

UNC System:

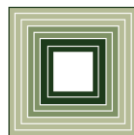
Budget, Enrollment Growth, and Capital



Presentation to Joint Appropriations Subcommittee on Education

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March 12, 2013



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

Presentation Agenda

1. Budget
2. Enrollment Growth
3. Capital

UNC Budgeting 101

State General Fund Budget

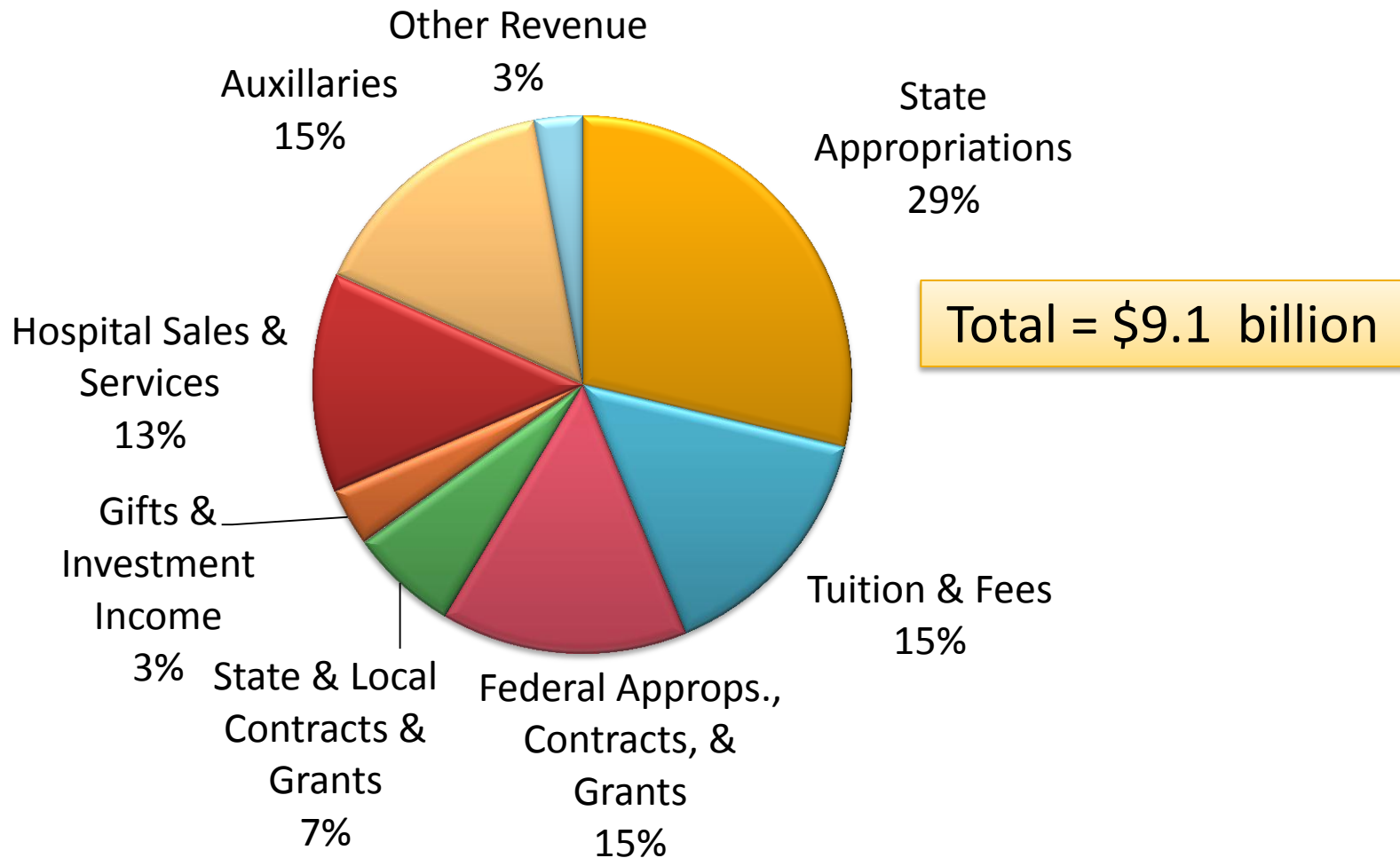
- Education and related spending
- Any State appropriations for other items.

Campus Budgets

- Hospitals
- Auxiliary services
- Research
- Endowments

UNC Total Operating Revenues

FY 2011-12 Total Operating Revenues (Unaudited)



Source: UNC General Administration

Note: Does not include \$18.8 million in FY 2011-12 NCSSM expenditures.

State General Fund Budget

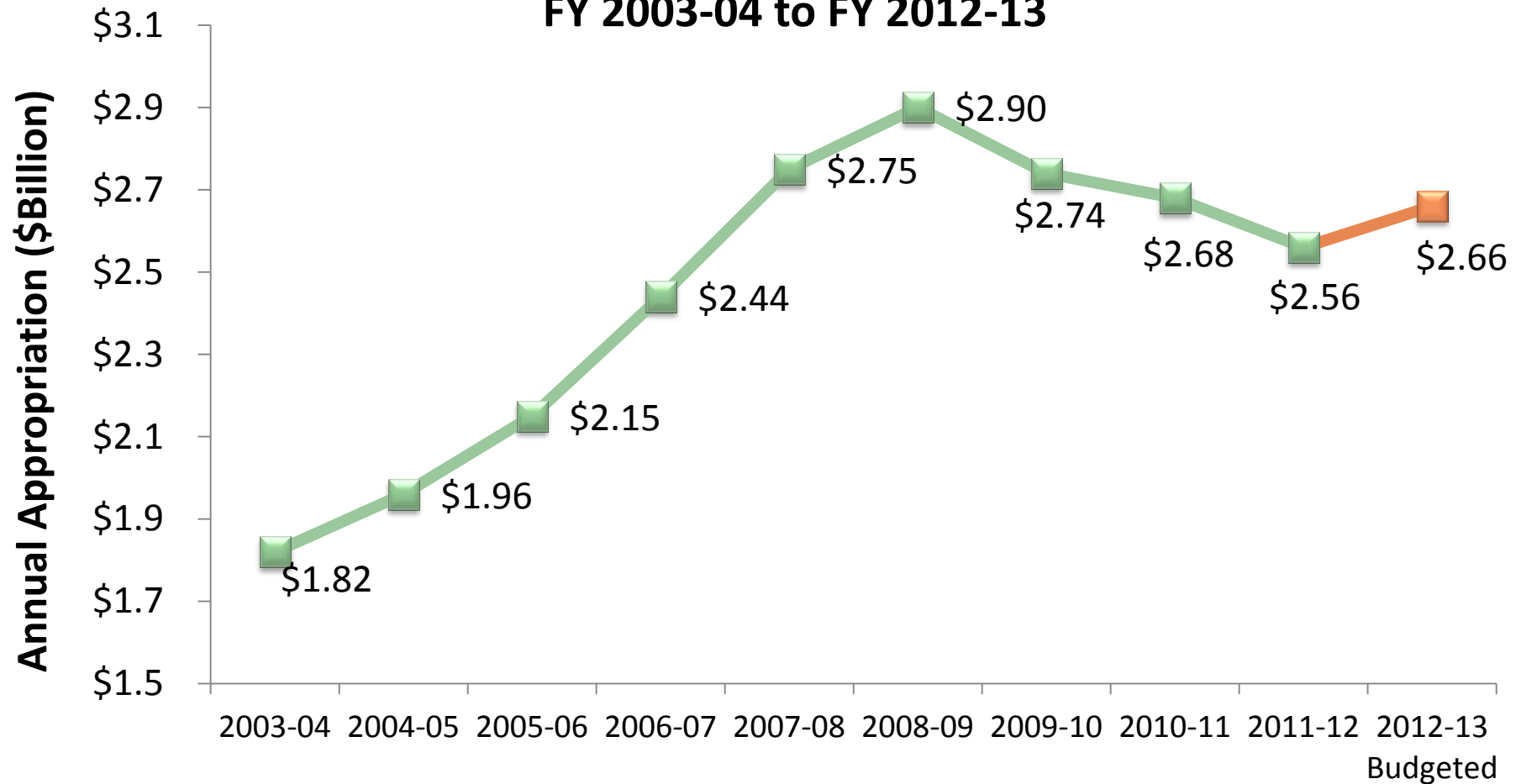
FY 2012-13 General Fund budget is \$4.3 billion

State Appropriation	\$2,663,562,434
Tuition and Fees	\$1,379,837,119
Sales, Services, and Rentals	\$77,395,595
Carryforward	\$51,182,720
Federal Grants and Appropriations	\$24,722,278
Other Receipts and Transfers	\$98,102,115
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Total	\$4,294,802,261

Source: FY 2012-13 Certified Budget as of November 2012.

State General Fund Budget

Net State General Fund Appropriations FY 2003-04 to FY 2012-13



Source: June 30 BD 701 reports FY 2003-04 – 2011-12; FY 2012-13 Certified Budget as of November 2012.

State General Fund Budget

- 90.6% of net State General Fund appropriations flow directly to the campuses.
- Of the remaining nine percent (9.4%) funds:
 - Financial aid, including private college aid (7.1%)
 - UNC General Administration (1.3%)
 - Other non-campus-specific programs (1%)

Campus Budgets and Headcounts

Campus	FY 2012-13 Net State G.F. Appropriation Budget	Fall 2012 Headcount
NCSU (Academic Affairs Only)	389,148,498	34,340
East Carolina University	274,569,993	29,278
UNC-Chapel Hill (Academic Affairs Only)	220,122,706	26,947
UNC - Charlotte	193,196,414	26,232
UNC - Greensboro	154,054,869	18,516
Appalachian State University	128,557,512	17,589
NC A&T State University	97,412,835	10,636
UNC - Wilmington	96,677,892	13,733
North Carolina Central University	84,334,189	8,604
Western Carolina University	82,785,262	9,608
Winston-Salem State University	68,092,240	5,689
UNC - Pembroke	54,866,509	6,269
Fayetteville State University	49,621,054	6,060
UNC - Asheville	37,513,018	3,751
Elizabeth City State University	35,509,448	2,878
UNC School of the Arts (excludes H.S. students)	27,102,930	880
Total	\$1,993,565,369	221,010

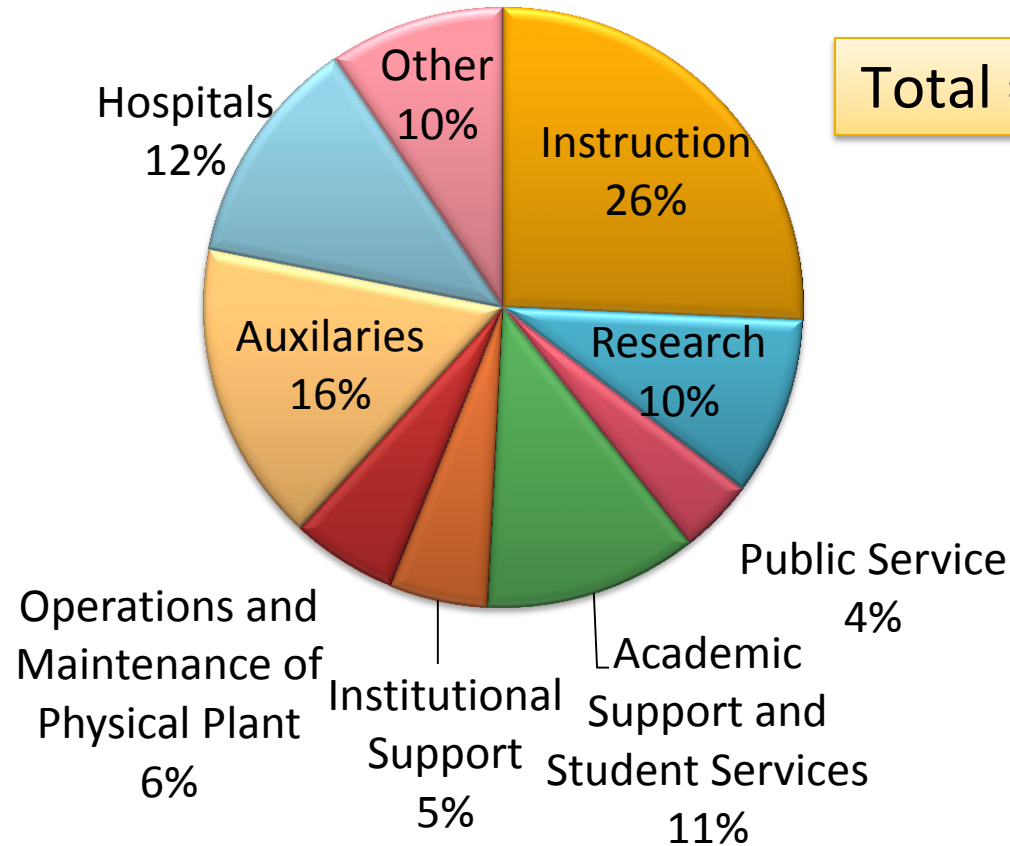
Note: Excludes non-academic affairs budget codes and high school students; 272 at School of the Arts and 681 and \$19.1 million at School of Science and Math.

Sources: FY 2012-13 Certified Budget as of November 2012, Fall Enrollment Report 2012..

Expenditures

2011-12 Expenditures

FY 2011-12 Total Operating Expenditures(Unaudited)

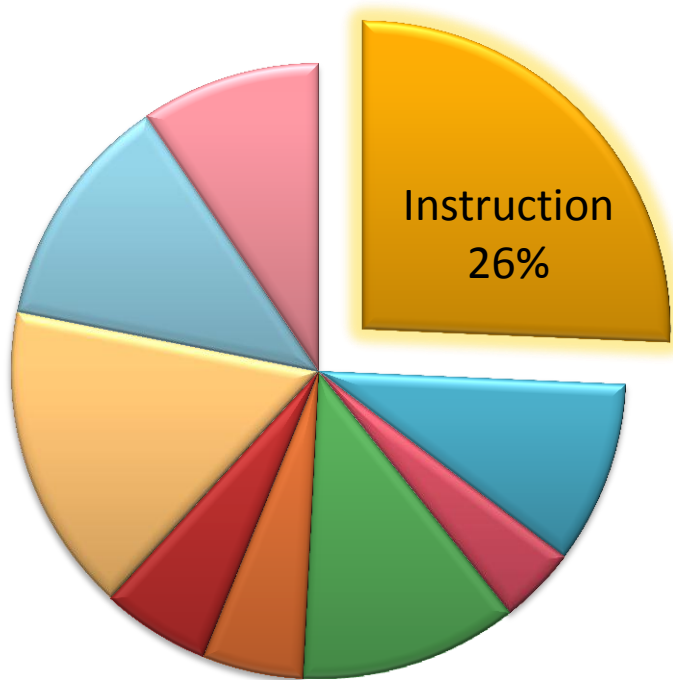


Total = \$8.6 billion

Source: UNC General Administration

Note: Does not include \$18.8 million in FY 2011-12 NCSSM expenditures.

Expenditures: Instruction

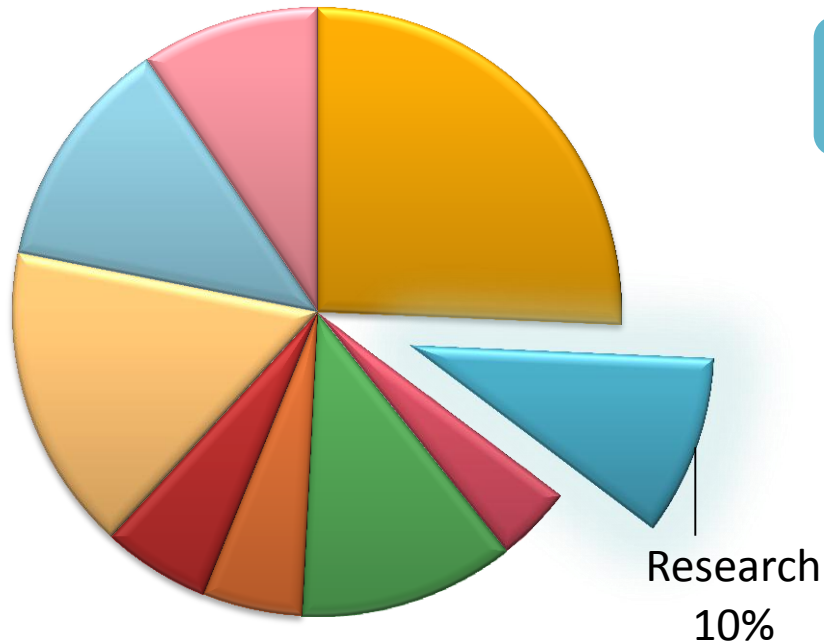


FY 2011-12: \$2.2 billion

- Direct academic instruction
- 84% for salaries and benefits

Total = \$8.6 billion

Expenditures: Research

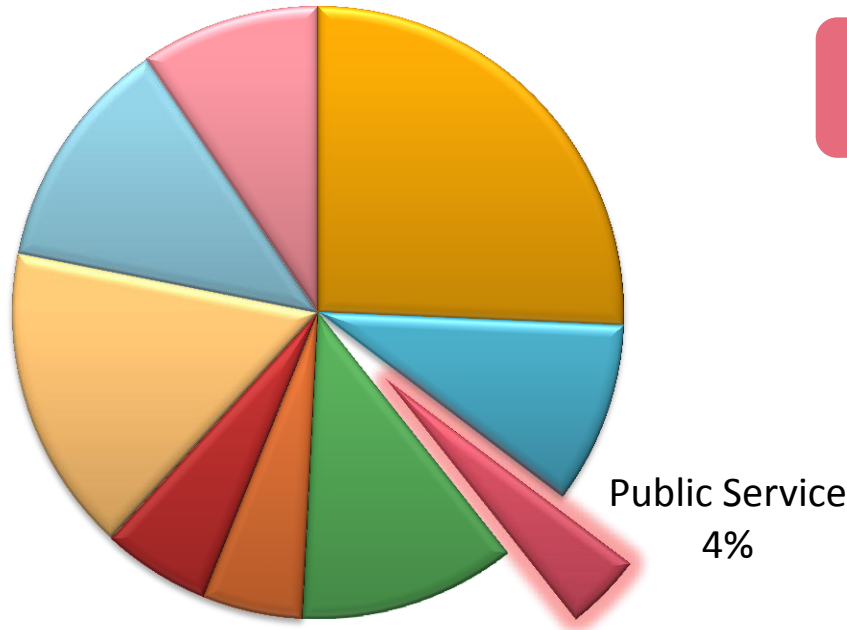


Total = \$8.6 billion

FY 2011-12: \$822 million

- Research projects
- Supplies
- Personnel
- Laboratories
- Operation and maintenance costs for facilities directly associated with research

Expenditures: Public Service

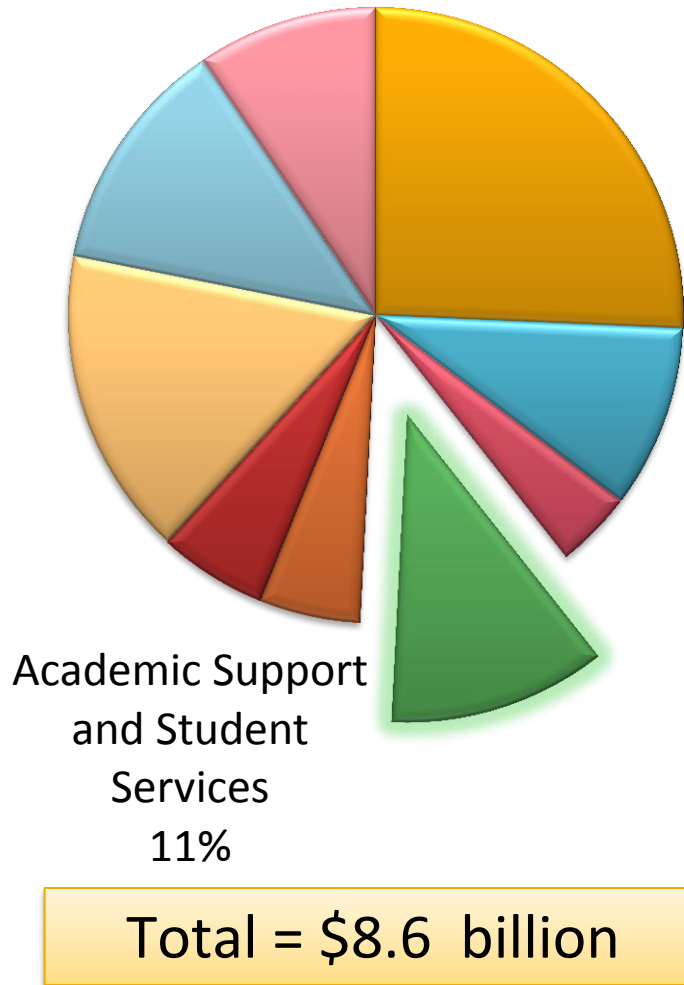


Total = \$8.6 billion

FY 2011-12: \$349 million

- Expenditures that directly benefit people and groups outside the UNC System, such as:
 - UNC-TV
 - Cooperative/Agricultural Extension
 - Conferences and Institutes

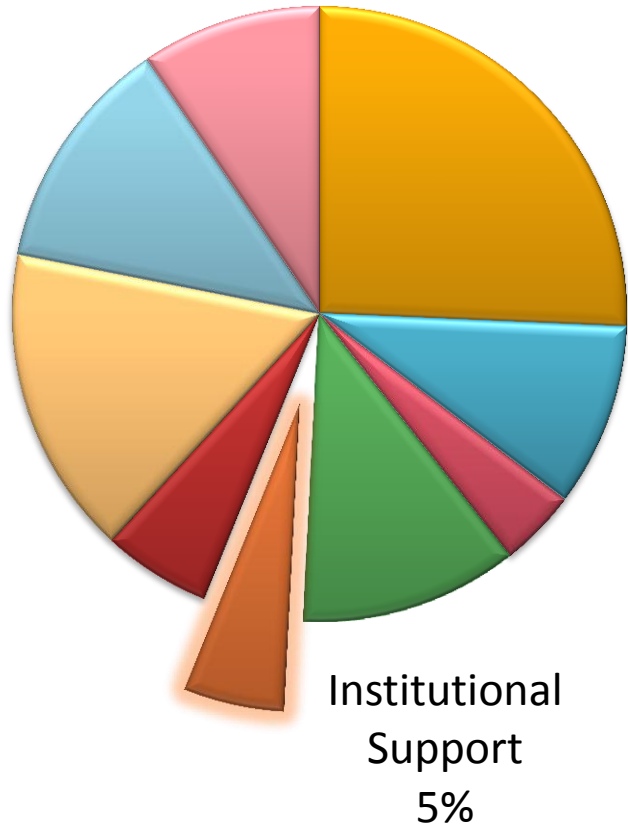
Expenditures: Academic Support & Student Services



FY 2011-12: \$980 million

- **Academic Support: \$442 M**
 - Academic Administration (e.g., deans of colleges)
 - Student Advising
 - Curriculum Development
- **Scholarships & Fellowships: \$379 M**
- **Student Services: \$159 M**
 - Admissions
 - Registrar
 - Student counseling

Expenditures: Institutional Support

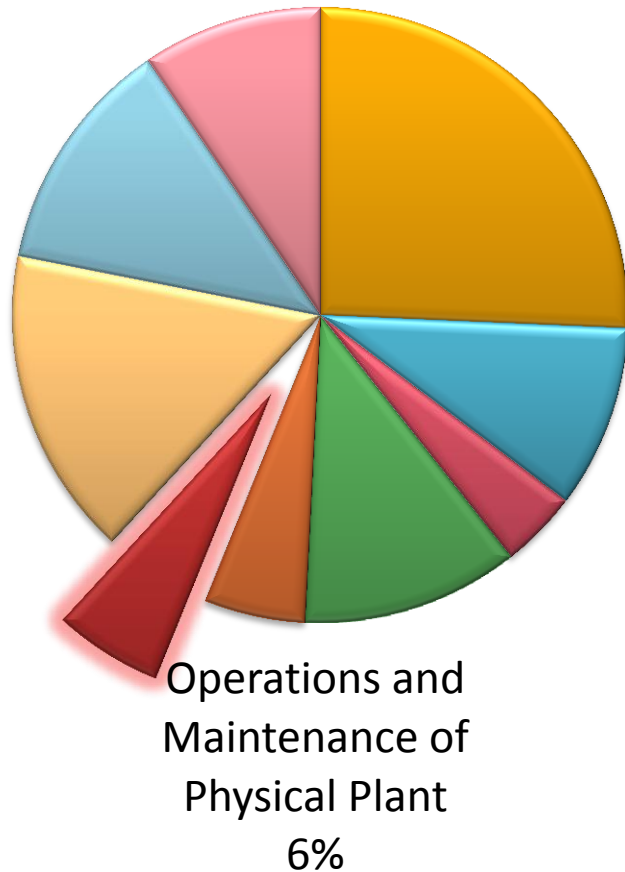


Total = \$8.6 billion

FY 2011-12: \$454 million

- General campus operations:
 - Central, executive-level management; governing boards; chancellors
 - Long-range planning
 - Human Resources
 - Fiscal and legal operations
 - Central mail & phone services
 - Alumni and community relations

Expenditures: Physical Plant

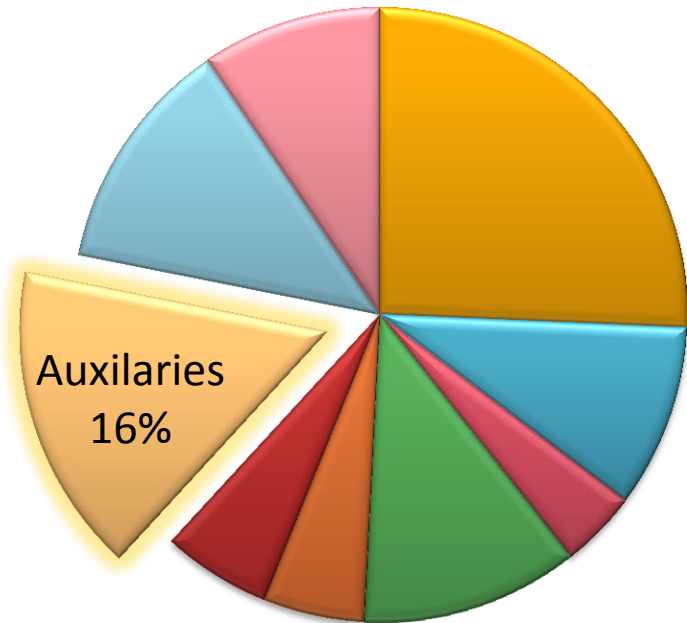


Total = \$8.6 billion

FY 2011-12: \$489 million

- Costs to operate and maintain:
 - Buildings
 - Grounds
 - Infrastructure

Expenditures: Auxiliaries

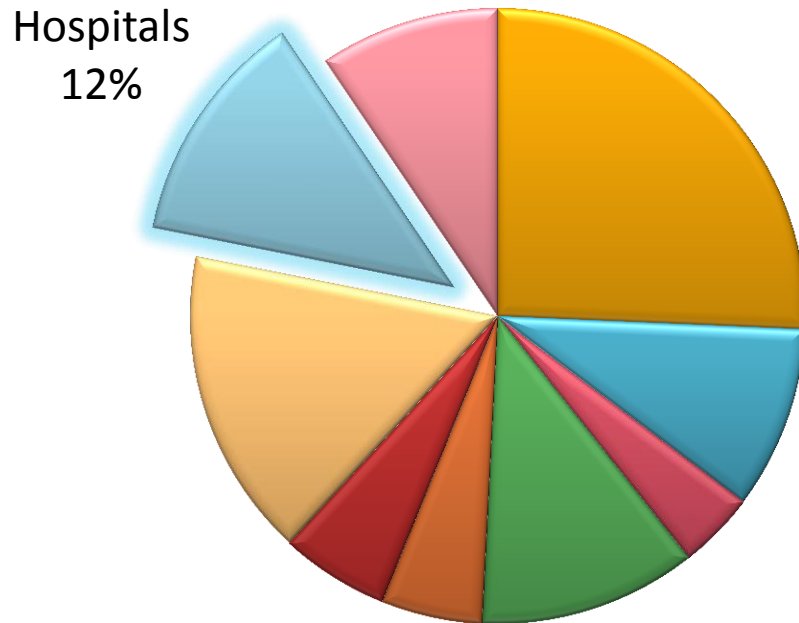


FY 2011-12: \$1.4 billion

- Fee-based services to students or faculty:
 - Residence halls
 - Food services
 - Student Health Centers
 - Staff Parking

Total = \$8.6 billion

Expenditures: Hospital Services

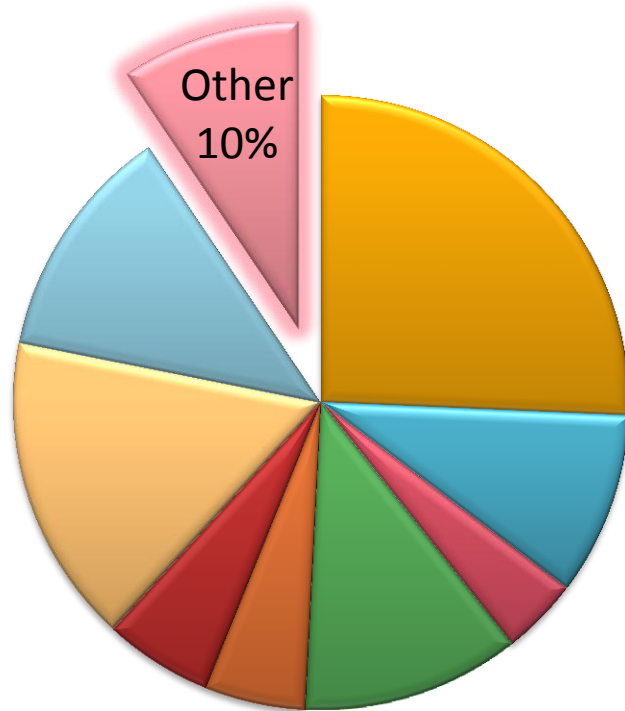


Total = \$8.6 billion

FY 2011-12: \$1.1 billion

- All expenses associated with the UNC Health Care System:
 - Direct Patient Care
 - Human Resources, finance, and legal affairs
 - Maintenance of facilities

Expenditures: Other



FY 2011-12: \$809 million

- Depreciation and Interest
- Independent Operations
- Costs that don't fit any other category

Total = \$8.6 billion

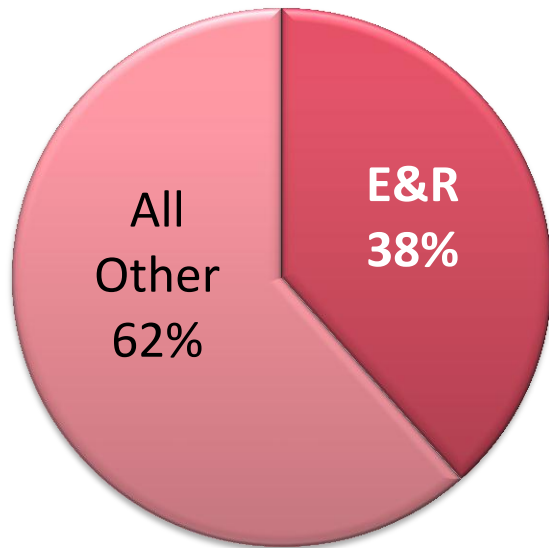
Expenditures: Education and Related Spending

- Universities spend money on many things not directly for education, including things like:
 - Research
 - Auxiliaries (Parking, dorms, food, etc.)
 - Physical plant
 - Hospitals
- Education and related spending (E&R) is a metric developed to compare the total cost of instruction, developed by the Delta Cost Project.

Source: UNC-GA

Expenditures: Education and Related Spending

FY 2011-12 Spending by Type



E&R spending includes:

- All instruction costs
- All student services costs
- A proportional share of:
 - Academic support
 - Institutional support
 - Operations and maintenance of physical plant.

Expenditures: Education and Related Spending

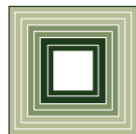
UNC Campus	2011-12 E&R Spending	2011-12 E&R % of Total
UNC School of the Arts	34,752,074	72%
North Carolina Central University	125,554,061	66%
Winston Salem State University	90,965,022	64%
Fayetteville State University	68,334,705	62%
UNC - Greensboro	221,093,683	61%
UNC - Pembroke	68,790,248	60%
Elizabeth City State University	49,185,908	60%
UNC - Asheville	48,367,399	60%
UNC - Charlotte	267,922,244	59%
Western Carolina University	105,410,109	58%
UNC - Wilmington	143,039,560	56%
Appalachian State University	193,744,761	56%
East Carolina University	366,694,064	48%
North Carolina A&T State University	130,135,947	47%
North Carolina State University	495,876,078	41%
UNC - Chapel Hill*	880,316,185	35%

* UNC-Chapel Hill E&R spending amount is currently under review. Also, this total does not include UNC Hospitals
Source: UNC-GA.

Expenditures: Personnel

- \$4.8 billion was expended for personnel (salaries and benefits) in FY 2011-12.
- 56.6% of total expenditures.
- Total of 60,664 FTE as of December 2012.

Enrollment Growth



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Enrollment Growth

- G.S. 116-11(8) gives the Board of Governors (BOG) authority to set enrollment levels.
- The BOG has historically determined guiding principles for enrollment plans; e.g.:
 - Use existing capacity to fullest extent possible
 - Restrain enrollment at special mission schools (e.g., North Carolina School of the Arts)
 - Meet some growth demand through distance learning

Enrollment Growth

- UNC has used an enrollment growth funding model since 1998 to develop its budget request.
 - Funds regular term and distance education estimated student credit hours.
 - Excludes UNC School of the Arts, Science & Math, and professional schools (funded on FTE basis).
 - Excludes summer school, noncredit courses, and distance education classes delivered outside of NC to nonresident students.
- Beginning in 2011-13, the BOG added campus retention and graduation rates as a factor in determining growth.

Enrollment Growth

- In 2008, General Assembly directed Program Evaluation Division to study the enrollment growth funding model/formula.
- PED's 2010 report recommendations:
 - Modify the existing enrollment change funding formula and standardize the enrollment projection process.
 - Develop policies for enrollment change funding decisions.
 - Submit annual performance reports.
 - Implement performance-based funding.

Enrollment Growth Funding

- Last biennium, the General Assembly partially funded UNC's enrollment growth request.
 - FY 2011-12: Fully funded FY 2011-12 request for \$46.8 million.
 - FY 2012-13: Funded \$1.4 million of requested \$17.4 million.

Capital Projects

Capital Project Funding

- Per Full Chairs' guidance, debt service and capital are outside the subcommittees' purview.
- Most projects are not funded by the General Fund.
- Building reserves (funds to operate new buildings) are in this committee's purview.

Building Reserves

- Funds to operate and maintain new and renovated facilities.
- UNC uses a funding formula/model to determine the cost of maintaining and operating new and renovated facilities
- Last biennium, the General Assembly fully funded UNC's request for Building Reserves
 - FY 2011-12: \$18.5 million
 - FY 2012-13: \$38.6 million (cumulative)

Building Reserve Model

Personnel

- Housekeeping, mechanical and trade techs, police, EHS techs, IT support

Supplies

- Housekeeping, repair, police, IT

Utilities

Moving Costs

Maintenance Contracts

- Elevators, pest control, garbage removal, fire alarm/sprinkler system, uniforms, chillers

Insurance

- Real property, vehicles

Equipment & Communications

- Vehicles, other

Summary

UNC System spent a total of \$8.5 billion in FY 2011-12.

Education and related spending made up 38% of total funds spent in FY 2011-12.

UNC enrollment growth funding is based largely on projected student credit hours.

Building reserves provide funds to operate and maintain new and renovated facilities.