

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

UNC Budget Overview

Stephen Bailey, Fiscal Analyst
March 9th, 2021

1

Agenda

1. System Overview
2. Enrollment
3. Budget
4. Tuition and Fees
5. Special Programs and Recent Legislation
6. Federal COVID Funding



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

2

March 9, 2021

2

System Composition

- 16 Universities
- 2 Residential High Schools
 - UNC School of the Arts
 - NC School of Science and Mathematics
- 242,446 students enrolled this Fall 2020
- UNC institutions graduated 61,004 students from over 200 academic degree programs in FY 2019-20



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

3

March 9, 2021

3

System Governance

- General Assembly elects the UNC Board of Governors (BOG)
- BOG is charged by statute with governing the UNC System
 - Sets system-wide policy
 - Elects the system president and chancellors
 - Appoints a portion of Board of Trustee members



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

4

March 9, 2021

4

Enrollment



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

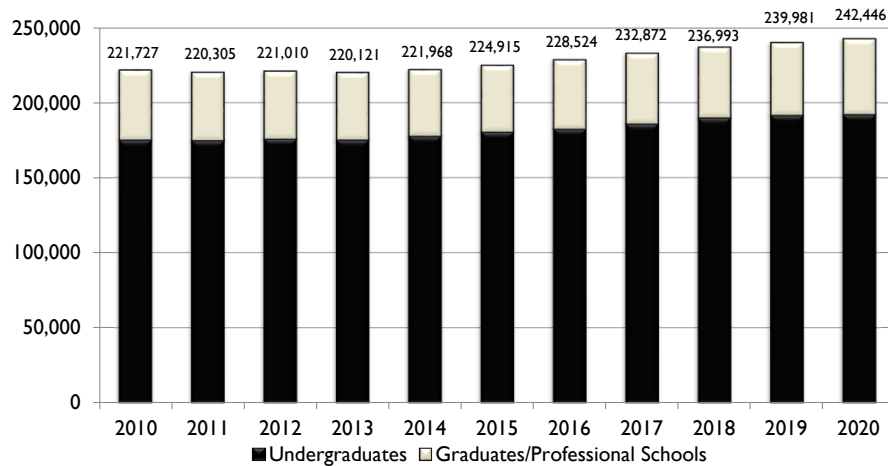
5

March 9, 2021

5

Student Headcount, UNC System

Fall Student Headcount: 2010-2020



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

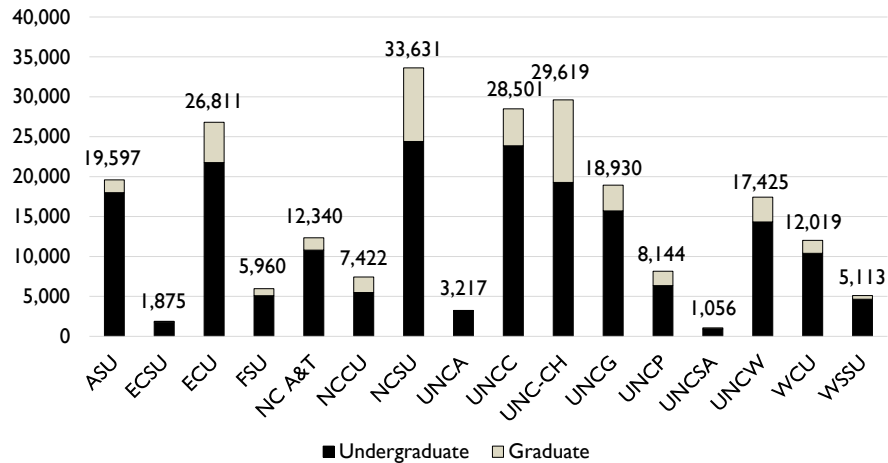
6

March 9, 2021

6

Fall 2020 Enrollment By Campus

By Student Headcount



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

7

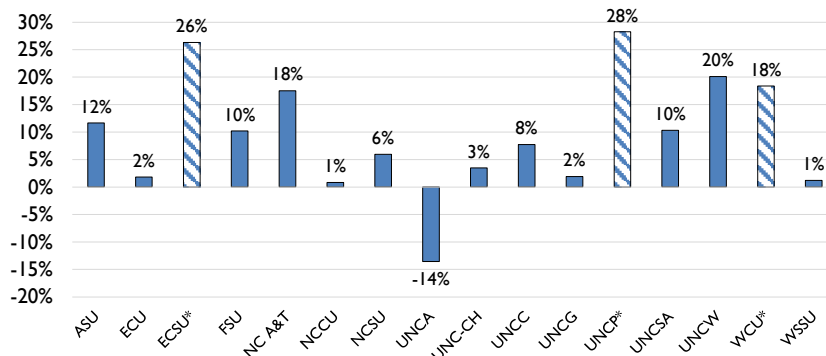
March 9, 2021

7

Percent Change in Enrollment by Campus, FY 2015-16 to FY 2020-21

Rate of enrollment growth at UNC institutions has varied over the past five years across the System.

By Fall Term Student Headcount, Undergraduate and Graduate



*NC Promise tuition rate began in FY 2018-19 for ECSU, UNCP, and WCU



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

8

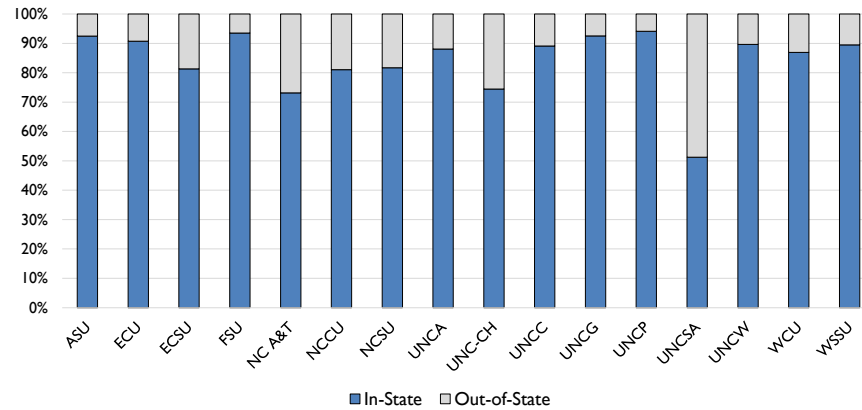
March 9, 2021

8

In-State and Out-of-State Enrollment

UNC BOG policy states that all institutions, except UNC School of Arts, must limit undergraduate freshman class out-of-state enrollment to 18%.

Percentage, by combined undergraduate and graduate student headcount



Budget

UNC Budget 101

State General Fund

- Education and Related Spending
- Any State Appropriations for Other Items

Campus Budgets

- Hospitals
- Auxiliary Services
- Research
- Endowments



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

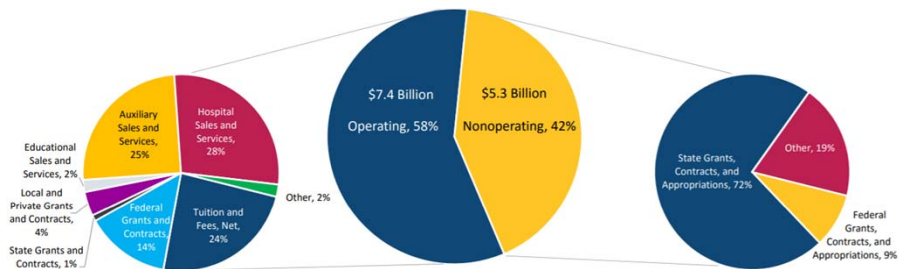
11

March 9, 2021

11

UNC System Revenue, FY 2018-19

A large portion of annual UNC System revenue comes from outside of the General Fund. In FY 2018-19, total UNC System revenue equaled \$12.7B, with \$5.1B from General Fund sources.



Source: Graphic from UNC Consolidated Financial Report, May 2020



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

12

March 9, 2021

12

State General Fund Budget

State is responsible for the net appropriation, which is the difference between requirements and receipts.

Requirements

- Personnel
- Operating Expenses
- Educational Awards

Receipts

- Tuition
- Grants
- Sales of Service
- Some Fees



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

13

March 9, 2021

13

State General Fund – UNC Budget

State General Fund base budget requirements equal \$5.14 billion in FY 2021-22, with receipts of \$1.98 billion and a net appropriation of \$3.16 billion.

	Authorized Budget FY 2020-21	Base Budget FY 2021-22
Requirements	\$5,509,637,090	\$5,138,485,059
Receipts	\$2,359,077,530	\$1,975,078,408
Net Appropriation	\$3,150,559,560	\$3,163,406,651

Source: North Carolina Accounting System - Authorized Budget FY 2020-21, Base Budget FY 2021-22



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

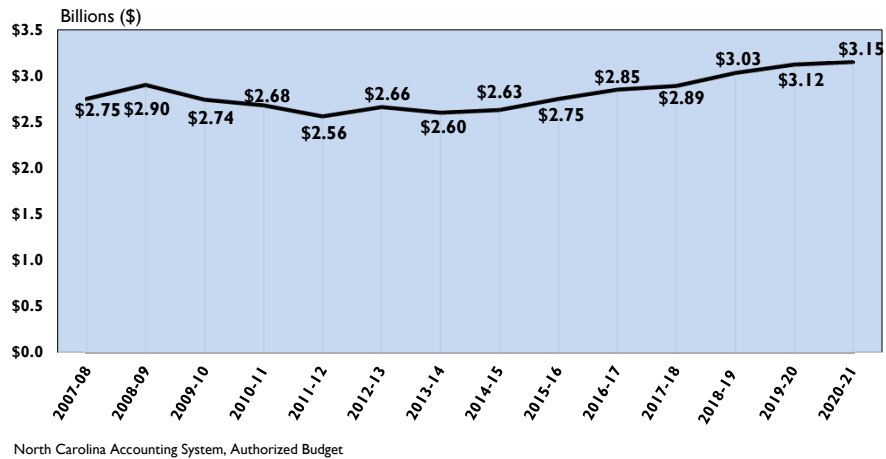
14

March 9, 2021

14

State General Fund Budget (Authorized)

General Fund net appropriation to UNC Budget, FY 2007-08 to FY 2020-21



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

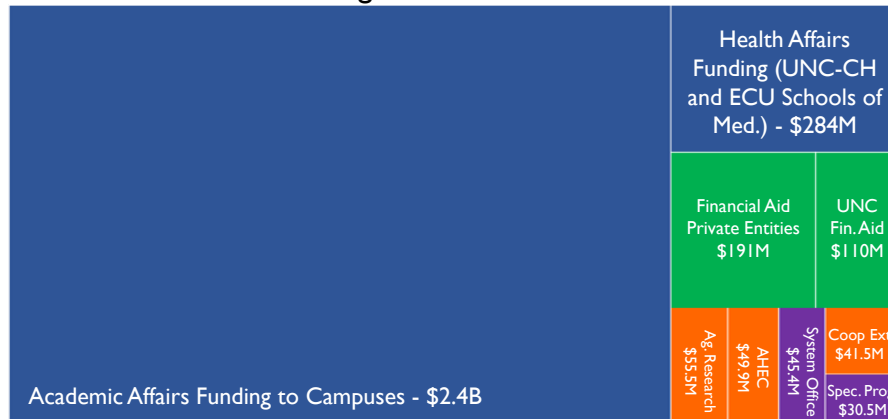
15

March 9, 2021

15

UNC General Fund Net Appropriation, FY 2020-21

Total authorized UNC budget for FY 2020-21 is **\$3.15 billion**.



North Carolina Accounting System, Authorized Budget for FY 2020-21 as of Feb 2021

■ Education and related spending directly to campuses
 ■ Financial Aid Related
 ■ NSCU Cooperative Extension, NSCU Agriculture Research, Area Health Education Centers
 ■ UNC System Office budget and special programs



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

16

March 9, 2021

16

Academic and Health Affairs Budgets \$2.7B in FY 2020-21

Each UNC institution has its own “Academic Affairs” budget, additionally UNC-CH and ECU have “Health Affairs” budgets to support their medical schools.

- Allocated to instruction, libraries, student services, physical plant operations, and general institutional and academic support
- General Assembly appropriates a lump sum to the institutions (Special Responsibility Constituent Institutions enacted in 1991 Budget Act)
- Institutions currently authorized to carryforward 5% of appropriations for R&R projects (G.S. 116-30.3 in conjunction with BOG resolution).



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

17

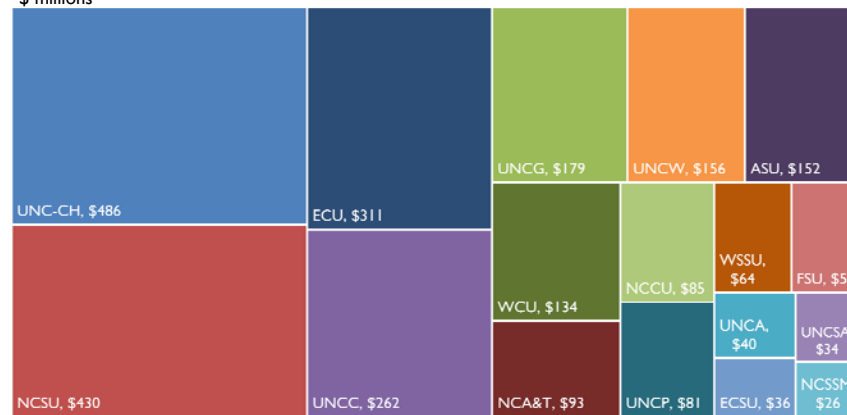
March 9, 2021

17

Academic and Health Affairs Budgets \$2.7B in FY 2020-21

The General Fund net appropriation provided directly to campuses varies widely, often driven by campus size and type of instruction provided.

\$ millions



North Carolina Accounting System, Authorized Budget for FY 2020-21 as of Feb 2021



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

18

March 9, 2021

18

Academic and Health Affairs Budget Drivers

- **Enrollment Funding Request**
 - G.S. 116-11(8) gives the Board of Governors the authority to set enrollment levels
 - Request calculated through a funding model (more on next slides)
 - Based on actual change in student credit hours from prior year
- **Building Reserves (Maintenance and Operating Funds)**
 - Start-up operation and maintenance costs for completed capital projects (e.g., utilities, custodial, security, IT, equipment)
 - Only for capital projects financed through State funds
 - Based on formula that factors in type of building, square footage, and technology needs



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

19

March 9, 2021

19

UNC Enrollment Funding Model, Part I

Step 1 and Step 2 are used to calculate the new **Instructional Salary Amount** needed, which is then used to calculate additional academic costs, library costs, and general institutional support costs (shown on next slide).

STEP 1: Change in Student Credit Hours for Level and Type of Course

LEVEL	Undergraduate (\$), Graduate (\$\$) Doctoral (\$\$\$)
TYPE	<p>Category I (\$) – e.g., Communications & Journalism, Psychology, Social Sciences, Mathematics & Statistics, English Language & Literature, Philosophy & Related Studies.</p> <p>Category II (\$\$) – e.g., Education (not Student Teaching), Business Management & Marketing, Liberal Arts & Sciences-Gen. Studies-Humanities.</p> <p>Category III (\$\$\$) – e.g., Agricultural Business & Production, Agricultural Science, Public Admin & Social Service, Physical Sciences, Biological & Biomedical Sciences, Computer.</p> <p>CATEGORY IV (\$\$\$\$) – e.g., Engineering, Nursing</p>

STEP 2: New Instructional Positions Required x Instructional Salary Rate = Needed Salary Amt.

Instructional positions required varies depending on type and level of courses that changed in student credit hours. Instructional Salary Rate is different for each campus based on average GF supported teaching salary.



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

20

March 9, 2021

20

UNC Enrollment Funding Model, Part II

STEP 3: Instructional Salary Required x 44.89% = Other Academic Costs

Other Academic Costs Faculty benefits, academic supplies, equipment, and other instructional costs.
Based on relationship of these costs to faculty salaries.

STEP 4: Salaries Required + Other Academic Costs = Total Academic Requirements

Academic Requirements The instructional salary required (from Steps 1 and 2) are added to other academic costs (Step 3) to general total academic requirements.

STEP 5: Academic Requirements x 11.48% = Library Amount

Library Amount Covers library costs
Based on relationship between library costs and total academic requirements.

STEP 6: Total Academic Requirements x 54.05% = General Institutional Support

General Institutional Support Student services, academic advising, counseling, financial aid personnel, campus management, facilities management, accounting, legal, financial compliance, HR, etc.
Based on relationship between support cost and academic requirements.

STEP 7: Academic Requirements + Library Amount + General Support = Total Requirements

STEP 8: Subtract Expected Revenue from Tuition from Total Requirements

Step 8 generates the enrollment funding request for each campus



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

21

March 9, 2021

21

UNC Enrollment Funding Model – Instructional Positions Required Calculation

Example of Step 1 Calculation from Slide 20

I. 12-cell matrix determines number of student credit hours required to generate new position (based on National Study of Instructional Cost and Productivity at University of Delaware).

II. Change in student credit hours by level and type at a campus are calculated (example shown).

III. First two tables are compared to determine number of new position required (Table II divided by Table I).

Student Credit Hours Needed for New Position			
	Undergrad	Masters	Doctoral
I	708.64	169.52	115.56
II	535.74	303.93	110.16
III	406.24	186.23	109.86
IV	232.25	90.17	80.91

↓

Hypothetical Increase in Student Credit Hours			
	Undergrad	Masters	Doctoral
I	995	200	130
II	200	150	110
III	300	150	75
IV	70	60	100

↓

Hypothetical New Instructional Positions Required			
	Undergrad	Masters	Doctoral
I	1.4	1.2	1.1
II	0.4	0.5	1.0
III	0.7	0.8	0.7
IV	0.3	0.7	1.2
Instructional Positions Required			10.0



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

22

March 9, 2021

22

UNC Enrollment Funding Model, Example

Hypothetical Example of Campus Enrollment Funding Calculation

STEP 1+2	New Instructors Needed	10	STEP 6	Academic Requirements	\$1,159,120
	<u>Average Instructional Salary</u>	<u>X \$80,000</u>		<u>Gen. Support Costs</u>	<u>X 54.05%</u>
	Instructional Salary Needed	\$800,000		Gen. Supp. Requirements	\$626,504
STEP 3	Instructional Salary Needed	\$800,000	STEP 7	Academic Requirements	\$1,159,120
	<u>Other Academic Cost %</u>	<u>X 44.89%</u>		Library Requirements	+ \$133,067
	Other Academic Costs	\$359,120		<u>Gen. Supp. Requirements</u>	<u>+ \$626,504</u>
STEP 4	Other Academic Costs	\$800,000		Total New Requirements	\$1,918,691
	<u>Instructional Salary Needed</u>	<u>+ \$359,120</u>	STEP 8	Total New Requirements	\$1,918,691
	Academic Requirements	\$1,159,120		<u>New Tuition Receipts</u>	<u>-\$900,000</u>
STEP 5	Academic Requirements	\$1,159,120		Enrollment Funding	\$1,018,691
	<u>Library Cost %</u>	<u>X 11.48%</u>			
	Library Requirements	\$133,067			



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

23

March 9, 2021

23

UNC Enrollment Funding Model, Takeaways

- UNC enrollment is now funded in arrears (started FY 2019-20)
- There are two key variables that generate “instructional salary needed” to support enrollment changes
 1. Changes in student credit hours across different types and levels of courses at each institution
 2. Average instructional salary at each institution
- Instructional salary needed used to determine the following
 1. Other academic costs
 2. Library costs
 3. General institutional support



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

24

March 9, 2021

24

Tuition and Fees



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

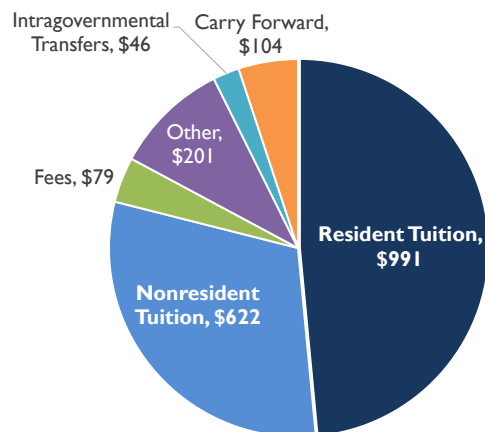
25

March 9, 2021

25

UNC System General Fund Receipt Sources, FY 2019-20 (millions \$)

Resident and nonresident tuition comprised 79% of actual General Fund receipts in FY 2019-20 out of total \$2.04 billion.



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

26

March 9, 2021

26

Access to Affordable College (S.L. 2016-94)

In 2016 the General Assembly made three changes that impacted the affordability of UNC Institutions.

Program/Rule	Description
Fixed Tuition Payment Program	The rate of tuition at each campus will remain constant or decrease during the tuition period, defined as eight or ten academic semesters
Student Fee Cap	Student fees may increase by no more than three percent each academic year
NC Promise	Tuition rates are reduced at three institutions – Elizabeth City State University, UNC Pembroke, and Western Carolina University

27

NC Promise Tuition Reductions

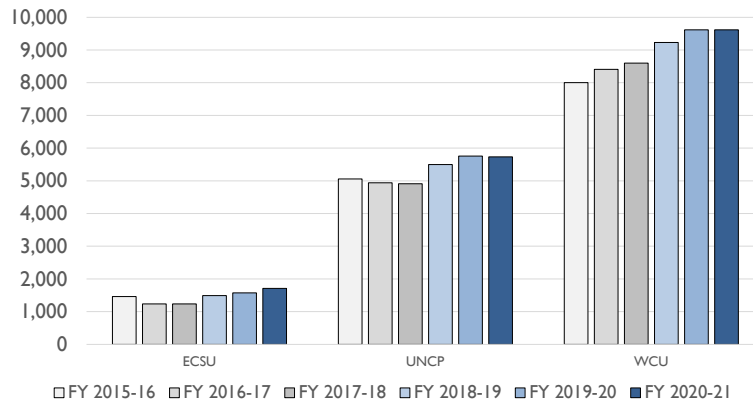
- Started in the fall of 2018
- Set undergraduate tuition at \$500 per semester for residents and \$2,500 per semester for nonresidents at three UNC institutions
 - Elizabeth City State University
 - UNC Pembroke
 - Western Carolina University
- FY 2020-21: \$66 million appropriated for the “buy down”
- What is the “buy down”?
 - Difference between the actual tuition rate and the fixed tuition NC Promise tuition rate

28

Enrollment at NC Promise Institutions

Since the NC Promise Program was instituted in FY 2018-19, undergraduate enrollment has increased at ECSU by 38%, UNCP by 17%, and WCU by 12%.

Change in Undergraduate Student Headcount, FY 2015-16 to FY 2020-21



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

29

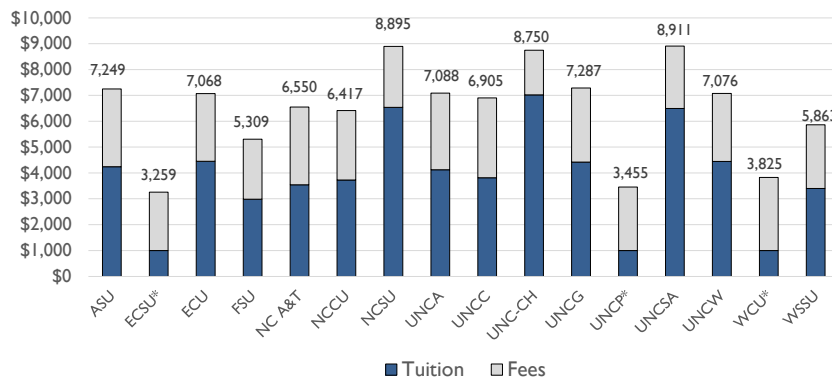
March 9, 2021

29

Tuition and Fees By Campus (Residents)

For Non-NC Promise schools, the least expensive combined resident tuition and fees is \$5,309 at FSU and the most expensive is \$8,895 at NCSU.

FY 2020-21 Academic Year Resident Tuition and Fees



*NC Promise schools



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

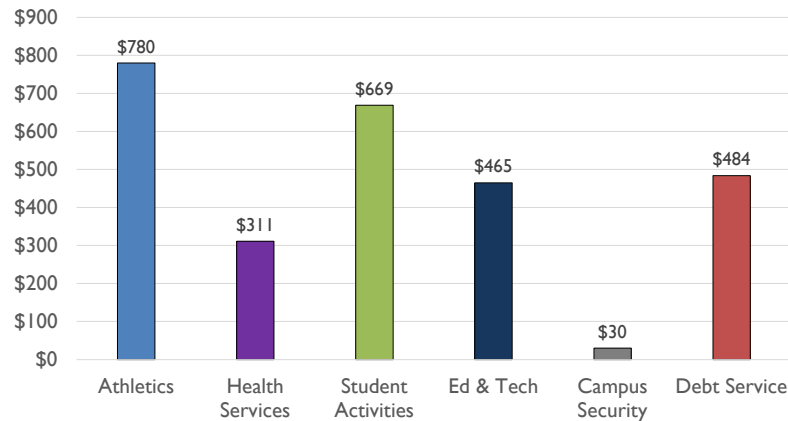
30

March 9, 2021

30

UNC Institution Student Fees (Median), FY 2020-21

Student fee rates vary by campus, but at each campus they are the same for residents and nonresidents.



33

Special Programs and Recent Legislation

34

Special Programs Recently Funded in UNC Budget (Non-Financial Aid Related)

Program	Year Started	FY 2021-22 Base Budget	Description
New Teacher Support Program	2014	\$2.2M	Mentorship program for new teachers – costs split between State and LEAs
Laboratory Schools	2017	\$2M	Public school units that are administered by UNC institutions
Future Teachers of NC	2017	\$278.5k	Symposium for high school students interested in teaching profession
NC Promise	2018	\$51M	Reduced tuition at ECSU, UNCP, WCU



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

35

March 9, 2021

35

FY 2020-21 Significant Non-COVID Legislation

Some UNC budget priorities were funded on a non-recurring basis in FY 2020-21, meaning the General Assembly would have to appropriate new funds in FY 2021-22 to maintain funding levels.

Enrollment Growth Funding - \$29,392,231 (NR)

NC Promise “Buy-Down” Funding - \$15,000,000 (NR)

UNC Building Reserves (New Building M&O) - \$12,609,867 (NR)

NC School of Science and Math (Western Campus) - \$3,340,591 (R)



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

36

March 9, 2021

36

Federal Coronavirus Relief



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

37

March 9, 2021

37

CRF Allocations to UNC Institutions (\$137 M)

Item	Amount	Item	Amount
UNC COVID Relief	\$44.4 M	FSU Research Labs	\$5.0 M
UNC-CH Collaboratory Funds	\$29.0 M	MAHEC	\$4.8 M
ECU Brody COVID Research	\$15.0 M	UNCP COVID Analytics	\$3.0 M
UNC PPE for Campuses	\$13.0 M	UNCP Nursing	\$2.0 M
UNCC Research Funds	\$9.0 M	New Teacher Support Program	\$1.0 M
SRAHEC	\$5.3 M	ECU-Dartmouth Research	\$0.5 M
UNC Testing for Campuses	\$5.0 M		



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

38

March 9, 2021

38

Higher Education Emergency Relief Fund Allocations to UNC System Institutions

- **CARES Act (HEERF 1) - \$248.9M**

- For most schools, half of the funds had to be used for direct student aid, while the other half could be used for institutional support (including lost receipts)
- Majority of funds expended per System Office (Feb 2021)

- **CRRSAA (HEERF 2) - \$378.4M**

- Student aid must equal amount of aid provided in HEERF 1
- Remaining funds may be used broadly for institutional support (including lost receipts)

*UNC institutions were provided \$10.6M in GEER funds for student aid



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

39

March 9, 2021

39

Questions?

Fiscal Research Division Education Team

Eric Moore (Public Schools) - eric.moore@ncleg.gov

Amanda Fratrik (Public Schools) - amanda.fratrik@ncleg.gov

Christen Holly (NCCCS) - christen.holly@ncleg.gov

Stephen Bailey (UNC) – stephen.bailey@ncleg.gov

Room 619 LOB

(919) 733-4910



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

40

March 9, 2021

40