



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# The University of North Carolina System Budget Overview

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**February 15<sup>th</sup>, 2023**

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## Agenda – The University of North Carolina System

1. Facts and figures
2. UNC Budget: The State's Role in Funding
3. Prominent State-funded budget items
4. FY 2023-25 biennium outlook



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# University of North Carolina System Facts and Figures



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## The UNC System and the State Constitution

- **Article IX, Section 8:** “The General Assembly shall maintain a public system of higher education, comprising The University of North Carolina and such other institutions of higher education as the General Assembly may deem wise. The General Assembly shall provide for the selection of trustees of The University of North Carolina and of the other institutions of higher education, in whom shall be vested all the privileges, rights, franchises, and endowments heretofore granted to or conferred upon the trustees of these institutions. The General Assembly may enact laws necessary and expedient for the maintenance and management of The University of North Carolina and the other public institutions of higher education.”
- **Article IX, Section 9:** “The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.”



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## NCGA Delegates Responsibilities to UNC BOG

### G.S. 116-11 – Powers and duties of the Board of Governors

- “Shall govern the 16 constituent institutions...”
- Responsible for the general determination, control, supervision, management, and governance of all affairs of UNC institutions
- Prepare a unified recommended budget for all UNC institutions
- Set tuition and fees (subject to NCGA parameters)
- Determine academic programs and degrees awarded



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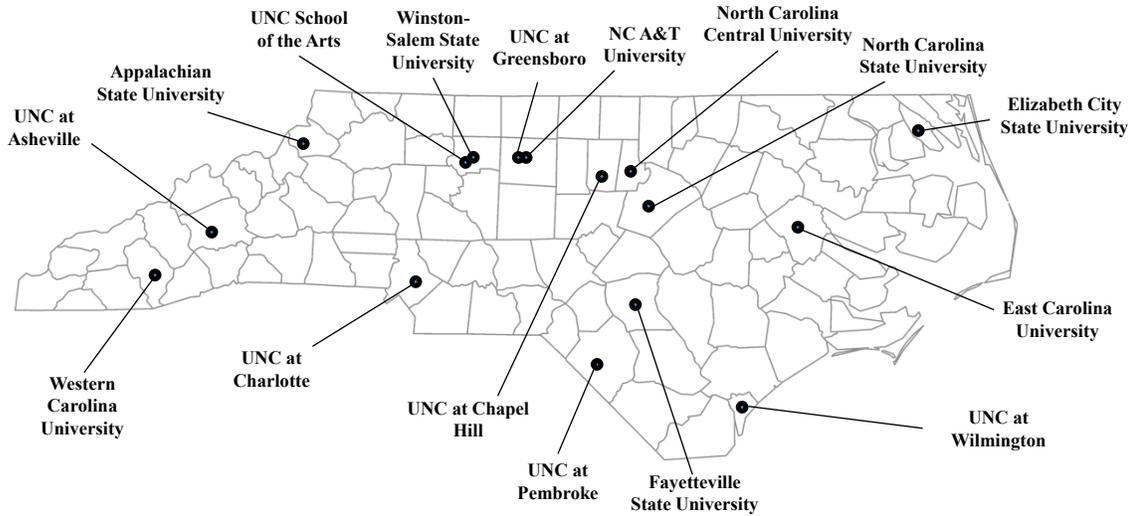
## UNC System at a Glance

- 17 UNC Constituent Institutions
  - 16 Universities
  - NC School of Science and Mathematics (High School – Durham and Morganton Campuses)
  - UNC School of the Arts has a high school program
- UNC Affiliates
  - UNC Health
  - PBS North Carolina
  - The North Carolina Arboretum
  - State Education Assistance Authority
- Research Centers and Institutes
- Laboratory Schools



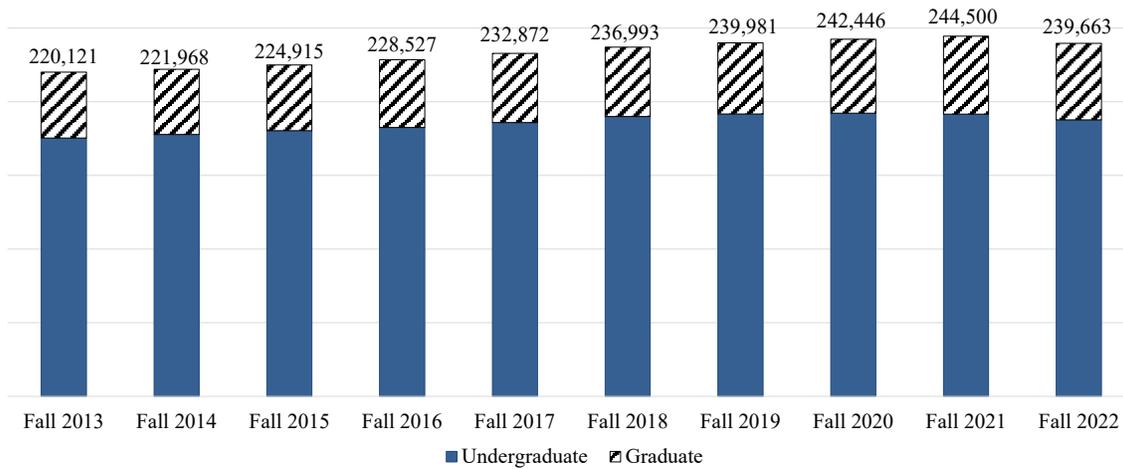
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# 16 UNC Institutions of Higher Education



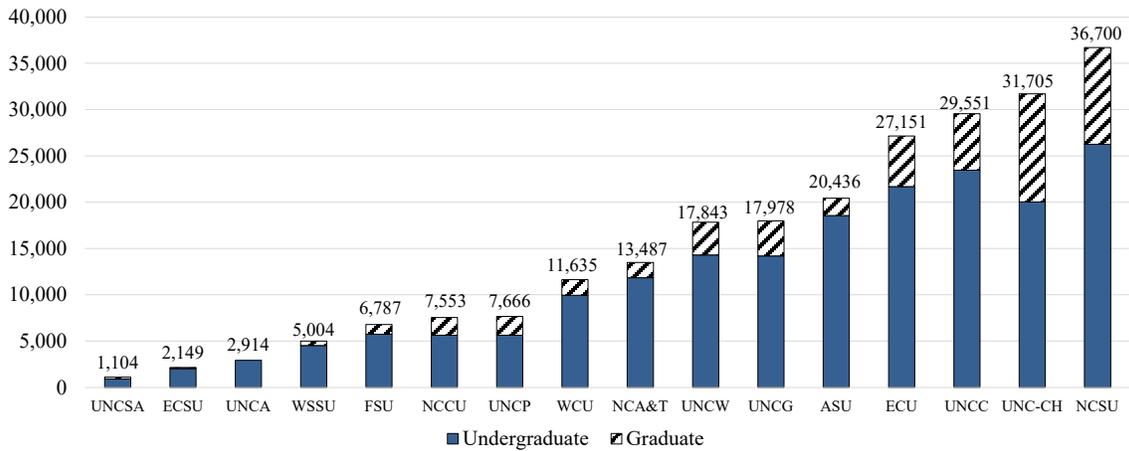
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# UNC System Enrollment – Student Headcount



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# UNC Institution Enrollment – Fall 2022 Headcount

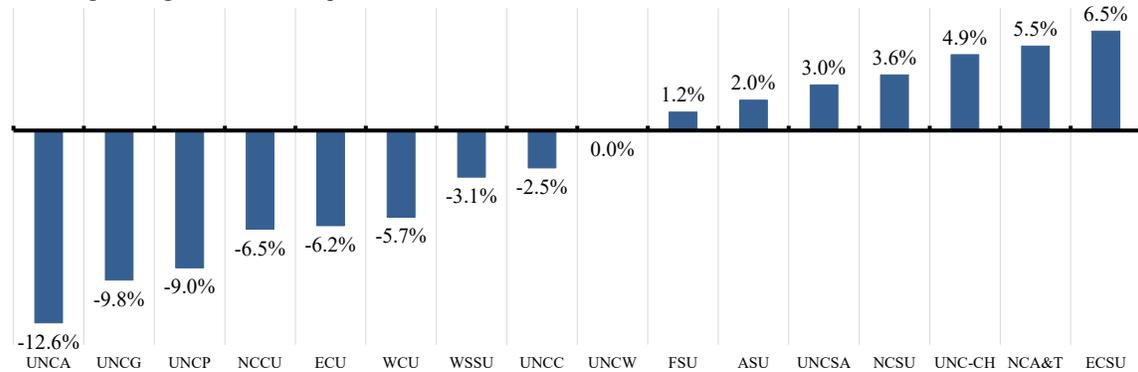


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# Student Enrollment Changes

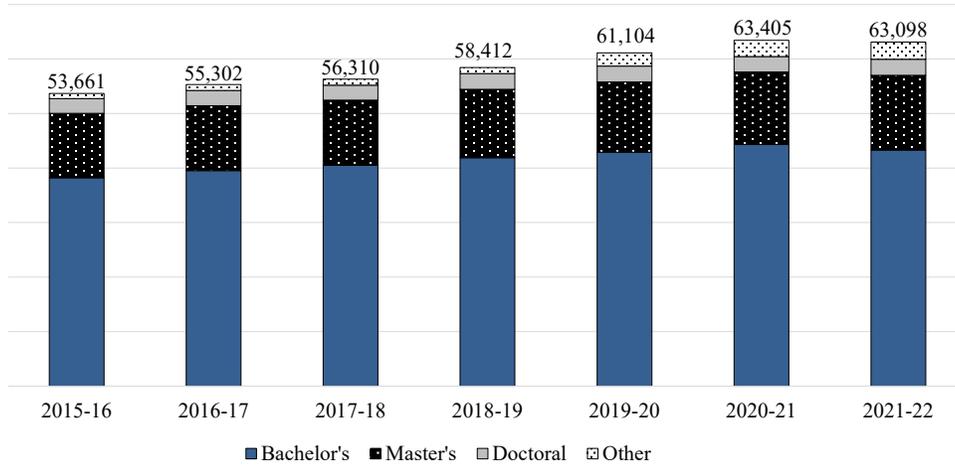
The 16 UNC higher education institutions saw widespread differences in their enrollment changes over the past two years.

Percentage Change in Full-Time Equivalent Student Enrollment, Fall 2020 to Fall 2022



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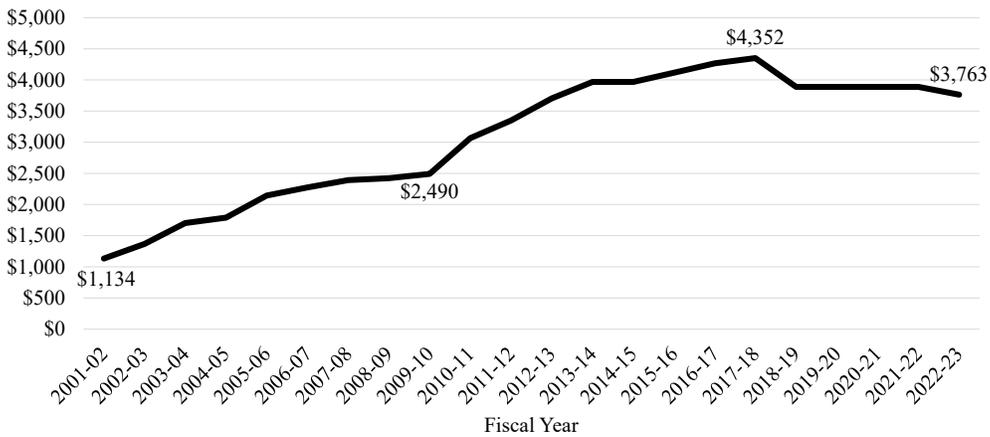
# UNC System – Degrees Awarded



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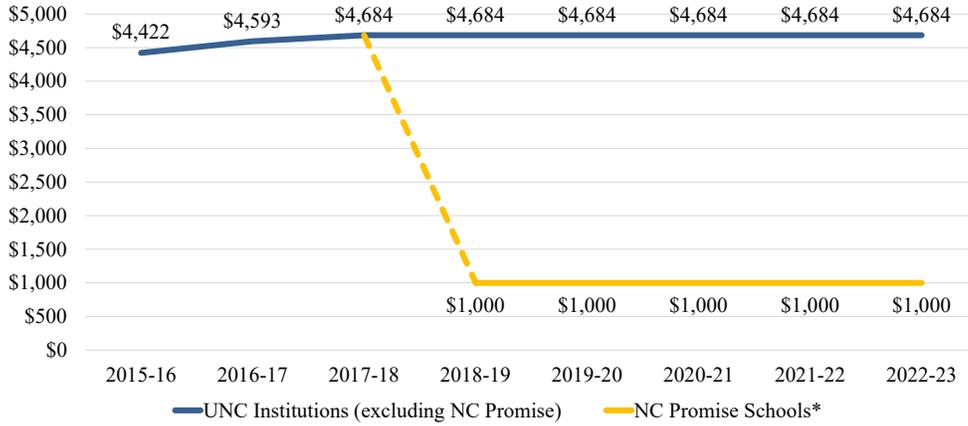
# UNC System Avg. Tuition (Resident Undergrad)

Unweighted Average Across the 16 UNC Institutions, FY 2001-02 to FY 2022-23



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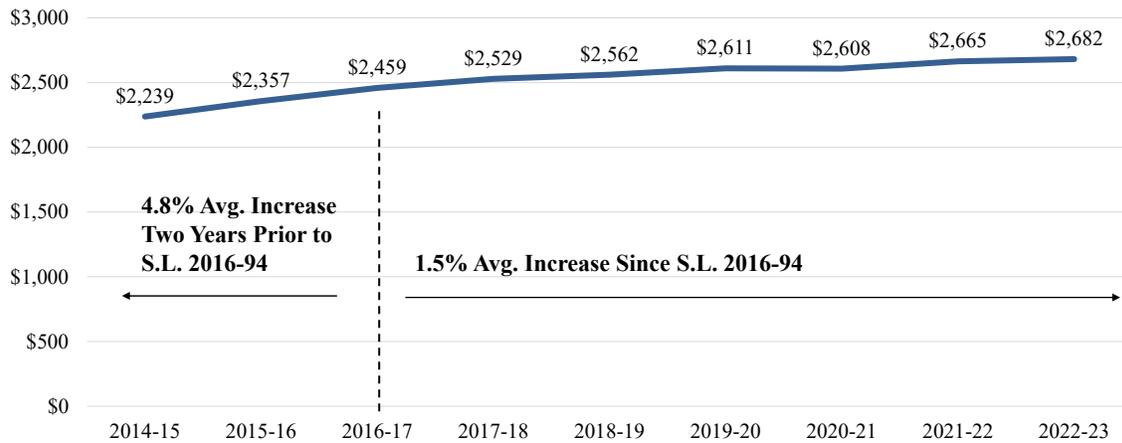
# UNC System Avg. Tuition (Resident Undergrad)



\*Elizabeth City State University, UNC at Pembroke, and Western Carolina University were the first NC Promise institutions in FY 2018-19, Fayetteville State University was added in FY 2022-23.

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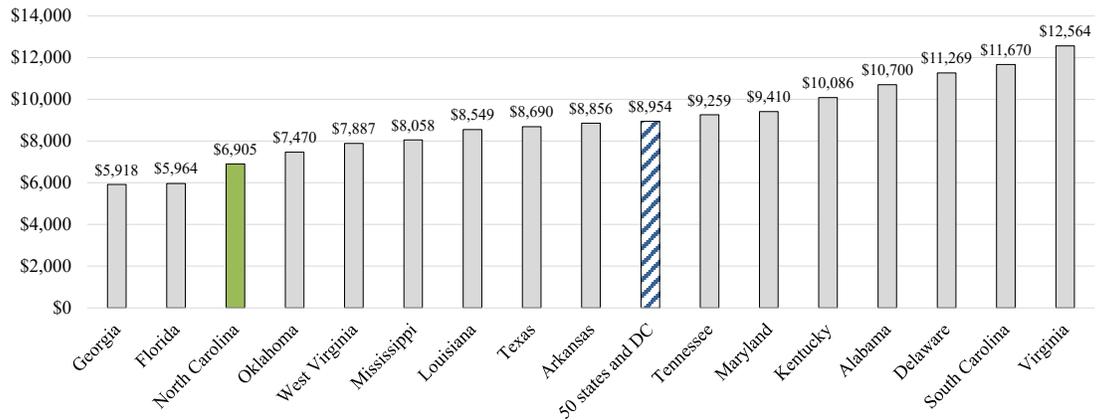
# UNC System Avg. Mandatory Student Fees



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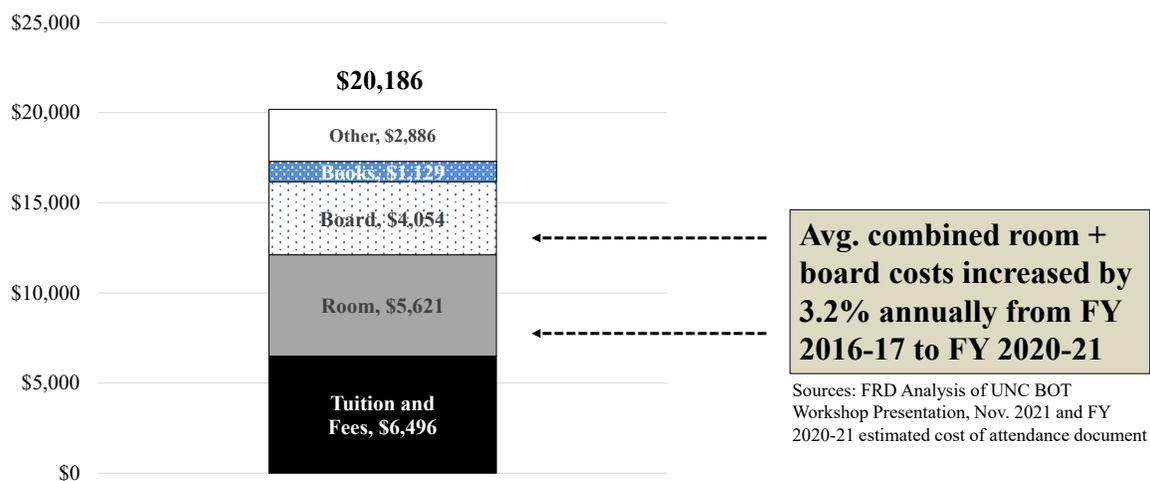
# Median Tuition and Fees by SREB States

Southern Regional Education Board (SREB) State Ranks, 2019-20



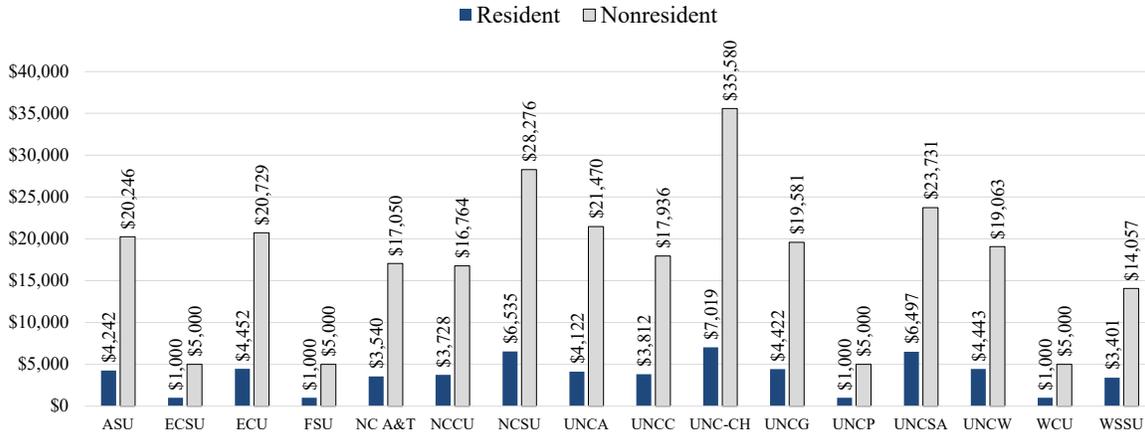
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# Avg. Attendance Costs, Undergrad, In-State, FY 2020-21



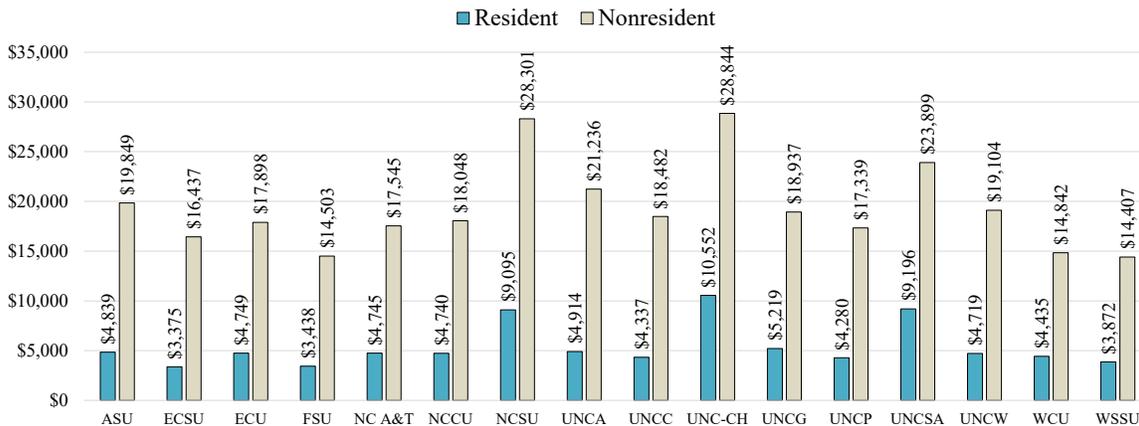
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# Undergraduate Resident and Nonresident Tuition



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# Graduate Resident and Nonresident Tuition



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# UNC Budget

## The State's Funding Role



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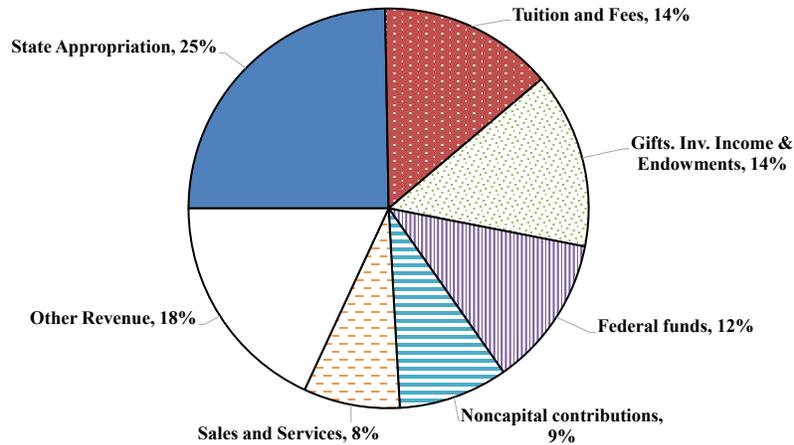
## UNC Budget 101

- The General Assembly provides operating funding for instruction, academic support, and student services through the State's General Fund
  - Example: General Fund appropriation to UNC System budget is \$3.8 billion in FY 2022-23
- The General Assembly provided funds for capital projects through State bonds and cash
  - Example: State authorized \$1.9 billion in funding for new buildings, repair, and renovation at UNC institutions from the State Capital and Infrastructure Fund in the FY 2021-23 biennium
- The State allows the UNC BOG and UNC institutions to collect, manage, and expend funds from several non-State sources
  - Example: UNC institutions received \$1.7 billion in revenue from gifts, investment income, and endowments in FY 2020-21



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## UNC System Revenues, \$12.3 billion in FY 2020-21



Source: UNC System Consolidated Financial Statement (does not include UNC Hospital)



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## UNC Institutional Trust Funds Policies

### G.S. 116-36.1

Institutional Trust Funds are a broad category of funds, delegated by the General Assembly to the UNC Board of Governors to manage and/or further delegate.

- Includes student fees, federal or state agency grants, non-endowment gifts, housing and dining revenue, Project Kitty Hawk Tuition revenue
- Available for expenditure without any further action by the NCGA
- Intended to supplement the State appropriation, not replace it



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# UNC Endowment Fund Policies

## G.S. 116-36

Endowment funds are a collection of assets, which are invested to generate earnings to support the university.

- Often comprising donor gifts
- Managed and expended by each university’s Board of Trustees
- Intended to supplement the State appropriation, not replace it
- Purpose often restricted by donor agreements

# UNC System Budget – General Fund Appropriation

State General Fund authorized requirements equal \$6.2 billion in FY 2022-23, with receipts of \$2.4 billion and a net appropriation of \$3.8 billion.

	Authorized Budget FY 2021-22	Authorized Budget FY 2022-23
Requirements	\$5,994,172,570	\$6,246,463,969
Receipts	\$2,481,660,976	\$2,427,407,023
<b>Net Appropriation</b>	<b>\$3,512,511,594</b>	<b>\$3,819,056,946</b>

Source: North Carolina Accounting System - Authorized Budget FY 2021-22 (Year-end) and FY 2022-23 (Jan 2023)

# General Fund Appropriation, Historical

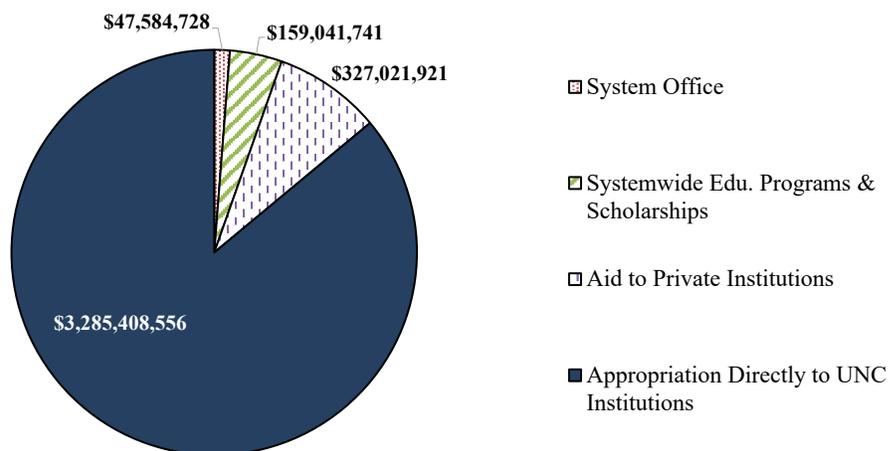


Source: North Carolina Accounting System – Year-end Authorized Budgets, All UNC Budget Codes



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# \$3.8B General Fund Appropriation FY 2022-23

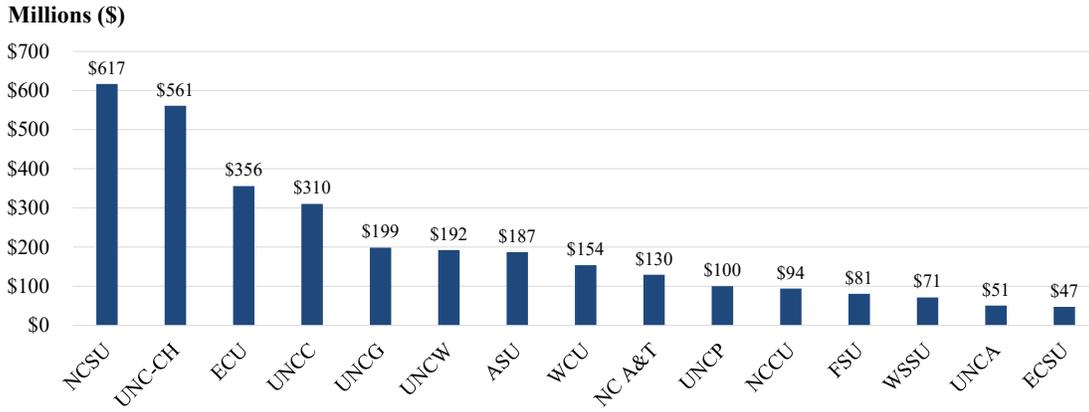


Source: North Carolina Accounting System - Authorized Budget FY 2022-23, Jan. 2023



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# State General Fund Appropriation, FY 2022-23



Source: North Carolina Accounting System - Authorized Budget FY 2022-23, Jan. 2023

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# State Appropriation Per Student (FTE), FY 2022-23

State Appropriation / Fall 2022 FTE Count



Sources: North Carolina Accounting System - Authorized Budget FY 2022-23, Jan. 2023 and UNC Data Dashboard

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## Reasons for Variation in Funding per Student

- Enrollment formula provides different funding amounts depending on the type and level of course taught
- NCGA provides funding for programs to support specific institutions (e.g., NC Promise Tuition Plan)
- Some institutions are provided funds for special purposes and research (e.g., NCSU and Agriculture Research Stations / UNC-CH and the North Carolina Policy Collaboratory)



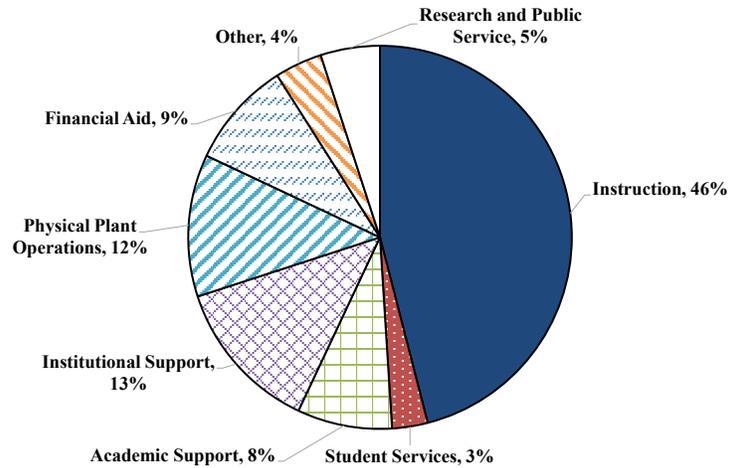
## UNC Constituent Institutions and Appropriations

### **G.S. 116-30.1 and G.S. 116-30.2**

- All General Fund appropriations to a UNC institution are made through one budget code for each institution
- The chancellor of each institution may expend General Fund monies in a manner determined to maintain and advance the programs and services of the institutions
- Institutions may transfer appropriations between budget codes



# UNC System Use of State Funds by Activity



Source: UNC System Report on State Budget Allocations and Policy



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# UNC Budget Prominent State Funding Budget Items



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## Enrollment Funding

- Per G.S. 116-11: UNC BOG generates the enrollment funding request for all institutions and present it to the General Assembly
- Request is based on annual change in student credit hours, factoring in the specific courses that gained or lost resident students
- UNC BOG’s FY 2023-24 request will also include a performance funding component



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## Enrollment – Student Credit Hours Model

Example of Two Courses: Funding Per Change in Resident Student Credit Hour, by Carnegie Class

Carnegie Classification	R1	R2	R3	M1	M2	B1
Institution	NCSU, UNC-CH	ECU, NC A&T, UNCC, UNCG, UNCW	WCU, WSSU	ASU, NCCU, UNCP	FSU	ECSU, UNCA
Biology	\$554	\$371	\$318	\$319	\$315	\$372
Mathematics	\$307	\$269	\$266	\$264	\$288	\$282

Source: UNC System, Resident Student Credit Hour Change Enrollment Funding Model



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## Building Reserves

- Funding for the operating and maintenance of newly constructed State-funded capital projects (new buildings, additions, major renovations)
- Recurring costs for salaries, utilities, supplies, maintenance, and IT
- Nonrecurring costs for initial supplies, moving, and equipment
- Formula developed by UNC System – considers building size and type



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## Building Reserves, Example from FY 2022-23

Institution	Building	Recurring	Nonrecurring
UNC Asheville	Carmichael Hall Renovation	174,704	
UNC Asheville	Owen Hall Renovation	174,849	
UNC Greensboro	South Chiller Plant	550,973	
UNC Pembroke	West Hall Renovations	76,747	
UNC Wilmington	Allied Health (Veteran's Hall)	53,200	
Winston-Salem State University	1602 Lowery Street Renovations	79,248	
NC State University	Plant Sciences Building	2,528,441	
NC School of Science and Math	NCSSM Morganton	2,233,102	
NC School of Science and Math	NCSSM Morganton-Barn	130,014	39,131
North Carolina Central University	Business School	1,138,767	355,862
UNC Chapel Hill	Medical Education Building	921,004	886,368
Western Carolina University	Steam Plant	188,065	53,618
<b>TOTAL</b>		<b>\$8,249,114</b>	<b>\$1,334,979</b>



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## UNC Systemwide Institution Priorities

General Assembly will provide funds for the UNC Board of Governors to distribute to all or certain institutions.

### Examples from FY 2021-23 Biennium

- Increase UNC Need-Based Scholarship: \$6.3 million R in FY 2021-22
- Laboratory Schools: \$2.5 million R over FY 2021-23 biennium
- HMSI Cybersecurity and Bomb Threat Preparedness: \$5M NR in FY 2022-23



## Institution-Specific Funding Priorities

General Assembly will provide funds to an individual institution to support a specific program or initiative.

### Examples from FY 2021-23 Biennium

- NC A&T Ag. Research and Ext: \$3.0 million R in FY 2021-22
- UNCA Student Debt Reduction: \$3.0 million NR in FY 2021-22
- UNCG eSports Program: \$2.4 million NR in FY 2021-22
- ECSU Aviation Programs: \$1.7 million R in FY 2022-23



# FY 2023-25 Biennium Outlook



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## Potential Issues of NCGA Interest

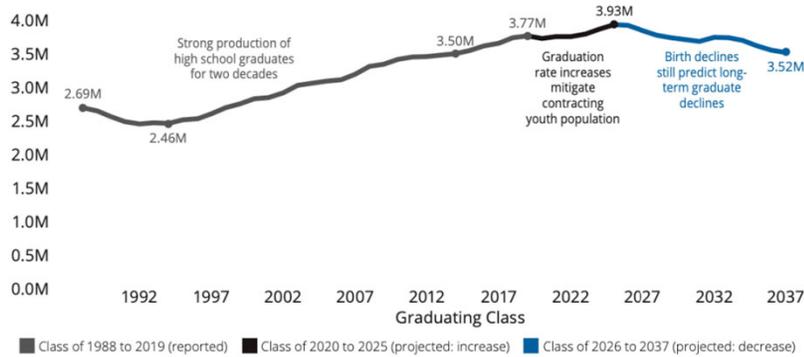
1. Enrollment declines and long-term demographic trends
2. Increase in percentage of out-of-state students
3. Performance funding
4. Full cost of attendance increases



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# Long-Term Demographic Trends

**U.S. High School Graduate Projections**



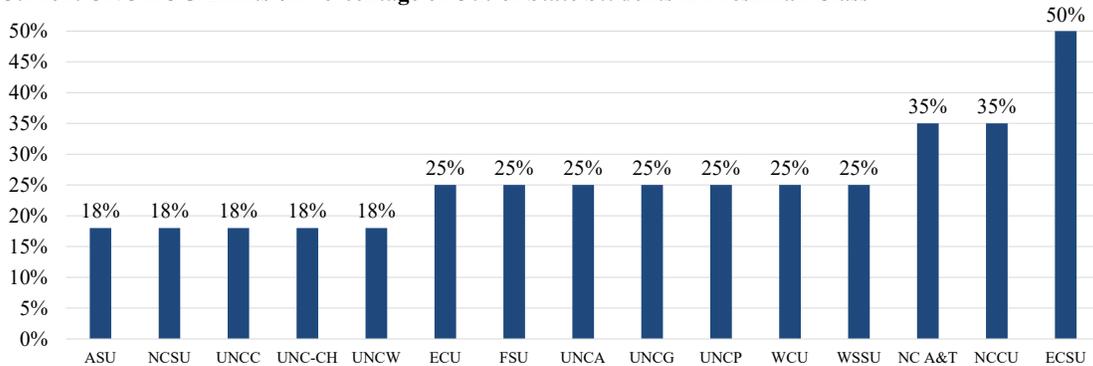
Source: Screenshot of UNC Board of Governors document, UNC Enrollment Report, presented at Nov. 2022 meeting with data from Western Interstate Commission for Higher Education

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# Increase in Percentage of Out-of-State Students

Prior to 2020, UNC BOG policy had set an 18% limit on the percentage of out-of-state students in a freshman class for every institution, but they have since increased the limit for 10 institutions.

**Current UNC BOG Limits on Percentage of Out-of-State Students in Freshman Class**



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# Performance Funding

UNC BOG proposal would allow institutions to gain or lose funding based on their performance in select metrics.

Performance Metrics Chosen	Percent of Performance Score
Four-Year Graduation Rate	12.5%
Undergraduate Degrees Awarded Per 100 Full-Time Students	12.5%
First Time Student Debt at Graduation	16.25%
Transfer Student Debt at Graduation	8.75%
Education and Related Expenses per Degree	25.0%
Campus-Specific Metric (Beginning FY 2024-25)	25.0%

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# Room and Board Cost Increases

Graphic from UNC BOG Oct 2021 meeting of Task Force on Pricing, Flexibility, and Affordability.

Room and Board (IPEDS 2020-21)	<ul style="list-style-type: none"> <li>• 3 universities had the <b>lowest</b> on-campus room and board cost among their peers</li> <li>• 7/16 were in the <b>bottom three</b>.</li> <li>• 5/16 were in the top five.</li> </ul>
Five-year Growth in On-campus Room and Board (IPEDS 2015/16-2020/21)	<ul style="list-style-type: none"> <li>• 0 universities had the lowest growth in their peer group.</li> <li>• 1/16 was in the <b>bottom three</b> (one more was in bottom quartile).</li> <li>• 6/16 were in the top five</li> </ul>

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## Questions?

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