

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

# The University of North Carolina System State's Funding Role

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**Fiscal Research Division**  
**March 4<sup>th</sup>, 2025**

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## Agenda – The University of North Carolina System

1. Overview, Governance, Enrollment
2. General Fund
  - State Appropriation
  - Tuition
  - Institutional Funds
    - Student Fees, Auxiliaries, Sales & Services
    - Federal Funds
    - Endowments



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# University of North Carolina System Overview, Governance, and Enrollment



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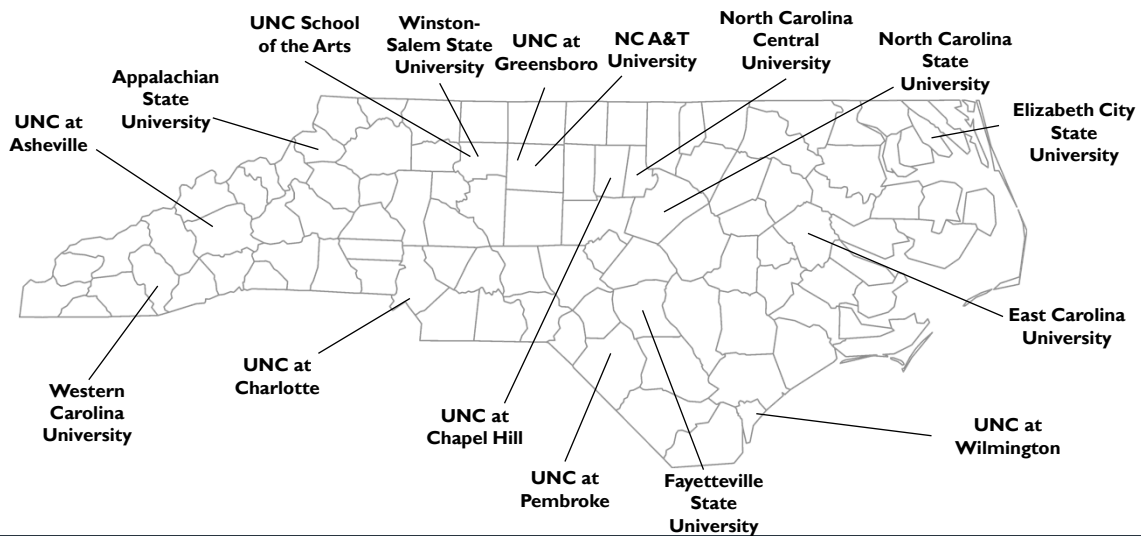
## UNC System at a Glance

- 17 UNC Constituent Institutions
  - 16 Universities (UNC School of the Arts High School Program)
  - NC School of Science and Mathematics (High School – Durham and Morganton Campuses)
- UNC Affiliates
  - UNC Health
  - PBS North Carolina
  - The North Carolina Arboretum
  - NC State Education Assistance Authority
- Laboratory Schools



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# 16 UNC Institutions of Higher Education



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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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## Boards of Trustees and Chancellors

### **G.S. 116-33 – Powers and duties of the boards of trustees**

“Each board shall serve as advisor to the Board of Governors on matters pertaining to the institution and shall also serve as advisor to the chancellor concerning the management and development of the institution”

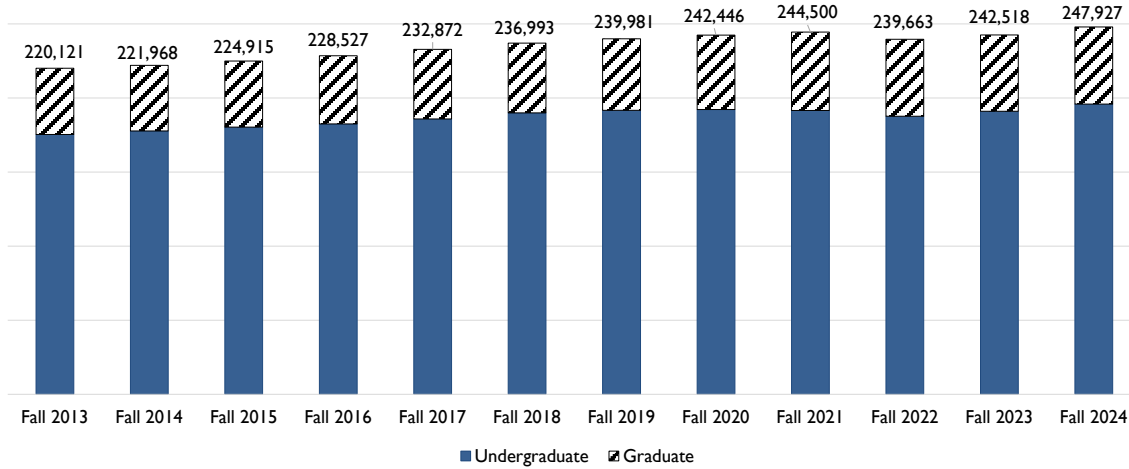
### **G.S. 116-34 – Duties of chancellor of institution**

“The chancellor shall be the administrative and executive head of the institution and shall exercise complete executive authority therein, subject to the direction of the President.”



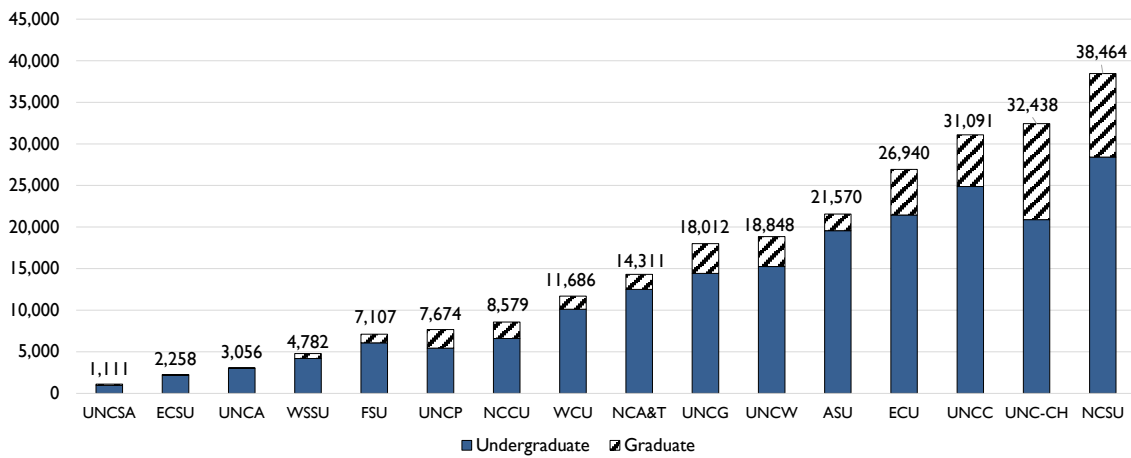
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# UNC System Enrollment – Student Headcount



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# UNC Institution Enrollment – Fall 2024 Headcount

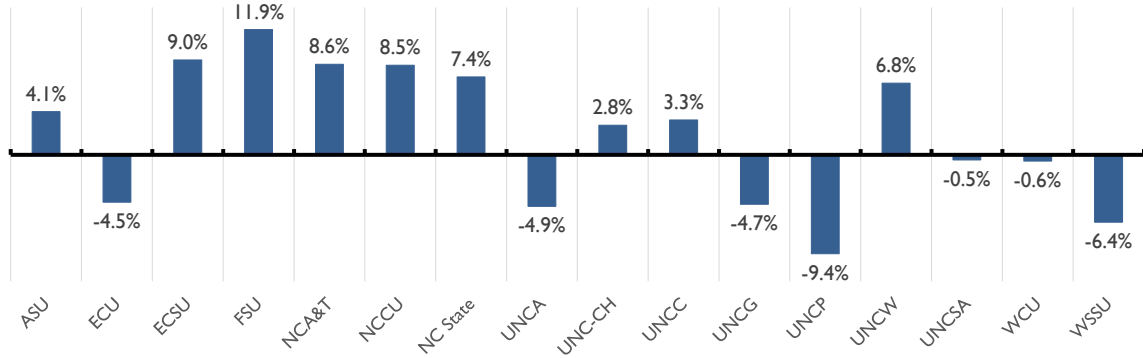


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# Student Enrollment Changes

The 16 UNC higher education institutions saw widespread differences in their enrollment changes over the past three years with 2.5% increase across UNC System.

Percentage Change in Full-Time Equivalent Student Enrollment, Fall 2021 to Fall 2024

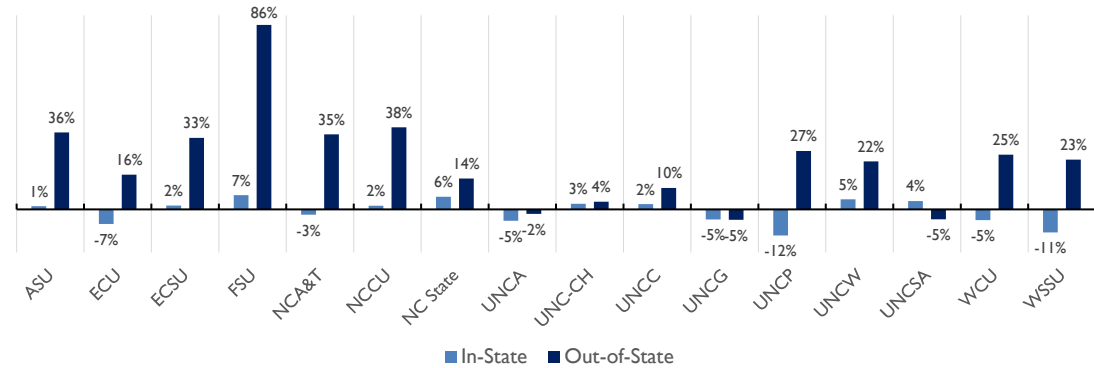


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# Student Enrollment Changes, In-State vs Out-of-State

In-state enrollment decreased by .1% and out-of-state enrollment increased by 17% over last three years.

Percentage Change in Full-Time Equivalent Student Enrollment, Fall 2021 to Fall 2024



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# General Fund



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## UNC System Revenues, \$12.1 billion in FY 2022-23

### General Fund

~\$5.7 billion

- State Appropriation
- Tuition
- Prior-Year Carryforward

Provides operating support for the functions of the university

### Institutional Funds

~6.4 billion

- Student Fees
- Federal Funds
- Sales and Services
- State and local grants
- Gifts and interest revenue

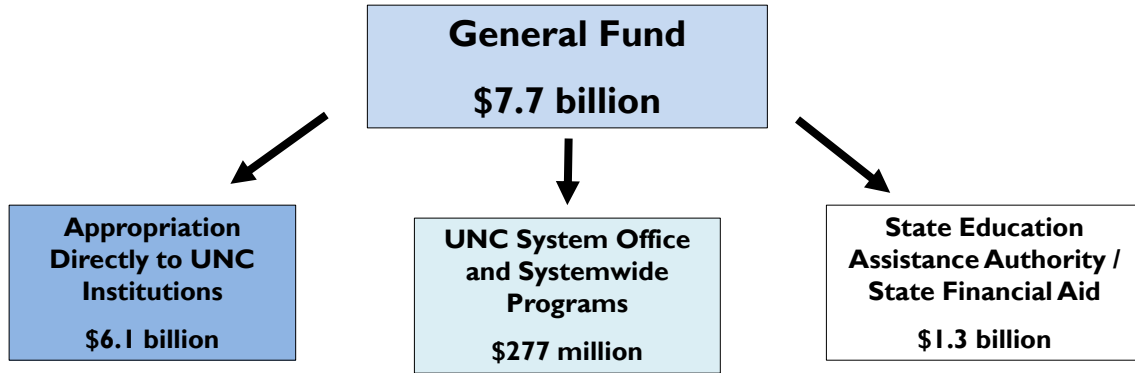
Supplements operating cost to improve or increase university functions

Source: FRD analysis of UNC System Consolidated Financial Statement and UNC General Fund Revenue  
(does not include UNC Hospital and State Education Assistance Authority funding)



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# UNC System General Fund Budget, FY 2024-25



Source: NCFS, February 2025 Authorized Budget, FY 2024-25

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# UNC System Budget – General Fund Appropriation

State General Fund authorized requirements equal **\$7.7 billion** in FY 2024-25, with receipts of **\$3.0 billion** and a net appropriation of **\$4.6 billion**.

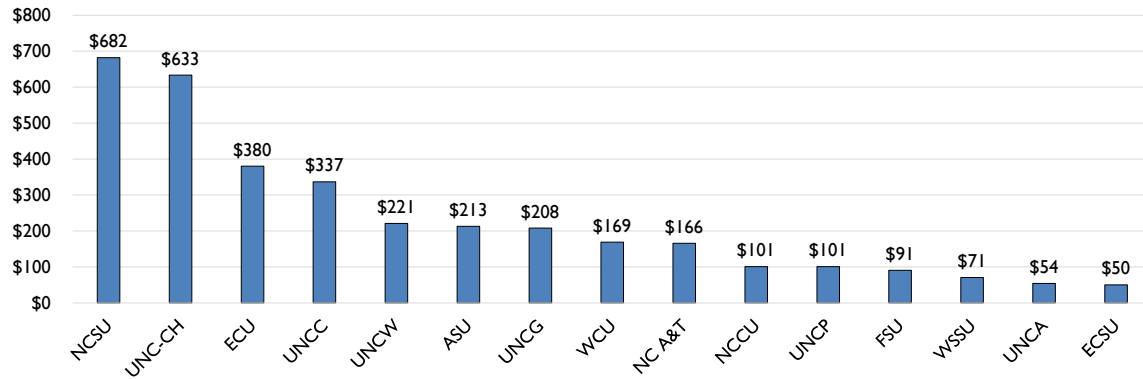
FY 2024-25	Direct to UNC Institutions	UNC System Office And Systemwide Initiatives	State Education Assistance Authority and Aid to Private Entities
Requirements	\$6,009,788,190	\$277,323,031	\$1,325,721,098
Receipts	\$2,438,227,180	\$132,144,023	\$446,894,959
<b>Net Appropriation</b>	<b>\$3,621,376,824</b>	<b>145,179,008</b>	<b>\$878,826,139</b>

Source: NCFS, February 2025 Authorized Budget, FY 2024-25

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# Net General Fund Appropriation, FY 2024-25

Millions (\$)



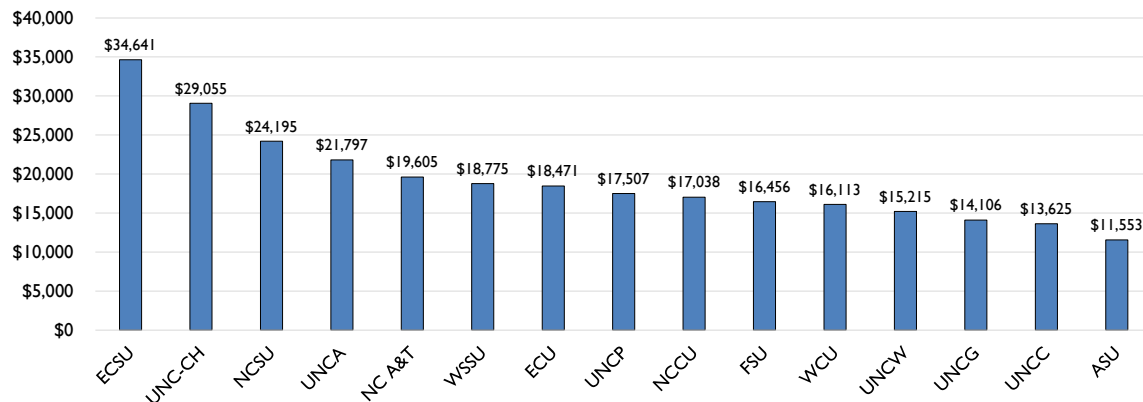
Source: NCFS, February 2025 Authorized Budget, FY 2024-25, Funds to UNC Institution Budget Codes Except NC AHEC 16022



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# Net Appropriation Per In-State Student, FY 2024-25

Net General Fund Appropriation / Fall 2024 In-State Full-Time Equivalent Students



Source: NCFS, February 2025 Authorized Budget, FY 2024-25, Funds to UNC Institution Budget Codes Except NC AHEC 16022



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## Reasons for Variation in Funding per Student

- UNC institution recurring funding is the product of many factors
- Enrollment formula provides different funding amounts depending on the type and level of course taught
- NCGA has historically provided funding for programs to support specific institutions (e.g., NC Promise Tuition Plan, additional funding for certain degree programs)
- Some institutions are provided funds for special purposes and research (e.g., NCSU/NC A&T and Agriculture Research / UNC-CH and the North Carolina Collaboratory)



## 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
- Assessment of how much more (or less) funding an institutions needs to instruct just those additional students
- Does not apply to some specialty UNC courses (e.g. law, medicine, dentistry, UNCSA, NCSSM)



# Enrollment – Student Credit Hours Model

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

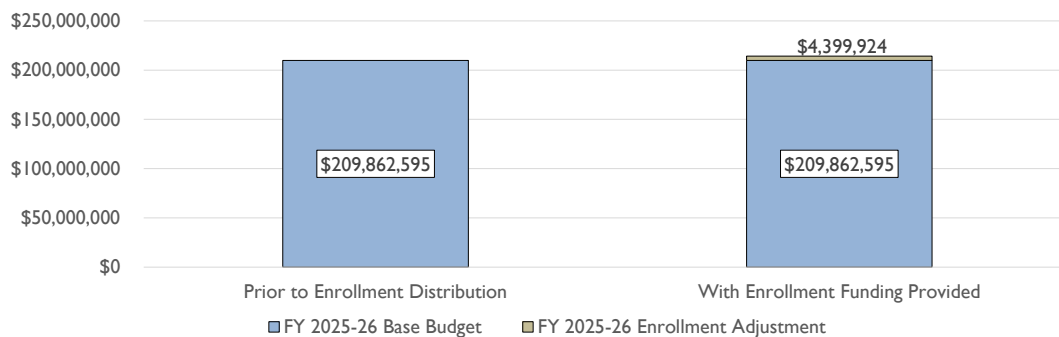
Carnegie Classification	R1	R2	R3	M1	M2	B1
Institution	NCSU, UNC-CH	ECU, NC A&T, UNCC, UNCG, UNCW	WCU, WSSU	ASU, NCCU, UNCP	FSU	ECSU, UNCA
Business	\$396	\$394	\$361	\$395	\$392	\$373
Mathematics	\$357	\$325	\$331	\$347	\$309	\$378

Source: UNC System, Resident Student Credit Hour Change Enrollment Funding Model, FY 2025-26 Request

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# Example: Incremental Enrollment Funding Change

ASU provided instruction for 9,992 more student credit hours in 2024 compared to 2023. They would receive **\$4.4 million** under the enrollment model in FY 2025-26.



Source: UNC System, Resident Student Credit Hour Change Enrollment Funding Model, FY 2025-26 Request

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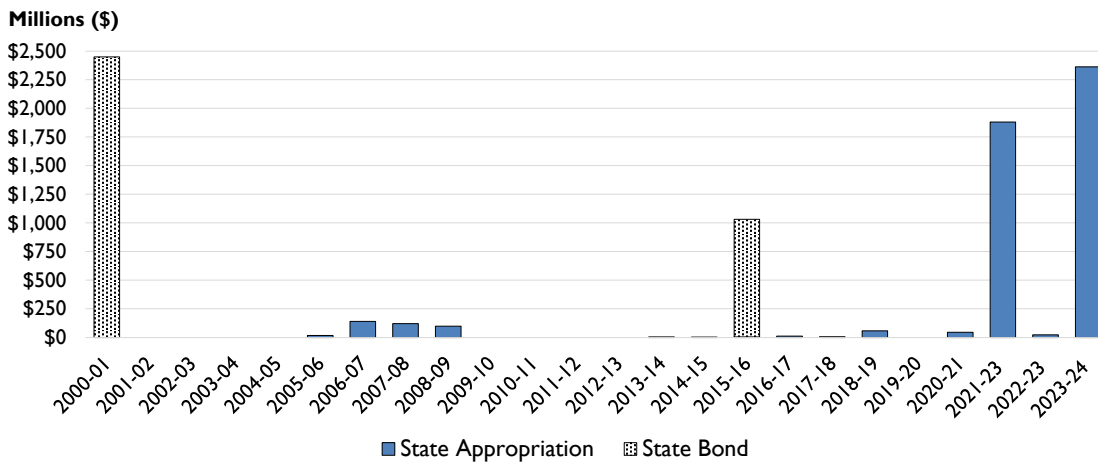
# Building Reserves

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

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# History of State Funding for UNC Capital This Century

State Capital Authorizations to UNC System (does not include self-liquidating projects)



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## Institution-Specific Funding Priorities

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

### Examples from FY 2023-25 Biennium

- Engineering Expansions: \$23.5 million R
- NC A&T Ag. Research: \$10.6 million R
- UNCP Health Sciences: \$20.0 million NR
- UNC-CH Computer Science: \$7.5 million R / \$2.5M NR



## UNC Systemwide Institution Priorities

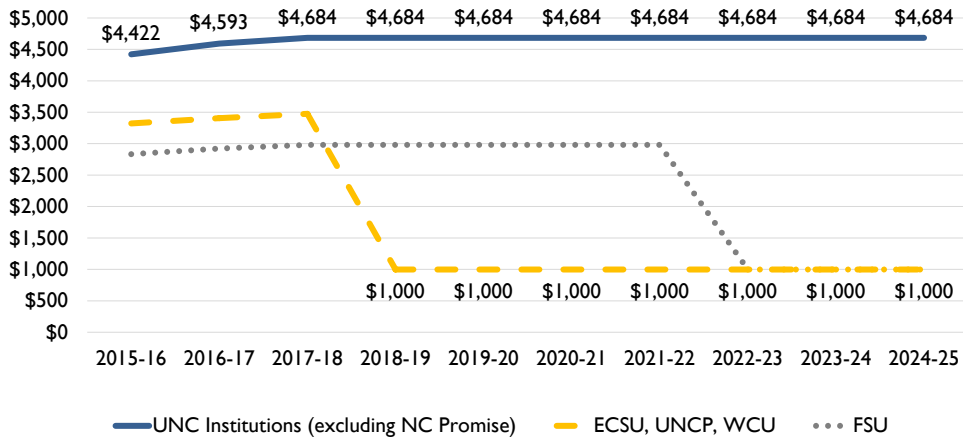
General Assembly will provide funds for the UNC Board of Governors to distribute to all or certain institutions.

### Examples from FY 2023-25 Biennium

- Completion Assistance Program: \$4.0 million NR
- Faculty Realignment Program: \$16.8 million NR
- Healthcare Workforce Programs: \$40.0 million NR
- Distinguished Professor Endowment: \$10.0 million NR

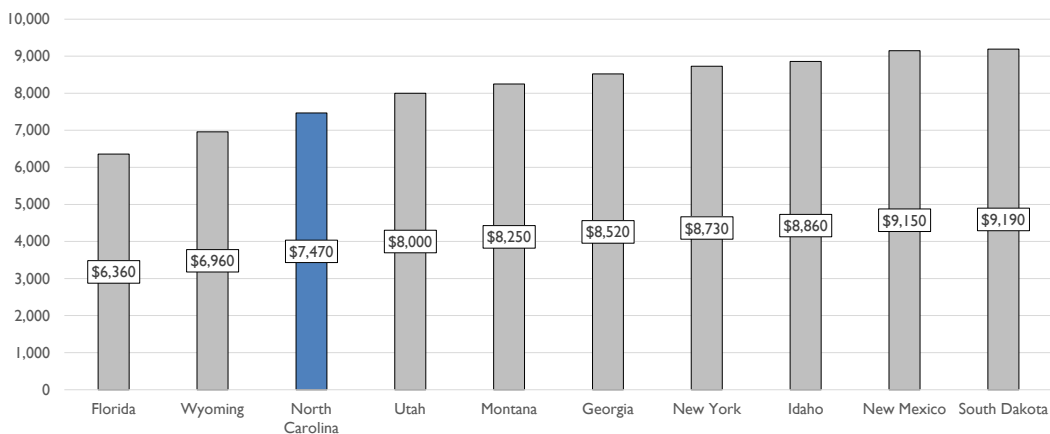


# UNC System Avg. Tuition (Resident Undergrad)



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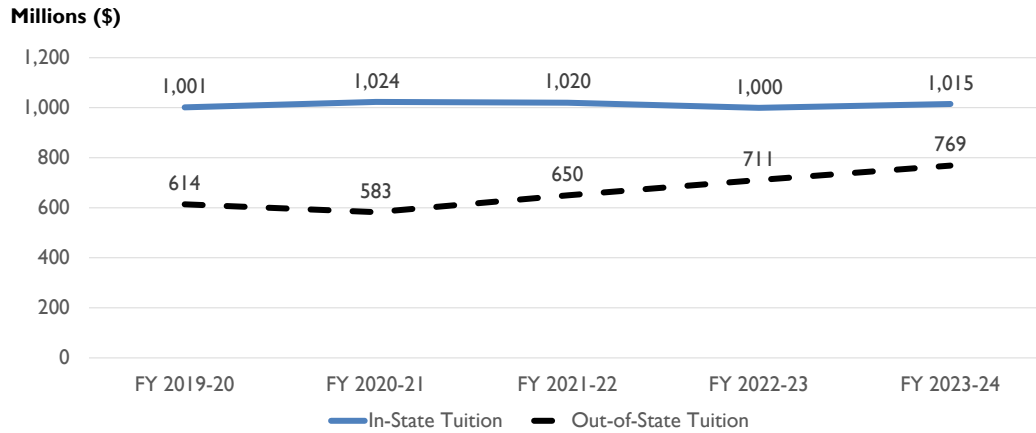
# Public Four-Year Tuition and Fees, National Comparison, 2024-25 (Top 10 Most Affordable In-State)



Source: College Board Trends in College Pricing and Student Aid 2024

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## UNC System Tuition Revenue Trends



Source: UNC System Report on State Budget Allocations and Policies



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## UNC Constituent Institutions and Appropriations

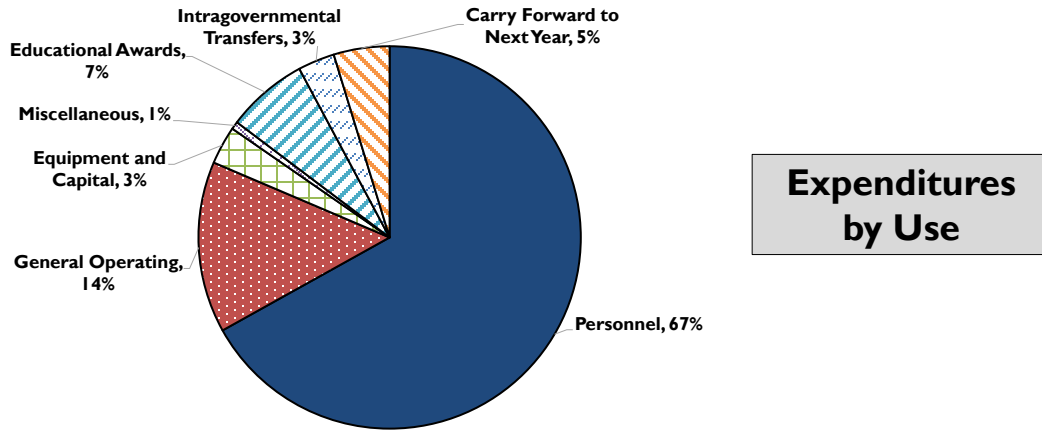
### G.S. 116-30.1 and G.S. 116-30.2

- 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



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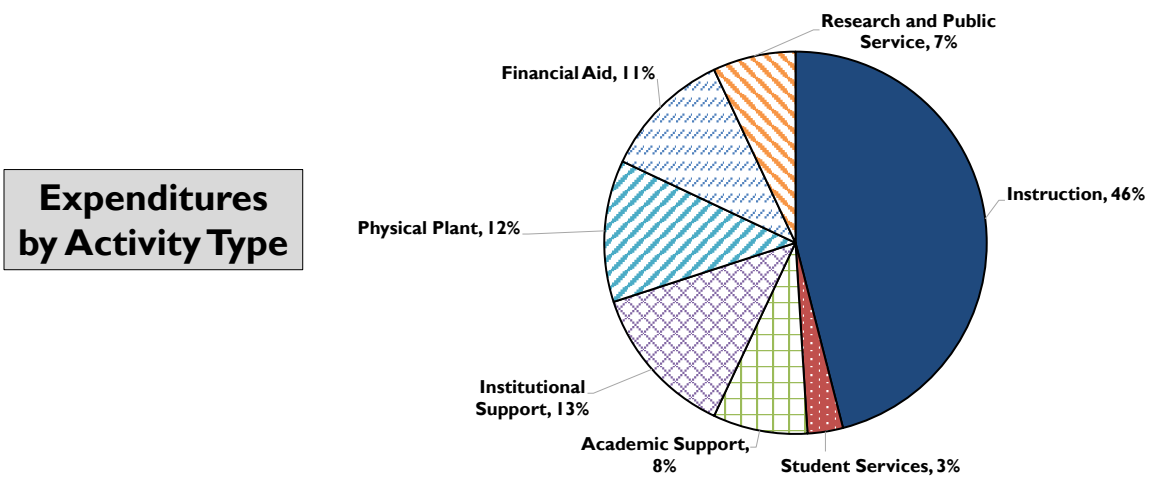
# UNC FY 2023-24 General Fund Expenditures (\$6.1B)



Source: UNC System Report on State Budget Allocations and Policy (Excludes SEAA and Aid to Private Institutions)

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# UNC FY 2023-24 General Fund Expenditures (\$6.1B)



Source: UNC System Report on State Budget Allocations and Policy (Excludes SEAA and Aid to Private Institutions)

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# Institutional Funds



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Source: FRD analysis of UNC System Consolidated Financial Statement and UNC General Fund Revenue  
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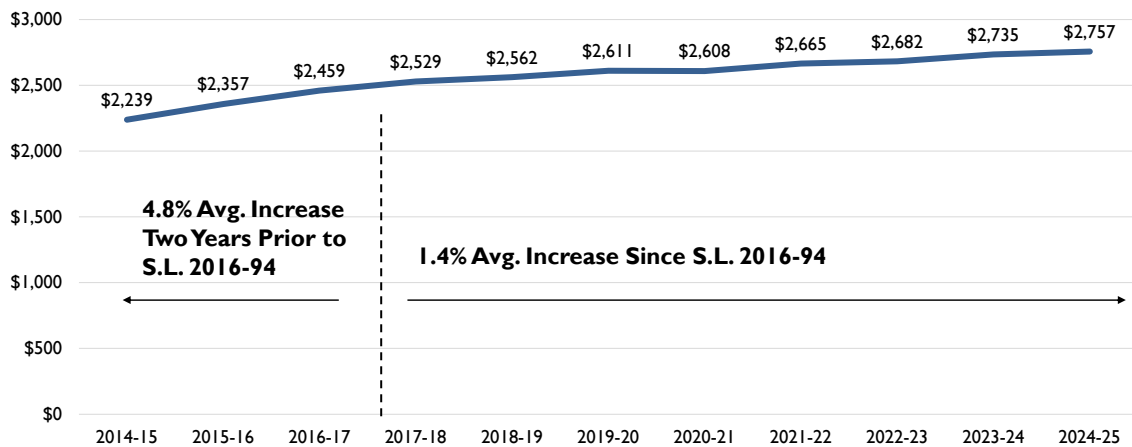
# UNC Institutional Trust Funds Policies

## G.S. 116-36.1

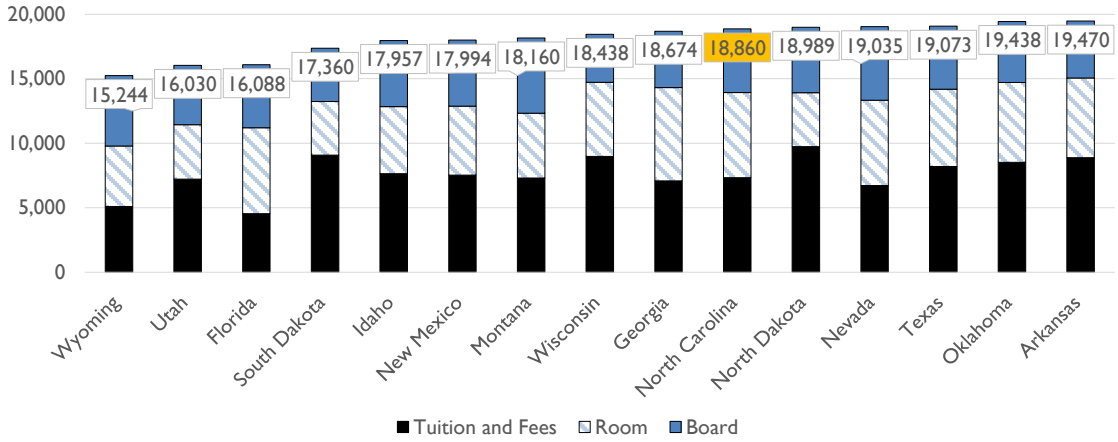
Institutional Trust Funds are a broad category of funds, delegated by the General Assembly to the UNC Board of Governors to manage and/or further delegate.

- 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

# UNC System Avg. Mandatory Student Fees



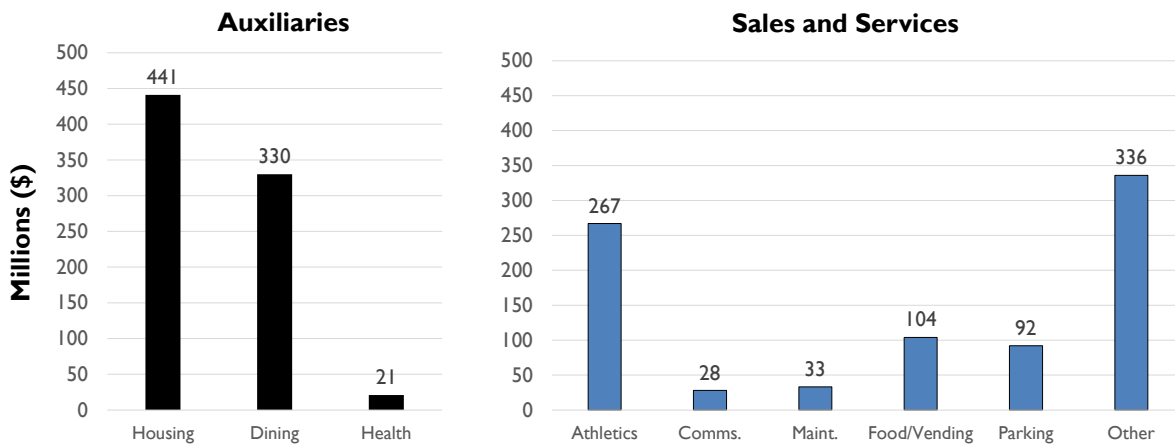
## FY 2021-22 Tuition, Fees, Room, and Board (Top 15 Most Affordable)



Source: Integrated Postsecondary Education Data System (IPEDS)

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## UNC Institution Auxiliaries and Sales & Services



Source: UNC System Report on State Budget Allocations and Policy (not including patient services at UNC-CH and ECU)

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## Federal Operating Grants, Contracts, and Appropriations

UNC Institutions received **\$1.4 billion** in federal operating revenue in FY 2023-24 (does not include Student Aid and COVID funds)

Institution	Revenue	Institution	Revenue
App State	\$6,969,310	UNCC	\$50,155,400
ECU	\$47,624,071	UNCG	\$48,079,176
ECSU	–	UNCP	–
FSU	\$115,806	UNCW	\$12,291,468
N.C.A&T	\$32,874,685	UNCSA	\$1,745
NCCU	\$20,269,833	WCU	\$3,832,294
NC State	\$243,978,679	WSSU	–
UNCA	\$2,629,504	NCSSM	–
UNC-CH	\$953,795,369		

Source: UNC System Report on State Budget Allocations and Policy

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## Federal Awards by Agency (FY 2022-23)

Agency	Award Amount	Percent of Total Federal Awards
National Institutes of Health (NIH)	\$571,045,575	43.14%
National Science Foundation (NSF)	\$143,920,286	10.86%
Department of Health and Human Services (DHHS)	\$133,362,474	8.48%
US Department of Education (ED)	\$126,900,961	9.45%
US Department of Agriculture (USDA)	\$94,388,025	2.00%
Department of Defense (DOD)	\$66,491,147	2.06%
Department of Commerce (DOC)	\$56,379,264	3.99%
Department of Energy (DOE)	\$39,589,277	2.99%
Agency for International Development (USAID)	\$22,857,498	1.73%
National Aeronautics and Space Administration (NASA)	\$11,017,523	<1%
United States Environmental Protection Agency (EPA)	\$10,751,394	<1%
US Department of the Interior (DOI)	\$9,982,146	<1%
Department of Homeland Security (DHS)	\$8,616,219	<1%
All Other Federal Agencies	\$7,679,954	<1%
US Department of Transportation (DOT)	\$6,551,568	<1%
US Department of Justice (DOJ)	\$4,773,354	<1%
DOE National Laboratories	\$1,699,295	<1%
Corporation for National and Community Service (CNCS)	\$1,152,466	<1%
US Department of State (DOS)	\$1,072,949	<1%
<b>Total Awards from Federal Government</b>	<b>\$1,323,806,185</b>	<b>100.00%</b>

**Source**  
UNC President's  
Report on  
Sponsored  
Research

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# UNC Endowment Fund Policies

## G.S. 116-36

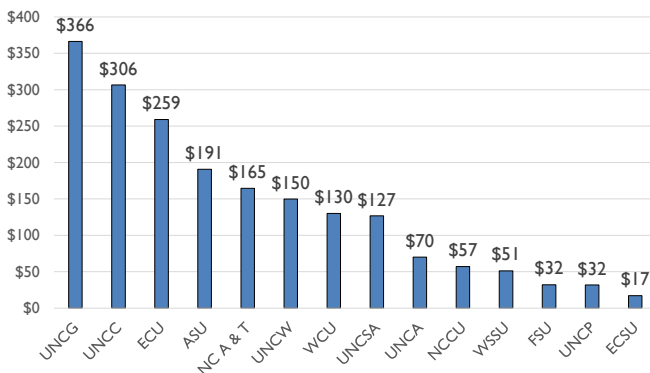
Endowment funds are a collection of assets, which are invested to generate earnings to support the university.

- Managed and expended by each university's Board of Trustees
- Interest earnings used to support the university
- Intended to supplement the State appropriation, not replace it
- Purpose often restricted by donor agreements

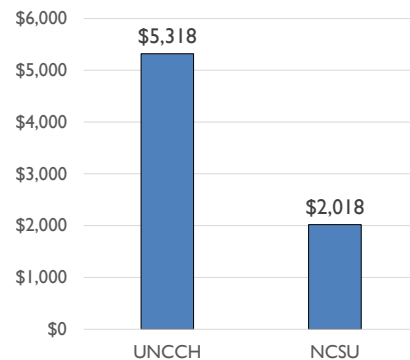
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# UNC Endowment Balances, FY 2021-22

Millions (\$)



Source: IPEDS



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## Questions?

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Mya Lowry (Community Colleges) – [mya.lowry@ncleg.gov](mailto:mya.lowry@ncleg.gov)

Megan McNailen (Public Schools) – [megan.mcnailen@ncleg.gov](mailto:megan.mcnailen@ncleg.gov)

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