



2023 LONG SESSION OPERATING BUDGET PRIORITIES

Joint Education Appropriations Committee

March 1, 2023

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Faculty Retirement Incentive Program

FY 2023-24	FY 2024-25
\$16,800,000 NR	

Purpose

- Offer a voluntary retirement incentive to tenured faculty who meet certain conditions, allowing institutions to reallocate resources

Background

- Personnel costs represent the largest financial outlay for institutions.
- Tenure appointments made 20+ years ago may not align with current enrollment demands and university needs.
- Severance payment will be equivalent to the faculty member's annualized base salary.
- Institutions most impacted by changing enrollment patterns would be given priority (ECU, NCCU, UNCA, UNCG, & WSSU).



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Performance-Weighted Enrollment Change

FY 2023-24	FY 2024-25
(\$16,713,978)	\$5,000,000

Purpose

- Adjusts funding to reflect each institution's change in enrollment and performance towards strategic priorities

Background

- Model reflects changes in actual resident student credit hours delivered from 2021 to 2022, which decreased by 2.9%.
- BOG recommends capping enrollment-based appropriation decreases over the past two years at -4.5% for any institution.
- Model also adjusts based on changes in performance: undergraduate student success, increasing affordability, and improving productivity.

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Completion Assistance Programs

FY 2023-24	FY 2024-25
\$10,500,000	\$10,500,000

Purpose

- Support completion assistance programs at ECSU, FSU, NCA&T, NCCU, UNCP, WSSU, and UNCA

Background

- Since 2017, almost 27,000 students with more than 60 credit hours have dropped out of a UNC System institution.
- Selected institutions serve high proportions of Pell Grant students and experience high student attrition rates.
- Each institution would receive \$1.5 million and have flexibility to determine the number and amount awarded (up to \$5,000).
- Similar programs have reduced time to degree for participants, particularly for Pell Grant recipients and students of color.

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Cybersecurity

FY 2023-24	FY 2024-25
\$5,350,000	\$5,350,000
\$3,250,000 NR	

Purpose

- Supports systemwide approach to strengthening the cybersecurity posture of our institutions

Background

- Universities are tempting targets for cyber criminals looking to steal research or trade secrets as well as ransomware attacks
- Funds would support a systemwide approach to improving cybersecurity through central log management, network perimeter monitoring, threat intelligence feeds, endpoint detection and response and other tools.

Distinguished Professorship Matching Funds

FY 2023-24	FY 2024-25
\$10,000,000 NR	\$10,000,000 NR

Purpose

- Addresses the backlog in State funds needed to match private donations supporting endowed professorships

Background

- State funds are matched with private funds at a 1:1 or 1:2 ratio.
- 61 qualifying professorships representing over \$40 million in private funds in the queue awaiting \$20 million in State match.
- Most of these professorships are in STEM, health science, and business disciplines.
- Income from the endowment may only be used to support the endowed professorship.

Inflationary Adjustments





- **Faculty and Staff Salaries**
 - Institutions are struggling to recruit and retain talent due the tight labor market and inflation eroding purchasing power
 - The UNC System requests funding commensurate with state agencies and strongly supports Labor Market Adjustment Reserve (LMAR) funding.
 - 1% increase in salary and associated benefits costs \$34.1 million
- **Non-Personnel Operating Budgets**
 - Inflation has also significantly eroded the purchasing power of non-personnel operating budgets.
 - Energy costs are a prime example. Through December 2022, utility expenses were \$15 million higher than the previous fiscal year, increasing from \$90 million to \$105 million.

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THANK YOU

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QUESTIONS?

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