, NCCU School of Law, NC State School of Veterinary Medicine, UNC-CH Schools of Dentistry, Law, Medicine, and Pharmacy, UNCSA, and NCSSM.

This request represents a 0.8% increase in total credit hours. While the overall system enrollment increased, there was a decline in nonresident enrollment, leading to a reduction in tuition receipts at several universities.

In addition to the \$37,255,593 requested for enrollment funding for FY 2021-22, the UNC System requests that the \$29,392,231 appropriated in S.L. 2020-67 be made available on a recurring basis in FY 2021-22, and that \$40 million be appropriated to a reserve for enrollment funding for FY 2022-23. Requested reserve funding is based on funding calculated in the model for a three-year average of growth in credit-hour enrollment.

Enrollment for Comprehensive Transition Programs

Section 3.5 of Session Law 2020-97 directed that the Board of Governors allocate funding to students enrolled in Comprehensive Transition Programs on the same basis as full-time students enrolled in a curriculum program for up to 100 resident students. There were 46 resident students enrolled in these programs at three universities in the fall of 2020.

Funding to support these students in accordance with this special provision is as follows:

Comprehensive Transition Program Enrollment

Institution	Requirements	Receipts	Appropriation
ASU	\$ 51,120	\$ 23,331	\$ 27,789
UNCG	433,380	176,880	256,500
WCU	48,806	20,351	28,455
Total	\$533,306	\$220,562	\$312,744

Funding for the North Carolina School of Science and Mathematics Morganton Campus

Session Law 2020-31 provided the first year of operational funding for the new Morganton campus and also provided intent language to continue to fully fund the operations over the course of the next three years. These funds will support faculty, staff, materials, and supplies necessary to support expanded high school enrollment at the new location.

NCSSM Morganton Operational Funding for 2021-23

	2021-22		2022-23	
	Recurring	Nonrecurring	Recurring	Nonrecurring
Personnel	\$1,802,660	\$ -	\$4,225,134	\$ -
Purchased Services	550,000	-	1,950,000	-
PP&E and Supplies	255,500	-	255,500	-
Technology	-	59,264	-	57,412
Textbooks	-	-	-	200,000
Other Start-up Costs	-	1,275,000	-	90,000
Total	\$2,608,160	\$1,334,264	\$6,430,634	\$347,412

In addition to the funding needed for the 2021-23 biennium, there is also an additional \$1,638,794 recurring needed in FY 2023-24 for personnel and purchased services as well as \$33,336 nonrecurring for technology expenses.

2. NC Promise

The NC Promise Program has generated significant enrollment increases at three institutions. UNCP and WCU have enrolled their largest classes ever under this program and ECSU has reversed a decreasing enrollment trend. Even given the challenges of the COVID-19 pandemic, fall 2020 full-time equivalent (FTE) enrollment increased significantly at ECSU and remained steady at UNCP and WCU. The UNC System expects that as the impacts from COVID wane, that enrollment growth at these institutions will continue to remain strong.

Session Law 2020-43 appropriated \$15 million in nonrecurring funds for FY 2020-21, with the intent to appropriate \$20 million in recurring funds in FY 2021-22, and up to a total appropriation for the program of \$81.4 million over the next two bienniums. Due to the impact of the pandemic, the UNC System is instead requesting \$15 million in recurring funds in FY 2021-22 and an additional \$5 million in recurring funds in FY 2021-23. At this time, the System is still expecting that the NC Promise program will still need up to the full \$81.4 million over the course of the next several years.

3. Building Reserves

The revised definition of the Continuation Budget provided for additional changes including the requirement that operating building reserves be considered as part of an agency's expansion request. As a result of the NC Connect Bond, the UNC System has a significant number of projects that will be completed in the current fiscal year and over the 2021-23 biennium.

Included in the request is nonrecurring funding for four projects that will be completed in FY 2020-21 that did not receive funding in Session Law 2020-76, along with a request for recurring funding for these projects as well as the eleven projects that were appropriated nonrecurring funding in the bill. In addition, six buildings are scheduled to be completed in FY 2021-22 and two are scheduled to be completed in FY 2022-23.

Building Reserves for Unfunded Buildings Opening in FY 2021

Institution	Building	2020-21	2021-22	2022-23
		Nonrecurring	Recurring	Recurring
ECSU	Moore Hall*	\$ 109,129	\$ 372,406	\$ 372,406
UNCC	Sciences Building*	1,758,799	2,330,121	2,330,121
UNCSA	Performance Place Renovation*	42,901	137,340	137,340
WCU	STEM Building*	2,074,630	3,398,366	3,398,366
TOTAL		\$3,985,459	\$6,238,233	\$6,238,233

*NC Connect Bond Project

Building Reserves for Buildings Opened in FY 2021 (funded in S.L. 2020-76)

Institution	Building	2021-22	2022-23
		Recurring	Recurring
NC State	Utility Infrastructure *	\$ 585,615	\$ 585,615
NC State	Fitts-Woolard Hall*	4,114,251	4,114,251
UNCA	Carmichael Hall Renovation*	124,790	299,494
UNCA	Owen Hall Renovation*	174,848	349,697
UNCG	Nursing & Instructional Building*	981,693	981,693
UNCG	South Chiller Plant*	156,250	707,223
UNCP	West Hall Renovations	230,248	306,995
UNCW	Allied Health (Veteran's Hall)*	2,204,981	2,258,181
UNCSA	Old Library Renovation*	376,228	376,228
WSSU	Science and General Office Building*	947,223	947,223
WSSU	1602 Lowery Street Renovations	79,253	158,501
TOTAL		\$9,975,380	\$11,085,101

*NC Connect Bond Project

Building Reserves for Buildings Scheduled to Open in 2021-23

Institution	Building	2021-22		2022-23	
		Recurring	Nonrecurring	Recurring	Nonrecurring
ECU	Life Sciences & Biotech.*	\$ 3,288,818	\$ 553,987	\$ 3,288,818	\$ -
FSU	Lyons Science Renovation*	405,320	34,821	405,320	-
NC A&T	Engineering Building*	2,115,963	443,907	2,115,963	-
NC State	Plant Sciences Building*	1,806,027	656,228	4,334,468	-
UNCP	Business School*	1,240,443	282,432	1,240,443	-
NCSSM	NCSSM Morganton*	977,567	833,407	3,210,669	-
NCCU	Business School*	-	-	1,227,174	355,862
UNC-CH	Medical Education Building*	-	-	2,478,097	886,368
TOTAL		\$9,834,138	\$2,804,782	\$18,300,952	\$1,242,230

*NC Connect Bond Project

4. 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. As such, faculty and staff salaries remain a top priority.

To remain competitive in the global race for talent, as well as to remain on par with what similarly classified SHRA employees receive at other state agencies, we need sufficient resources. UNC System employees have not received a salary increase in two years and have not received an increase equivalent to that of other state agencies in three years. However, the UNC System does recognize that the state is facing budget constraints and therefore is requesting that if any salary increases are granted to state agencies or education agencies, that the UNC System employees be treated equitably.

Salary Increases Appropriated to the UNC System Compared to Other State Agencies

	2013-15	2015-17	2017-19	2019-21
UNC System	FY14: \$0 FY15: Avg. of \$564 ¹	FY16: \$750 FY17: 3%	FY18: \$1,000 FY19: Avg. of 0.6% ²	0%
Other State Agencies	FY14: \$0 FY15: \$1,000	FY16: \$750 FY17: 3%	FY18: \$1,000 FY19: 2%	FY20: 2.5% FY21: 2.5%

¹ SHRA employees received a \$1,000 increase and \$5 million was appropriated to be shared among EHRA employees. This equates to a weighted average increase of \$564 per employee.

² \$20 million was appropriated to be shared among all UNC employees. This equates to a weighted average increase of 0.6% increase to salary and associated benefits.