

May 22, 2024 at 10:15 a.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S West Street, Board Room (17th Floor)
Raleigh, North Carolina

AGENDA

- A-1. Approval of the Open Session Minutes of April 17, 2024..... Jimmy Clark
 - a. Regular Meeting of the Committee on Budget and Finance
 - b. Joint Meeting of the Committee on Budget and Finance and Committee on Military and Public Affairs
- A-2. Update on Student Health Insurance Andrew Kelly and Mona Moon
- A-3. FY 2025 All-Funds BudgetJennifer Haygood
- A-4. FY 2023 UNC System Debt Capacity StudyJennifer Haygood
- A-5. Revision to Sale of Special Obligation Bond – NC State UniversityJennifer Haygood
- A-6. Amendments to Use and Management Agreements –
University of North Carolina at PembrokeJennifer Haygood
- A-7. Amendment to Use Agreement – Winston-Salem State UniversityJennifer Haygood
- A-8. Capital Improvement Projects Katherine Lynn
- A-9. Approval of the Selection of the Design-Build Firm – PBS North Carolina Katherine Lynn
- A-10. Adjourn

Additional Information Available:

- A-3. FY 2025 All-Funds Budget (full report)
- A-4. FY 2023 UNC System Debt Capacity Study (full report)

DRAFT MINUTES

April 17, 2024 at 10 a.m.
Via Videoconference and PBS North Carolina Livestream
University of North Carolina School of the Arts
A.C. Ewing Performance Place, Catawba Theatre
Winston-Salem, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair Jimmy Clark. The following committee members, constituting a quorum, were also present in person or by phone: Harry Brown, Joel Ford, Reginald Holley, Mark Holton, and Terry Hutchens.

Chancellors participating were Karrie Dixon, Sharon Gaber, and Interim Chancellor Lee Roberts.

Staff members present included Jennifer Haygood, Brandy Andrews, Katherine Lynn, Aubrey Clark-Brown, Owen Cooks, and others from the University of North Carolina System Office.

Committee Faculty Assembly advisors present included Jim Westerman.

1. Call to Order and Approval of OPEN Session Minutes (Item A-1)

The chair called the meeting to order at 10 a.m. on Wednesday, April 17, 2024. The open session minutes from the Wednesday, February 28, 2024, meeting were approved by unanimous consent.

2. 2022-23 UNC System Consolidated Financial Report (Item A-2)

Chair Clark called on Senior Vice President Jennifer Haygood and Assistant Vice President Aubrey Clark-Brown to present the 2022-23 UNC System Consolidated Financial Report. The report included a consolidation of the University of North Carolina System as a whole, a side-by-side comparison of institutional financial statements, selected disclosures, and other financially related information as of June 30, 2023.

This item was for information only.

3. Report on FY 2022 Facilities Inventory and Utilization Study (Item A-3)

Chair Clark called on Ms. Haygood to present the FY 2022 Facilities Inventory and Utilization Study. The 2022 study included information based on data that each campus reported on the institution's physical assets, including the age and condition of buildings at each institution, and space utilization, based on class hours of instruction and seat fill as derived from the fall 2022 scheduling data.

This item was for discussion only.

4. Sale of Special Obligation Bonds — NC State University (A-4)

Chair Clark called on Ms. Haygood to present NC State University's request to issue special obligation bonds, in an aggregate principal amount not to exceed \$90 million, plus an additional amount not to exceed five percent of such principal amount. The bonds will finance a portion of the construction costs of the Integrative Sciences Building. The chair asked for a motion to approve the sale of the bonds.

MOTION: Resolved, that the Committee on Budget and Finance approve the sale of obligation bonds for NC State and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Joel Ford

Motion carried

5. Additional FY 2023-24 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) Capital Projects (A-5)

The chair called on Vice President Katherine Lynn to review the FY 2023-24 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) Capital Projects for allocation of the remaining \$195.3 million of 2023-24 SCIF R&R funds. The chair asked for a motion to approve the allocation of the remaining FY 2023-24 SCIF R&R funds.

MOTION: Resolved, that the Committee on Budget and Finance approve the allocation of the additional FY 2023-24 SCIF R&R funds and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Joel Ford

Motion carried

6. Capital Improvement Projects (Item A-6)

The chair called on Ms. Lynn to present the requests for the authorization of \$106.9 million for 10 new capital projects at seven institutions and \$290.5 million for 10 increased authorizations at five institutions; and the reporting of one chancellor's R&R project less than \$600,000 in compliance with statute. The chair asked for a motion to approve the capital improvement projects authorizations.

MOTION: Resolved, that the Committee on Budget and Finance approve the capital improvement projects and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Reginald Holley

Motion carried

7. Disposition of Property by Demolition – Elizabeth City State University (Item A-7)

The chair called on Mr. Owen Cooks, director of Campus Planning and Space Utilization, to present Elizabeth City State University's request to dispose of property by demolition of three buildings: the old Ridley Center, Bedell Hall, and the Cardwell-Hoffler Health Center. The chair asked for a motion to approve the disposition of property by demolition.

MOTION: Resolved, that the Committee on Budget and Finance approve authorization to disposition of property by demolition at ECSU and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Reginald Holley

Motion carried

Finally, Ms. Haygood highlighted the UNC Quarterly Capital Project Report for April 1, 2024, as additional information.

8. Adjourn (Item A-8)

There being no further business and without objection, the meeting adjourned at 10:51 a.m.

Joel Ford, Secretary

DRAFT MINUTES

April 17, 2024 at 11 a.m.
Via Videoconference and PBS North Carolina Livestream
University of North Carolina School of the Arts
A.C. Ewing Performance Place, Catawba Theatre
Winston-Salem, North Carolina

This joint meeting of the Committee on Budget and Finance and Committee on Military and Public Affairs was presided over by Chair Jimmy Clark. The following committee members, constituting a quorum, were also present in person or by phone: Harry Brown, Joel Ford, Reginald Holley, Mark Holton, Terry Hutchens, Philip Byers, Alex Mitchell, and Wendy Murphy. The following committee member was absent: Michael Williford.

Chancellors participating were Karrie Dixon, Sharon Gaber, Interim Chancellor Anthony Graham, Interim Chancellor Lee Roberts, and Mr. David Crabtree.

Staff members present included Bart Goodson, Jennifer Haygood, Brandy Andrews, Katherine Lynn, and others from the University of North Carolina System Office.

Committee Faculty Assembly advisors present included Jim Westerman.

1. Call to Order and Approval of OPEN Session Minutes (Item A-1)

The chair called the meeting to order at 11:03 a.m. on Wednesday, April 17, 2024. The open session minutes from the Wednesday, February 28, 2024, meeting were approved by unanimous consent.

2. Approval of Short Session Priorities (Item A-2)

Chair Clark called on Senior Vice President Jennifer Haygood to present the Short Session Budget Priorities to the committees for consideration of the budget priorities proposals for 2024-25 fiscal year

MOTION: Resolved, that the Committee on Budget and Finance and Committee on Military and Public Affairs approve the Short Session Budget Priorities and recommend them to the full Board of Governors for a vote.

Motion: Joel Ford
Motion carried

3. Approval of 2024-25 Self-Liquidating Capital Improvement Projects (Item A-3)

Chair Clark called on Vice President Katherine Lynn to present the 2024-25 Self-Liquidating Capital Improvement Projects to the committees, which included five projects requiring total debt authority of \$471.6 million.

MOTION: Resolved, that the Committee on Budget and Finance and Committee on Military and Public Affairs approve the 2024-25 Self-Liquidating Capital Improvement Projects and recommend them to the full Board of Governors for a vote.

Motion: Mark Holton

Motion carried

There being no further business and without objection, the meeting adjourned at 11:14 a.m.

Joel Ford, Secretary

Alex Mitchell, Secretary

AGENDA ITEM

A-2. Update on Student Health Insurance..... Andrew Kelly and Mona Moon

Situation: In accordance with the resolution passed by the University of North Carolina Board of Governors Committee on Budget and Finance in January 2023, which called on the University of North Carolina System Office to develop a proposed implementation plan to improve the affordability and efficiency of student health insurance by moving to a self-funded plan, the System Office worked with Gallagher Student Health and Special Risk to assess the viability of a move to a self-funded insurance plan.

Background: In January 2024, the Committee on Budget and Finance received an update on the impact of North Carolina's Medicaid expansion and whether the potential decline in student health insurance enrollment would impact the financial feasibility analysis conducted by Gallagher. In February 2024, the Committee on Budget and Finance received an overview on the potential transition to a Minimum Premium Plan for the 2024-25 academic year and plans to transition to a self-funded student health plan for the upcoming 2025-26 plan year.

Assessment: The Committee on Budget and Finance will receive a verbal update from Dr. Andrew Kelly and Ms. Mona Moon on the 2024-25 renewal negotiations of Student Blue and potential student health insurance transitions for the 2025-26 academic year.

Action: This item is for discussion only.

AGENDA ITEM

A-3. FY 2025 UNC System All-Funds BudgetJennifer Haygood

Situation: To further the financial management of The University of North Carolina System and its constituent institutions, the UNC System engages in an All-Funds Budget process. Each constituent institution has developed a budget to be executed for FY 2024-25.

Background: At the direction of the Board of Governors, the UNC System institutions prepared and submitted the FY 2023-24 All-Funds Budget in May 2023. That budget is currently in use by institutions for the current fiscal year. Lessons learned from that process were used to refine the process further this year to ensure that the budget achieves the goals of transparency and effective financial management.

Institutions have used the All-Funds Budget process to improve financial efficiency and to make targeted investments in institutional and system strategic goals. Investments in academic programs and student success initiatives will ensure that students stay on track toward degree completion. Administrative efficiencies and affordability initiatives will enable students to graduate with less debt. Investments based on lessons from the UNC System's Return on Investment study will advance the UNC System's goals.

The proposed All-Funds Budget for FY2024-25 reveals diverging financial futures for institutions based on mixed enrollment results. While some institutions have been able to manage slowing enrollment gains driven by population demographics, other institutions are facing significant enrollment losses that are negatively impacting projected operating revenues. A competitive labor market has put further pressure on operating performances. Labor market concerns have required institutions to develop thoughtful strategies for recruitment and retention. The All-Funds Budget has shed light on these challenges and has enabled institutions to develop long-term strategies to mitigate these risks.

Assessment: Budgeting is a common best practice for both private and public organizations. The All-Funds Budget addresses this need through a formal budgeting process. It provides a structural foundation for the execution of the University's strategic plan, ensuring the delivery of the System's mission in a financially sustainable manner.

The all-funds budgets are approved by each institution's board of trustees and reported to the president of the System and the Board of Governors annually. The committee will receive a presentation summarizing these budgets.

Action: This item is for information only.



UNC SYSTEM FY 2024-25 ALL-FUNDS BUDGET

***Board of Governors
Committee on Budget and Finance***

May 22, 2024

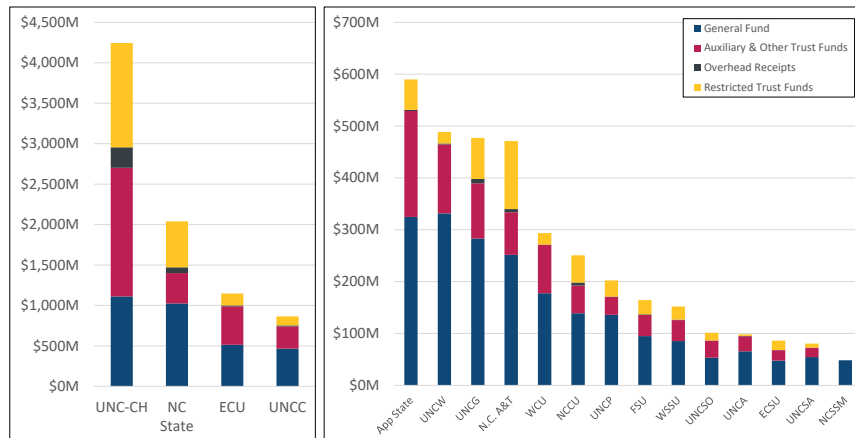
Why Develop an All-Funds Budget?

- Better align resources with strategic priorities
- Promote stewardship and financial sustainability
- Better understand the impact of discrete decisions on the broader financial picture
- Improve transparency and institution engagement
- Strengthen the fiduciary responsibility of the boards of trustees

G.S. 116-1(b) – “...In the fulfillment of this mission, the University shall seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the State.”

General Fund Revenue is Less Than Half

FY 2024-25 Budgeted UNC System Revenue by Fund Type



AFB Standard Units

Each institution was required to budget for a standard set of organizational units; however, the departments that comprise the units are not consistent across institutions.

Academic Units

Institutional Support Units

University Administration
Business Affairs
Facilities
Human Resources
Information Technology
Public Safety
Advancement

Other Institution-Specific Units

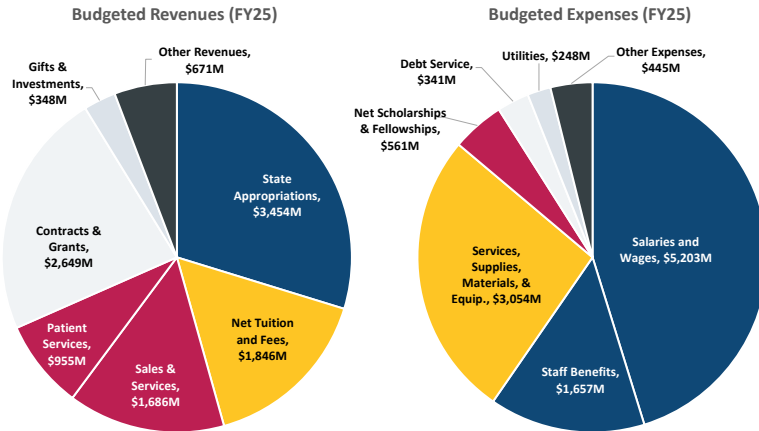
Academic Support Units

Academic Affairs
Student Affairs
Financial Aid
Libraries
Sponsored Research

Auxiliary Units

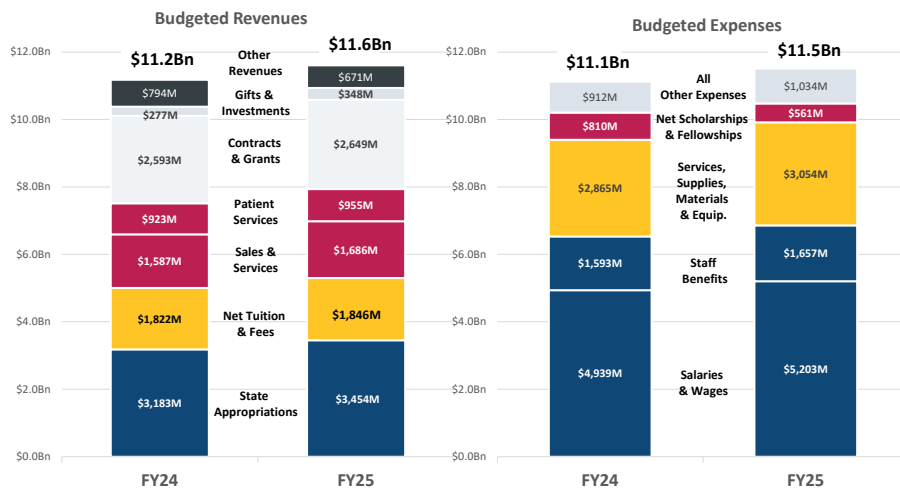
Dining
Housing
Parking & Transportation
Athletics
Student Health
Other Auxiliaries

AFB Summary Charts



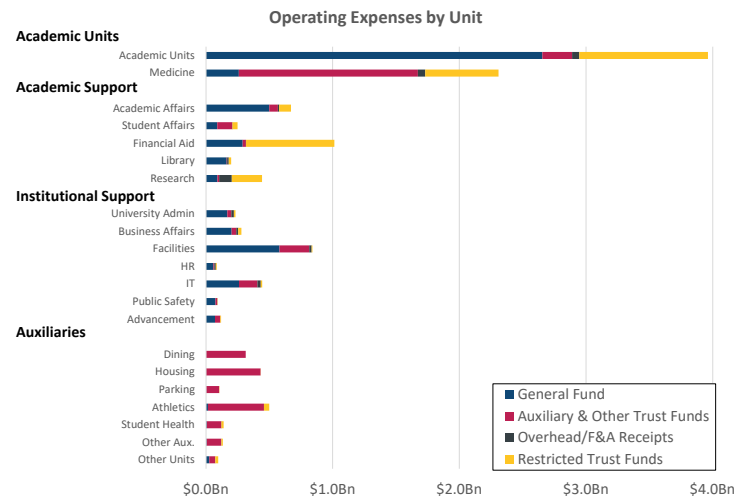
UNC System Total

AFB Summary Charts

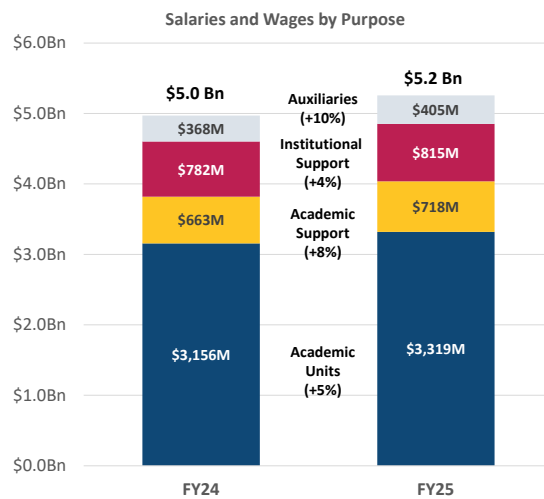


UNC System Total

Summary of Operating Expenses by Unit



Salaries and Wages



AFB Review Guiding Questions

Budget Structure

- What are the major changes from the prior year?
- What pressures are impacting budget allocation decisions?
- How are fund balances changing and why?

Institutional Priorities

- How is the institution allocating resources to support Systemwide and institution-specific strategic goals?
- How is the institution prioritizing student affordability?
- What else is the institution prioritizing?

Financial Challenges

- For institutions with significant enrollment losses, how is the university mitigating this impact?
- How is the institution managing labor market challenges?
- Are there any other potential structural budget issues?

FY 2025 Budget Highlights

Common Themes

- Supporting Systemwide Strategic Priorities
- Investment in Institution-Specific Priorities
- Implementing the Return-on-Investment Study
- Addressing a Competitive Labor Market
- Stabilizing and Growing Enrollment
- Revenue Volatility and Managing Revenue Losses
- Financial Sustainability and Enterprise Risk

Managing Operating Challenges

■ **Examples of Strategies for Managing Revenue Losses**

UNCA – identifying \$3.2 million in personnel savings through workforce reductions.

UNCG – engaging in a portfolio review process to better align resources with student demand.

UNCP – instituted a 2% operating budget reduction for most units to enable the university to reallocate funding to focus funding on immediate needs and strategic priorities.

WSSU – evaluating organizational structures to assess where consolidation of offices, units, or departments may yield cost savings.

Many other institutions are being forced to withdraw from fund balances to offset inflationary cost increases or replace lost revenue.

Areas for Continued Monitoring

■ **Financial Sustainability of Athletics Departments**

- 8 athletic departments have budgeted expenses that exceed revenues.
- 5 institutions transfer funds from unrelated sources to support expenses.
- 4 athletic departments are projecting negative fund balances.

■ **Auxiliaries Operating Performance (Revenues – Expenses)**

- Student Health (6 institutions)
- Housing (3 institutions)

■ **Auxiliary Fund Balances**

- Concern: auxiliary fund balances < 3 months of expenses

■ **Declining Fund Balances in Units Partially Supported by Fees**

- IT
- Student Affairs

QUESTIONS?



THE
UNIVERSITY OF
NORTH CAROLINA
SYSTEM

UNC SYSTEM
2024-25 ALL-FUNDS BUDGET

May 22, 2024

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FY 2025 All-Funds Budget Institutional Highlights

Institution	Highlights	Areas to Monitor
App State	<ul style="list-style-type: none"> Growing enrollment and associated operations at the Hickory Campus. Adopting a new Strategic Plan for Research, Scholarship, and Creative Activities to bolster the university's capacity for innovation. Enhancing focus of academic programs on workforce development and career readiness, including directly incorporating career readiness into curriculums. 	<ul style="list-style-type: none"> Decreasing Student Affairs fund balance Housing auxiliary operating performance Student Health operating performance
ECU	<ul style="list-style-type: none"> Creating the Transfer, Accelerate, Complete, and Engage (TrACE) Success program to help North Carolina community college transfer students successfully transition to a university environment. Establishing new adult learner programs through Project Kitty Hawk. Increasing sponsored research support based on rapid expansion of research activity. 	<ul style="list-style-type: none"> Athletics financial sustainability Decreasing Student Affairs fund balance Decreasing School of Medicine and School of Dental Medicine fund balances
ECSU	<ul style="list-style-type: none"> Expanding new Welcome Center. Purchasing aircraft to update and maintain aviation inventory and equipment. Increasing reserves have led to credit rating upgrades. 	<ul style="list-style-type: none"> Decreasing Ed & Tech fund balance Athletics financial sustainability
FSU	<ul style="list-style-type: none"> Rapid enrollment growth due to NC Promise is driving a need to expand campus services to meet current needs, including student mental health and campus safety. Strategic investments in Academic Affairs to improve student success and enhance classroom technology. Investing in campus technology infrastructure and cybersecurity. 	<ul style="list-style-type: none"> Low auxiliary fund balances Housing auxiliary operating performance Athletics financial sustainability
N.C. A&T	<ul style="list-style-type: none"> Establishing an office of Strategic Partnerships and Economic Development to foster innovation throughout the state. Focusing efforts to bolster graduate programs. Leveraging new Honors College to attract high-achieving students and provide them with enriched learning experiences, research opportunities, and leadership development opportunities. 	<ul style="list-style-type: none"> Athletics financial sustainability Housing auxiliary operating performance
NCCU	<ul style="list-style-type: none"> Hiring 10 new student success coaches to assist with retention and persistence of juniors and seniors. Establishing new adult learner programs through Project Kitty Hawk. Realigning programs to support emerging workforce needs. Redeploying savings from vacant positions to support retention needs for current employees. 	<ul style="list-style-type: none"> Athletics financial sustainability Low dining auxiliary fund balance

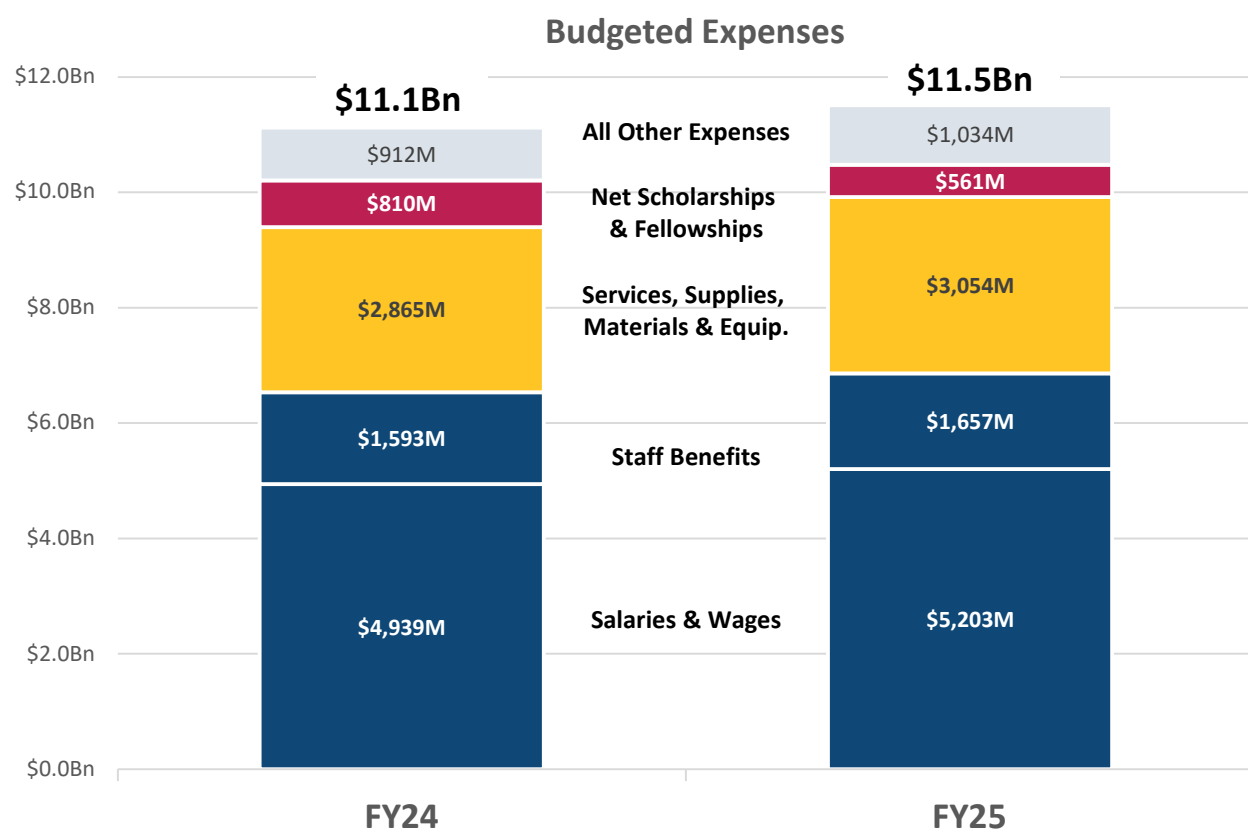
Institution	Highlights	Areas to Monitor
NC State	<ul style="list-style-type: none"> Building capacity at the College of Engineering through additional faculty and academic support staff to support and expand STEM education. Reevaluating student fees to find opportunities for fee decreases. Allocating funds to maintain a secure IT environment, including identify, access, and endpoint protection. 	<ul style="list-style-type: none"> Decreasing IT fund balance
UNCA	<ul style="list-style-type: none"> Identifying \$3.2 million in personnel savings through workforce reductions (including FRIP) and \$400K in non-personnel reductions. Relying on a \$1.0 million one-time transfer from institutional trust funds in FY25. Undergoing strategic assessment of the academic portfolio to identify budget savings. 	<ul style="list-style-type: none"> Enrollment and associated impact on revenues Structural General Fund budget deficit Athletics financial sustainability Student Health auxiliary operating performance
UNC-CH	<ul style="list-style-type: none"> Identified administrative efficiencies anticipated to generate \$4.5M in recurring savings, including a reduction of leasing costs in Research, a reallocation of IT resources, and restructuring initiatives across campus. Investments in campus security, including a security camera program upgrade, license plate readers, and funding to address strategic security recommendations. New Schools of Data Science and Society and Civic Life and Leadership. New internal allocation model mirrors the UNC System Enrollment Funding Model. 	<ul style="list-style-type: none"> This version is the All-Funds Budget as presented by the chancellor to the UNC Chapel Hill Board of Trustees Decreasing IT and Student Affairs fund balances Student Health auxiliary operating performance
UNC Charlotte	<ul style="list-style-type: none"> Expanding professional advising for undergraduates to improve retention and four-year graduation rates. Additional support for graduate student stipends and research assistants. Significant capital projects for Dining and Housing. 	<ul style="list-style-type: none"> Student Health auxiliary operating performance Use of fund balances to cover inflationary cost increases
UNCG	<ul style="list-style-type: none"> Right-sizing campus workforce consistent with UNCG's enrollment, including leveraging the Faculty Realignment Incentive Program (FRIP) as a key strategy. Enhancing the technology and strategy of the Admissions office to more seamlessly attract students. Investing in the Canvas learning management system as a way for faculty to create and deliver content to students beyond the physical classroom. Engaging in a portfolio review process to better align resources with student demand. 	<ul style="list-style-type: none"> Enrollment and associated impact on revenues Athletics financial sustainability
UNCP	<ul style="list-style-type: none"> Using funding appropriated by the legislature to develop new programs in health professions to better serve southeastern North Carolina. Investing in admissions and enrollment marketing to grow new and transfer student enrollments. Instituted a 2% operating budget reduction for most units to establish an investment reserve, enabling the university to reallocate funding to focus funding on immediate needs and strategic priorities. 	<ul style="list-style-type: none"> Enrollment and associated impact on revenues Athletics financial sustainability Student Health auxiliary operating performance

Institution	Highlights	Areas to Monitor
UNCW	<ul style="list-style-type: none"> Hiring additional clinical care providers and peer educators to meet the significantly increased demand for mental health services. Adding four additional staff to the Disability Resource Center to meet the increased student demand for services. Identifying and scaling academic programs to prepare the workforce for high-demand occupations. Setting aside funding for targeted discretionary salary adjustments to retain talented faculty and staff. 	
UNCSA	<ul style="list-style-type: none"> Focusing advancement efforts to support student scholarships, including targeted efforts for historically underrepresented students. The UWill platform to extend mental health resources to students to augment existing counseling <u>capacity</u>. Community Music School supports low-cost or free programming for middle and high school students in economically depressed parts of the county. Allocated \$200K from tuition increase revenue to faculty recruitment and retention. 	<ul style="list-style-type: none"> Housing auxiliary operating performance
WCU	<ul style="list-style-type: none"> New programs anticipated in Master of Science in Nursing (MEPN) and World Languages (not yet proposed). Engineering program expansion funded by the legislature. 	<ul style="list-style-type: none"> Athletics financial sustainability
WSSU	<ul style="list-style-type: none"> Allocating resources to improve faculty instructional quality through supporting certifications in online teaching. Evaluating organizational structures to assess where consolidation of offices, units, or departments may yield cost savings. 	<ul style="list-style-type: none"> Enrollment and associated impact on revenues Athletics financial sustainability
NCSSM	<ul style="list-style-type: none"> Expanding extended learning programs, which provide high-level STEM synchronous virtual courses to students across NC to augment their home high school curriculum. Expanding student advising, counseling and mental health services, and support programs. Continued development of Morganton campus operations. 	<ul style="list-style-type: none"> Impact of inflation on NCSSM's budget, which is 90%-supported by General Fund
UNCSSO	<ul style="list-style-type: none"> Enhancing System Office – PBSNC administrative integration. Realigning personnel to better support chancellor search processes. 	<ul style="list-style-type: none"> Attainment of PBS fundraising goals Decreasing Safety & ERM fund balance

Executive Summary

At the direction of the Board of Governors, the UNC System’s constituent institutions have prepared and submitted the FY2024-25 All-Funds Budget. The budget development process draws on lessons learned from prior iterations of the All-Funds Budget. The purpose of the budget is to achieve the goals of transparency and effective financial management. The budget provides a comprehensive view of institutional operations, reflecting both General Fund and Institutional Trust Fund operating revenues and expenditures. Each budget was prepared by the institution and submitted for approval to its respective board of trustees.

The FY2024-25 All-Funds Budget comprises more than \$11 billion in operating revenues, more than half of which occur outside of the General Fund. Institutions anticipate \$2.6 billion in contract and grant activity, a 2.1% increase from the prior budget. Continued rises in non-personnel costs due to labor market competition are causing additional budget pressure. Enrollment funding will have a mixed impact on universities in FY25, as eight institutions had enrollment increases in calendar year 2023, and nine had decreases. Six of those institutions face losses in excess of \$1.0 million in the model, in addition to related losses in tuition, fees, and other student revenues.

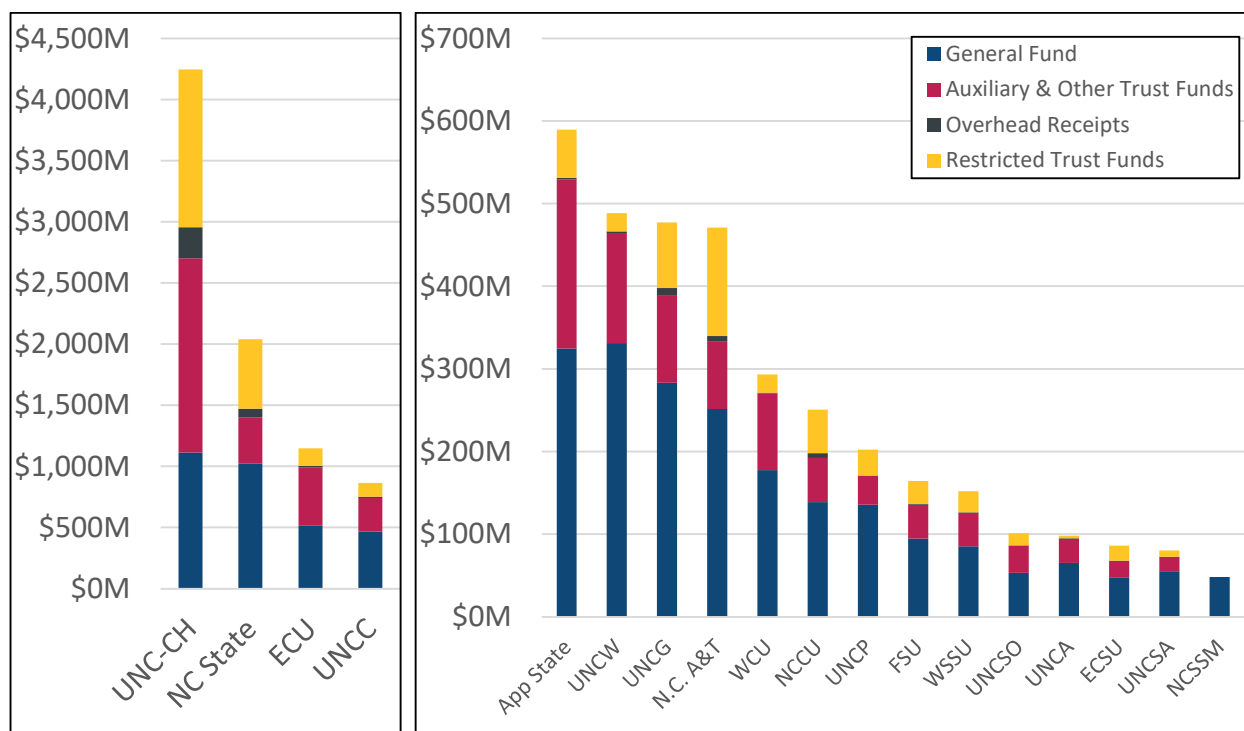


G.S. 116-1 provides that the University has a duty, in the fulfillment of its mission, to “seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the State.” The comprehensive, All-Funds Budget provides the necessary structural foundation for the execution of the UNC System’s strategic plan and to ensure the delivery of the teaching, research, and service mission in a

financially sustainable manner. Institutions have used the All-Funds Budget process to improve financial efficiency and to make targeted investments in institutional and System strategic goals. Investments in academic programs and student success initiatives will keep students on track toward degree completion. Administrative efficiencies and affordability initiatives will enable students to graduate with less debt and will maximize the value of taxpayer investments. New state appropriations will help to resolve significant budgetary issues for many athletic programs. Investments in other areas will advance the UNC System's goals in increasing research productivity, improving student mental health, aligning programs with critical workforce needs, and improving faculty and staff retention.

At the same time, the UNC System is dealing with many strategic and financial challenges. Enrollment losses at certain institutions have forced institutions to rapidly resolve structural deficits that were already under pressure due to multiple years of high inflation. Universities facing enrollment challenges have significant difficulty right-sizing their labor force to meet the needs of their current student bodies. Labor market concerns have required institutions to compete more aggressively to recruit and retain faculty and staff. Necessary facilities upgrades, investments in public safety, and cybersecurity have put further pressure on financial resources. The All-Funds Budget has shed light on these challenges to enable institutions to develop long-term strategies to mitigate these risks.

FY2024-25 Budgeted UNC System Revenue by Fund Type



Revenue Volatility

The revenue forecast included in the All-Funds Budget suggests that the System is in the midst of a period of higher-than-normal revenue volatility. The FY24 enrollment funding allocation was the largest drop in more than a decade (based on enrollments in the 2022 calendar year). In FY25, many institutions rebounded strongly, further supplementing their growth with strong nonresident enrollment. For others, a continued enrollment decline will claw away at general fund revenues. In addition to the

swings in appropriation, enrollment changes cause changes in tuition, fees, and auxiliary revenues. Given the inflexible nature of the university labor structure, sudden decreases in revenue put significant pressure on operating budgets. This problem is exacerbated for universities that experience gains in restricted revenues paired with losses in unrestricted revenues.

The availability of federal financial aid revenue has declined significantly following the ending of the Higher Education Emergency Relief Fund (HEERF), but institutions anticipate a modest rebound due to the overhaul of the federal financial aid formula, which will lead to an increase in Pell eligibility. Although these funds are highly restricted in nature, their availability does ease the burden of financial aid on institutions. Financial aid bolsters enrollment and enables student success by removing a key factor in many stopouts.

New state appropriations have also resolved some pending budgetary crises or facilitated new investments. The legislatively mandated salary increase provided for a 4% increase for all state employees in FY24 and an additional 3% in FY25. Steady improvement tracked in the enrollment funding model's new performance component provided universities with \$33 million in FY24 and is budgeted to increase to \$45 million in FY25. This funding was earned through tangible gains in student success, affordability, and operational efficiency. The new regulation on sports betting will provide an infusion of appropriations for athletic programs at 13 institutions, many of which had previously projected significant budget shortfalls. New state investments in the Faculty Realignment Incentive Program (FRIP) and nursing faculty salaries have provided targeted financial resources to the System.

Some examples of specific strategies outlined by campuses include:

Strategies for Managing Revenue Declines

- ECU – using departmental realignments and operational efficiencies to reduce impacts of enrollment declines.
- UNCA – strategically using lapsed salary to deploy funds to meet immediate needs or strategic priorities.
- UNCG – leveraging the new faculty workload policy to more efficiently use faculty time.
- UNCP – implementing a 2% budget reduction across most general fund operating budgets.

Supporting Systemwide Strategic Priorities

Student success continues to be among the highest priorities for many institutions in FY2024-25. Institutions highlighted themes consistent with the UNC System strategic plan. Institutions are implementing plans to improve retention and academic student support. These objectives advance toward the long-term goals of improving on-time graduation and degree efficiency. Our universities have identified academic advising as a key strategy to keep students on track, particularly those who are most at risk of falling behind. Some institutions are focusing their efforts on student demographics with higher stopout rates. Several institutions are investing in refinements to the transfer process in order to jump-start incoming transfers.

The newly adopted performance-funding component of the enrollment funding model further aligns financial incentives with System priorities under the guidance of the Board of Governors. The performance-funding component incentivizes progress toward aggressive institution-specific goals in the four-year graduation rate, undergraduate degree efficiency, first-time and transfer student debt at

graduation, education and related spending per degree, and one additional campus-selected metric from the strategic plan. Investments toward these goals will yield dividends not only for institutional financial positions, but also for the strategic goals of the System and the state.

Institutions identified connections between the System's affordability goals with student success. For the eighth year in a row, the UNC System will have no increase to resident undergraduate tuition rates. Many institutions are further adding to this significant affordability gain by restricting or even decreasing student fees. Institutions are investing in increases to need-based and merit-based financial aid, reducing textbook costs, restricting increases in dining and housing costs, and increasing student wages. Not only do these efforts make progress toward the UNC System's strategic goal of reducing student debt at graduation, they also enable students to progress toward a degree faster and with less risk of dropping out for financial reasons.

Two institutions launched adult learner programs through Project Kitty Hawk in FY24, and more new programs are planned for FY25. These programs allow the System to more effectively meet the needs of adult learners and to expand access in to underserved populations.

Mental health of students and employees has become a significant priority for the System to support student success and well-being. Institutions have planned significant investments to increase the capacity of their mental health counseling services as well as other tools to support student well-being. This issue has become even more critical in light of several physical safety incidents at universities during the last academic year.

The UNC System's strategic plan has bold targets for expanding research. Many institutions are rising to that challenge by enhancing research support capabilities. Five of the System's research institutions have selected Research Productivity as their campus-selected performance metric for enrollment funding. In the first year of the incentive funding, these five institutions generated nearly \$200 million in additional sponsored revenue. These efforts are critical not only to the academic enterprise but also to the local economy.

Some examples of specific initiatives outlined by campuses include:

Student Success

- App State – using enrollment growth revenue to fund new faculty and academic advising positions.
- ECU – creating the Transfer, Accelerate, Complete, and Engage (TrACE) Success program to help North Carolina community college transfer students successfully transition to a university environment.
- NCCU – hiring 10 new student success coaches to assist with retention and persistence of juniors and seniors.
- UNCG – investing in the Canvas learning management system as a way for faculty to create and deliver content to students beyond the physical classroom.

Access

- App State and NCSSM – establishing new campuses in Hickory (App State) and Morganton (NCSSM) that significantly expand access to previously underserved parts of the state.

- ECU and NCCU – establishing new adult learner programs through Project Kitty Hawk, more effectively focusing programs on adult learners, veterans, and underserved populations.
- UNCSA – targeting recruitment efforts on underserved populations, with a focus on Tier I and Tier II counties.

Affordability

- Systemwide – holding the resident undergraduate rate steady for the eighth year in a row.
- NC State – reevaluating student fees to find opportunities for fee decreases.
- UNCSA – focusing advancement efforts to support student scholarships, including targeted efforts to recruit and retain historically underrepresented students.

Increase Research Productivity

- App State – adopting a new Strategic Plan for Research, Scholarship, and Creative Activities to bolster the university's capacity for innovation.
- ECU – bolstering support for sponsored research by supporting pre- and post-award staff, data information systems management, industry partnerships, and compliance.
- N.C. A&T – establishing an office of Strategic Partnerships and Economic Development to foster innovation throughout the state.

Improve Student Mental Health

- UNCW – hiring additional clinical care providers and peer educators to meet the significantly increased demand for mental health services.
- UNCSA – leveraging the UWill platform to extend mental health resources to students to augment existing counseling capacity.
- FSU – increasing funding for Student Health Counseling and Prevention Services to address gaps in psychiatric care, increase case management support, cover expenses for off-campus referrals for specialized clinicians, and maintain technology platforms that provide peer-to-peer mental health support.

Investment in Institution-Specific Strategic Priorities

Institutions also used the All-Funds Budget process to direct investments toward key institution-specific strategic priorities. There is a significant amount of overlap in the Systemwide and institution-specific priorities, so many of the same themes were highlighted. Commonalities across institutional priorities were related to strategic growth of the institution. Investments included strategic program expansion, increased research support, strategies to grow economic development, efforts to bolster graduate education, and opportunities for additional public service.

Institutions have made strategic investments in existing programs to enhance the student experience, modernize technology, and find ways to optimize the return on investment to students and the state. Institutions have prioritized ensuring the career readiness of students and enhanced academic programs to ensure that students get the most out of their time on campus. As academic programs continue to shift to online or hybrid formats, universities are implementing thoughtful strategies to improve instructional design for multimodal education.

Areas of Strategic Growth

- N.C. A&T – focusing efforts to bolster graduate programs through tuition support, fellowships, streamlining the admissions process, and expanding research opportunities for graduate students.
- UNCP – using funding appropriated by the legislature to develop new programs in health professions to better serve southeastern North Carolina.

Academic Program and Student Service Enhancements

- WSSU – allocating resources to improve faculty instructional quality through supporting certifications in online teaching.
- NC State – building capacity at the College of Engineering through additional faculty and academic support staff to support and expand STEM education.
- UNCW – adding four additional staff to the Disability Resource Center to meet the increased student demand for services.
- UNC-Chapel Hill – continuing to build out two new schools: the School of Data Science and Society and the School of Civic Life and Leadership.
- WCU – expanding the School of Engineering to meet the growing need for engineering undergraduates.

Advancing Local, Regional and Global Engagement

- App State – forming the App State @ Hickory Advisory Council to address App State’s role in supporting economic, education, and civic needs of the region.
- UNCSA – investing in the Community Music School, a grant-supported program that offers low-cost or free programming to middle and high school students in economically depressed areas.
- NCSSM – expanding extended learning programs to serve non-enrolled students in partnership schools across North Carolina.

Stabilizing and Growing Enrollment

The UNC System has entered a new period of enrollment uncertainty, driven by the changing demographics of North Carolina. North Carolina is graduating fewer high school students — a trend that is mirrored at the national level. The FY2024-25 enrollment allocation represents a Systemwide stabilization of enrollment. However, several institutions are facing significant enrollment losses. Strategies that stabilize and increase enrollment will be most essential for regional institutions that have experienced the most precipitous enrollment losses.

The Board of Governors has supported these efforts by raising the cap on nonresident enrollments for many institutions in anticipation of the state’s demographic changes. Institutions are making more concerted efforts to recruit and retain students from underserved communities. Online and multimodal programs have presented a significant growth opportunity for the System. The transfer pipeline presents an opportunity for institutions to grow undergraduate enrollment. New and growing Honors College programs present an opportunity for universities to attract high-performing students. As growth in undergraduate programs gets tougher, some institutions are seeking to shift resources to bolster graduate enrollments.

Some examples of specific initiatives outlined by institutions include:

Enrollment Strategies

- App State – established a new campus in Hickory that will serve the state’s largest metropolitan area that did not previously have a UNC System campus.
- N.C. A&T – leveraging new Honors College to attract high-achieving students and provide them with enriched learning experiences, research opportunities, and leadership development opportunities.
- UNCP – investing in admissions and enrollment marketing to grow new and transfer student enrollments.
- UNCG – enhancing the technology and strategy of the admissions office to more seamlessly attract students.

Managing Revenue Losses

Institutions facing enrollment losses have been forced to rapidly right-size their budgets to fit within a smaller financial footprint. Restrictions on some new revenue sources have been paired with declines in unrestricted revenues, reducing budget management flexibility. Some institutions have had to implement significant changes to bring their expenses in line with their revenues, while others have had the financial flexibility to focus on efficiency improvements.

University-wide reviews of academic programs have become more commonplace over the last two years. Institutions facing enrollment declines are identifying and reducing investment in low-producing programs, even leading to decommissioning programs in some instances.

Three institutions have implemented university-wide budget reductions for FY25 (UNCA, UNCG, and UNCP). Many institutions are being forced to withdraw from fund balances to offset inflationary cost increases or replace lost revenues.

The UNC System has advocated for two financial resources to enable institutions to mitigate financial losses. The Faculty Realignment Incentive Program has provided a funding source to incentivize faculty retirement with the goal of reducing expenses. Additionally, the UNC System recommended that two institutions receive one-time enrollment loss mitigation funding in FY24 (UNCA and UNCG) and has proposed additional institutions receive this funding in FY25. This funding is allocated to universities facing sharp, multiyear enrollment losses in order to buy institutions time to reduce their expenses to match their enrollment.

Some examples of specific initiatives outlined by campuses include:

Strategies for Managing Revenue Losses

- UNCA – identifying \$3.2 million in personnel savings through workforce reductions.
- WSSU – evaluating organizational structures to assess where consolidation of offices, units, or departments may yield cost savings.
- UNCP – instituted a 2% operating budget reduction for most units to establish an investment reserve, enabling the university to reallocate funding to focus funding on immediate needs and strategic priorities.

- UNCG – engaging in an academic portfolio review process to better align resources with student demand.

Implementing the Return-on-Investment Study

At the direction of the North Carolina General Assembly, the UNC System engaged in a yearlong study on the return on investment of our universities. The study analyzed the investment impact of academic programs to the student, the institution, and the state. The study found that the vast majority of academic programs led to significant financial gains for the majority of students. The UNC System is proactively using the lessons learned from this study to better target academic investments and guide the launch of new programs. Some universities have already cited the use of the study in creating the FY25 All-Funds Budget.

ROI-focused Strategies

- App State – enhancing focus of academic programs on workforce development and career readiness, including directly incorporating career readiness into curriculums.
- NCCU – realigning programs to support emerging workforce needs.
- UNCW – identifying and scaling academic programs to prepare the workforce for high demand occupations.

Addressing a Competitive Labor Market

The North Carolina labor market has become increasingly competitive. Universities have had to compete harder to recruit and retain talented faculty and staff. Increasing labor market costs have been partially addressed through a series of legislative salary increases for state employees, but labor market competition continues to be a significant driver of expense. Institutions raised concerns about their long-term ability to ensure that compensation remains competitive. The impacts of the labor market are being felt most acutely in auxiliary and trust-fund units. These units do not receive state funds to support legislatively mandated salary increases — a fact that frequently leads to student fee increases.

Some examples of specific initiatives outlined by institutions include:

Faculty and Staff Retention

- NCCU – redeploying savings from vacant positions to support retention needs for current employees.
- UNCW – setting aside funding for targeted discretionary salary adjustments to retain talented faculty and staff.
- UNCSA – bolstering faculty recruitment and retention efforts to remain competitive.

Financial Sustainability and Enterprise Risk

Institutions highlighted efforts to address and manage significant risks. For institutions with declining revenues, this effort is paramount to ensure that they are able to provide for necessary expenses. For institutions with stable or growing enrollment, managing risks can allow the university to better focus on effective growth and strategic priorities.

Institutions have made concentrated efforts to build administrative capacity. This process enables universities to allocate resources more strategically and to adapt to market conditions more readily in the higher education sector. Many institutions have engaged in a process of evaluating academic and administrative units to better understand how they could be aligned. This has led some institutions to consolidate units and has informed investments into high impact administrative areas.

Some examples of specific initiatives outlined by institutions include:

Mitigating Risk

- N.C. A&T – strengthening the department of Internal Audit to conduct more frequent and in-depth reviews of university operations as well as identify and address potential control weaknesses before they escalate into problems.
- NC State – allocating funds to maintain a secure IT environment, including identity, access, and endpoint protection.
- UNC Charlotte – using fund balances to cover inflationary costs, and support capital and equipment expenditures in auxiliaries and other non-general fund budgets.

Appalachian State University — All Funds Budget Narrative FY 2024-2025

Appalachian State University has developed the FY 2024-2025 All Funds Budget to advance App State's strategic priorities, as well as UNC System strategic goals. The UNC System strategic plan includes access, affordability and efficiency, student success, economic impact and community engagement, and excellent and diverse institutions. App State's budget was approved by the Board of Trustees in April 2024 and includes funding for the following initiatives to address university/System goals and priorities:

App State Hickory Campus

The App State Hickory campus opened its doors to students in Fall 2023 with an approximate enrollment of 300 students. For the 2024-25 academic year, enrollment is projected to almost double to 600, which will require 16 new faculty positions to cover the course offerings in Hickory.

The Hickory campus serves the Hickory/Lenoir/Morganton metro area population — previously the state's largest metropolitan area without a UNC System university. This campus provides additional growth capacity and market potential for App State's on-campus and online programs and will increase critical educational opportunities in the Hickory metro area to equip the local workforce with the skills required to meet the current demands of employers. This initiative is allowing App State to achieve multiple system-wide strategic goals, including increased access to higher education and a state/local partnership that will improve local communities and benefit the state economically.

The university received \$9M in capital funding from the General Assembly in FY 2023, as well as an additional \$41M appropriation in the FY 2024 State budget. To date, these funds have been used to support renovations of the first floor of the existing facility, which have been completed, as well as upcoming renovations to the second floor scheduled to occur prior to the start of classes in Fall 2024. The \$41M appropriation will be utilized to complete the full interior and exterior renovation of the Hickory facility.

UNC System Laboratory Schools

The Appalachian Academy at Middle Fork in Walkertown, which opened in 2018, continues to provide future teachers in the Reich College of Education with opportunities to apply their skills in the classroom. The local community benefits from this partnership with App State, which serves to strengthen learning, teaching and school leadership. In FY 2025, the Academy at Middle Fork will be funded primarily with federal, state and local funds; however, App State may be required to reallocate internal funding in order to cover a portion of the projected expenses, including \$278K of salaries and benefits for employees previously shared with the Appalachian Academy at Elkin which will cease operations on June 30, 2024.

Auxiliary Enterprises

The Holmes Center Parking Deck project began in June 2023 and is scheduled for completion in August 2024. This facility will provide approximately 600 on-campus parking spaces through the construction of a new, six-level parking deck next to App State's Holmes Convocation Center. The primary use for the new deck will be faculty, staff and student parking, with event parking as needed. App State has the flexibility to offer visitor parking in select lots as needed upon demand. The additional parking will also support events at the Holmes Center as well as the Kidd Brewer multipurpose stadium. This project is being funded by a \$20M bond issuance that will be repaid with parking revenues.

The University has decided to no longer pursue a \$7 million renovation to Newland Residence Hall. This project was previously approved by the UNC Board of Governors, utilizing cash from fund balance to fund the renovation work. Due to rising construction costs, the scope of the project was significantly reduced to the point it was no longer financially viable to continue with the renovation. In lieu of this decision, the University is in the pre-development phase of an 850-bed apartment complex at its App 105 property, which will provide replacement beds for Newland Residence Hall. This housing will be focused on upper-division students and transfer students due to the lack of available student housing in the off-campus market leading to students stopping out of school or choosing to transfer to other institutions with more housing availability. The housing market has a 99.8% occupancy rating in Boone therefore leading to double-digit annual rental rate increases, which will continue to price-out students. The project will be developed as a public private partnership through the Appalachian Real Estate Development Corporation.

In February 2024, App State will be seeking UNC Board of Governors approval for the construction of a new Indoor Practice Facility which would include a full 100-yard field to accommodate the entire football team at the same time as well as other campus constituencies who use the current facility. The project was previously approved by App State's Board of Trustees in 2023 and includes the demolition of the existing facility (which is limited to a 50-yard field) as well as the adjacent softball facility. The new Indoor Practice Facility would include athletics offices, training space and space to house a sports medicine clinic in addition to the expanded practice field. The project will be financed via Millennial Campus revenue bonds, which will be repaid via a combination of Athletic Facilities Debt Service Fee receipts, Athletic contributions, and other self-generated Athletic revenues including football parking fees and clinic lease proceeds.

The All Funds Budget will support the progress towards the institution's [2022-2027 Strategic Plan](#). App State's institutional financial plans are in alignment with these priorities.

Providing Exceptional Educational Experiences

The university prioritizes providing exceptional educational experiences for its students and is committed to enhancing the student learning experience and providing support for teaching, research and scholarly activities. App State is shifting the majority of undergraduate online programs away from a cohort-based model to a flexible model to better support students' academic needs. This flexible model allows more adult students and returning Mountaineers to complete bachelor's degrees, while also allowing the university to scale up high-demand online programs. As such, the University is making increased investments in smart classrooms and IT resources needed for online/virtual learning.

To address the needs of the region/workforce, the following new programs have been launched or are about to be launched:

- Professional Studies (2023-24)
- MS of Occupational Therapy (2024-25)
- BS in Health Sciences (2024-25)
- BSBA in Cybersecurity (2024-25)

To ensure student success (including increasing four-year graduation rates), our academic strategic planning efforts, as well as our ROI action plan, call for an enhanced focus on workforce development and career readiness. The creation of new initiatives, including incorporating career readiness into the curriculum, will be directed toward freshmen and sophomores to retain them for the duration of their college career and provide the exceptional educational experiences for which App State is known.

App State is also utilizing funding allocated by the North Carolina General Assembly to carry out extensive modernizations and renovations to three academic buildings: Wey Hall, Edwin Duncan Hall and Peacock Hall. Wey Hall was built in 1976 and is home to the Department of Art, which offers more than 100 course sections to approximately 1,400 students. This will be the first major renovation to the building since it opened nearly 50 years ago. Wey Hall's classrooms are also used for general education and first-year seminar courses. Duncan Hall was constructed in 1965 and contains office space, classrooms and labs. Peacock Hall was built in 1990 and houses the Walker College of Business which has the highest full-time undergraduate enrollment in the UNC System. Each of these projects will improve and adapt the space in these academic facilities to current and future programming needs, which includes offering more technologically advanced classrooms, learning labs and student service offices.

Other examples of the University's commitment to providing exceptional educational experiences include:

- The addition of new faculty and academic advising positions in 2024-2025 to be funded with enrollment growth funding and tuition receipts.
- In addition to the App State Hickory Campus, the University is in discussions with Project Kitty Hawk to explore strategic opportunities for expanding online enrollment for nontraditional learners who are currently not enrolled - or who are enrolled with out-of-state providers - in App State programs.

Advancing Applied Research, Innovation and Creativity

With the recent growth of the University, as well as its projected growth, applied research has become a focal point to attract high quality faculty and students. With research capabilities, the University will have the ability to train students and further research opportunities that will impact the lives and economic growth of the local and global communities. The Strategic Plan for Research, Scholarship and Creative Activities (RSCA) was released during FY 2024 and acts as a guide for the University's research activities and includes four goals:

- Increase awareness and understanding of the vital role RSCA plays in fulfilling the University's mission.
- Enhance the overall productivity and efficiency of App State's RSCA.
- Bolster App State's capacity for exceptional and innovative research, scholarship and creative activities to generate knowledge and address critical issues in the region, state, nation and world.
- Increase external engagement and investment in RSCA

Construction of the University's Conservatory for Biodiversity Education and Research (Conservatory) continues and is being funded with a \$54M appropriation allocated by the North Carolina General Assembly as well as a \$10M combination of institutional funds including carry forward, Ed & Tech fee receipts and SCIF appropriations.

This is the first academic building of App State's Innovation District and will include cross-disciplinary collaboration and encourage K-12 partnerships. In addition, it will build on the opportunities in the Department of Biology's teaching and research facilities, thereby providing additional research capabilities on campus for faculty and students. However, as the research enterprise grows, the need for additional lab space will continue to grow. In addition, as a part of the Innovation Campus, this project will pursue the Living Building Challenge core standard as a commitment to sustainability. When completed, this building will be the only academic research facility in the country to boast the Living Building Certification.

Advancing Local, Regional and Global Engagement

Furthering its commitment to providing affordable access to higher education in the Catawba Valley area, App State began making available over 100 undergraduate major programs of study at its Hickory Campus beginning in Fall 2023. In addition, Chancellor Everts has formed the App State @ Hickory Advisory Council, which consists of a group of business, education, government and civic leaders from Hickory and the surrounding area and regularly meets to discuss the area's needs and how App State can meet these needs via its academic offerings. Chancellor Everts has also announced that the University would continue to utilize Institutional Trust fund reserves to provide scholarships which will be used to recruit and retain students who enroll at the Hickory Campus in 2024. This aid will help incoming students offset their educational expenses during their first year.

Investing in Faculty and Staff Excellence

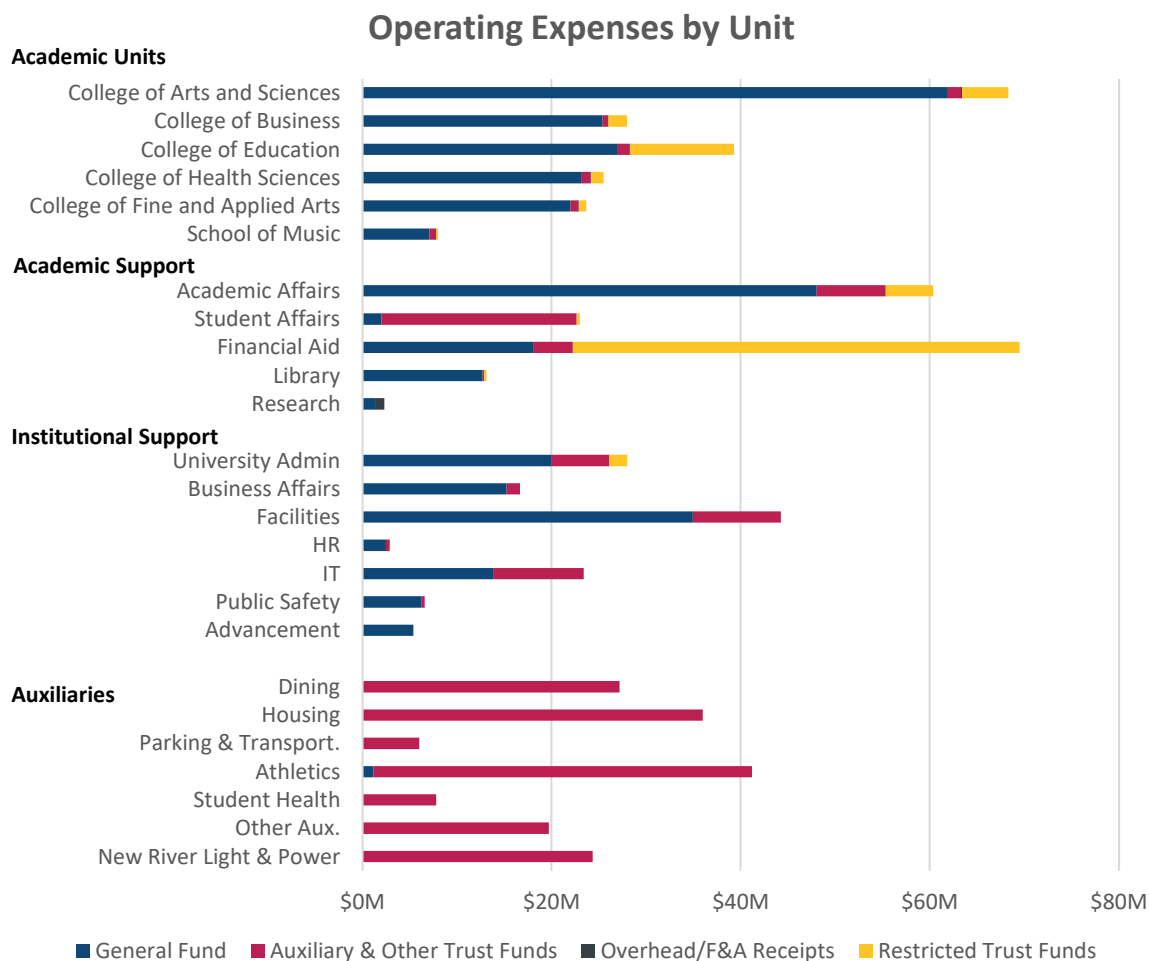
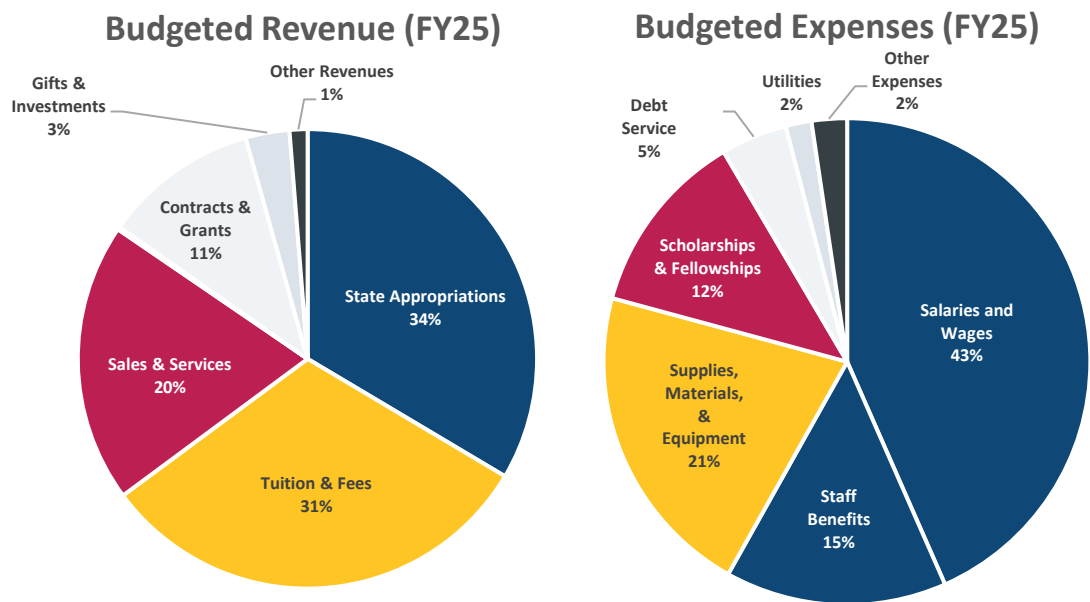
Academic Affairs recently underwent a functional review by Huron Consulting to identify strengths and opportunities, including efficiency and effectiveness. As a result of this review, in conjunction with a similar review in Human Resources, the need for a strategic partner to be shared between Academic Affairs and Human Resources became apparent. The goal is to have someone fully dedicated to Academic Affairs for faculty recruiting, hiring, contracting, onboarding, and employee life cycle. A search for this position is currently underway.

App State received UNC Board of Governors approval in 2023 to authorize a public-private partnership to develop approximately 156 multi-family residential units which will provide below-market housing for university employees at below-market rates. In our highly competitive housing market, we expect this to positively impact our ability to recruit and retain talented faculty and staff. These projects will not rely upon State funds or any capital from the university. Construction began in summer 2023 and units are expected to be ready for occupancy in 2025.

Strengthen Resilience and Sustainability

App State will begin the development of the net zero-carbon district energy system, which will begin to transition the Boone campus away from steam power. Leveraging public-private partnerships, the district energy system will generate and distribute energy to support the planned buildings in the Innovation District, including the aforementioned Conservatory and faculty and staff housing. The district energy system is expected to become operational in 2025 and will not only supply a stable source of energy but will also contribute significant savings in avoided energy costs for the university.

In addition, in July 2023, App State's internationally recognized solar vehicle team traveled to Topeka, Kansas, for the 2023 Electrek Formula Sun Grand Prix (FSGP) where "Team Sunergy" placed second in the multi-occupant vehicle (MOV) category. The FSGP is an international collegiate endurance competition that sets standards for and tests the limits of solar vehicle technology. The team, made up of graduate and undergraduate students, represents App State's commitment to sustainable energy initiatives at international solar vehicle competitions and has secured a podium finish in nearly every competition that it has entered since 2016.



Appalachian State University
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 212,960,000	\$ -	\$ -	\$ -	\$ 212,960,000
	Tuition & Fees	\$ 123,062,000	\$ 75,943,000	\$ -	\$ -	\$ 199,005,000
	<i>Less Discounts and Allowances</i>	\$ (15,366,000)	\$ (12,876,000)	\$ -	\$ (17,318,000)	\$ (45,560,000)
	Sales & Services	\$ (675,000)	\$ 125,762,000	\$ -	\$ 11,000	\$ 125,098,000
	Patient Services	\$ -	\$ 1,125,000	\$ -	\$ -	\$ 1,125,000
	Contracts & Grants	\$ 4,153,000	\$ -	\$ -	\$ 65,282,000	\$ 69,435,000
	Gifts & Investments	\$ -	\$ 9,939,000	\$ -	\$ 9,637,000	\$ 19,576,000
	Other Revenues	\$ 608,000	\$ 4,347,000	\$ 2,205,000	\$ 814,000	\$ 7,974,000
Revenues Total		\$ 324,742,000	\$ 204,240,000	\$ 2,205,000	\$ 58,426,000	\$ 589,613,000
Expenses	Salaries and Wages	\$ 205,247,000	\$ 55,891,000	\$ 735,000	\$ 9,576,000	\$ 271,449,000
	Staff Benefits	\$ 69,523,000	\$ 19,869,000	\$ 263,000	\$ 2,382,000	\$ 92,037,000
	Services, Supplies, Materials, & Equip.	\$ 38,901,000	\$ 78,735,000	\$ 336,000	\$ 13,969,000	\$ 131,941,000
	Scholarships & Fellowships	\$ 15,366,000	\$ 12,876,000	\$ 1,000	\$ 48,889,000	\$ 77,132,000
	<i>Less Discounts and Allowances</i>	\$ (15,366,000)	\$ (12,876,000)	\$ -	\$ (17,318,000)	\$ (45,560,000)
	Debt Service	\$ 2,352,000	\$ 25,248,000	\$ -	\$ -	\$ 27,600,000
	Utilities	\$ 6,408,000	\$ 4,210,000	\$ 2,000	\$ 2,000	\$ 10,622,000
	Other Expenses	\$ 4,616,000	\$ 10,072,000	\$ -	\$ -	\$ 14,688,000
Expenses Total		\$ 327,047,000	\$ 194,025,000	\$ 1,337,000	\$ 57,500,000	\$ 579,909,000
Net Transfers		\$ 5,543,000	\$ (12,474,000)	\$ (94,000)	\$ -	\$ (7,025,000)
Change in Fund Balance			\$ (2,259,000)	\$ 774,000	\$ 926,000	\$ (559,000)

ECU All Funds Budget

East Carolina University remains steadfast in our commitment to be a national model for student success, public service, and regional transformation. Through education, research, health care, community engagement, cultural enrichment and more, ECU enhances the quality of life for our students, our region, our state, and our world.

Future focused. Innovation driven. is ECU's strategic plan for 2023-2028. It highlights the intersection of ECU's mission, vision, and values for advancing the university. The plan sets ambitious vision priorities focused on social and economic mobility, workforce success, and rural health and well-being. ECU developed the FY25 All Funds Budget to support our mission and vision priorities and the UNC System strategic goals.

Student success is ECU's first commitment. We created the Coalition for Learner Access and Success, which is focused on facilitating student access, engagement, and belongingness by deploying best practices within the learner success spaces. We are identifying and eliminating barriers to student enrollment and matriculation. One example is the Transfer, Accelerate, Complete, and Engage (TrACE) Success program. It is designed to help new NC community college transfer students successfully transition to ECU. The TrACE Program connects new transfer students to East Carolina's academic community and supports their success from the first semester to graduation. Other Student Success initiatives include peer enrollment and retention coaches, ECU Credit Connector and the Financial Wellness hub.

ECU continues growing enrollment pipelines – which includes expansion of out of state students and adult learners, and strategic growth in high demand programs. This Spring, ECU launched four online programs in collaboration with Project Kitty Hawk. ECU is continuing to develop the Creator Academy, a non-curricular credentialing program to address the growing demand for a skilled workforce in the creator industry. Also, our FY25 budget reflects a targeted investment in Honors College to bring in an additional 100 students next year. These are high performing, high achieving students.

ECU's budget reflects efforts to increase research, which remains a top priority of the University. The sponsored research portfolio at ECU has grown rapidly over the past four years. Facilities and administrative cost recovery funding is available to support many research related items. These requests relate directly to institutional priorities identified in ECU's strategic plan. ECU focuses on the critical needs to support the research productivity metric that was selected as part of the UNC system performance funding model.

The budget supports staffing pre- and post-award, data information systems management, industry partnerships, and compliance functions to ensure the research portfolio grows and is sustainable. Sponsored research provides student assistantships and project support for community engaged research efforts. It supports public service and regional transformation in staff and program support via various microcredentialing activities that address employer needs in the region. Professional development

opportunities that arise in continuing education programming also address social and economic mobility and workforce success priority. The research activities led by faculty, staff and students offer ECU a way to impact public service, regional transformation, and rural health and well-being priorities directly.

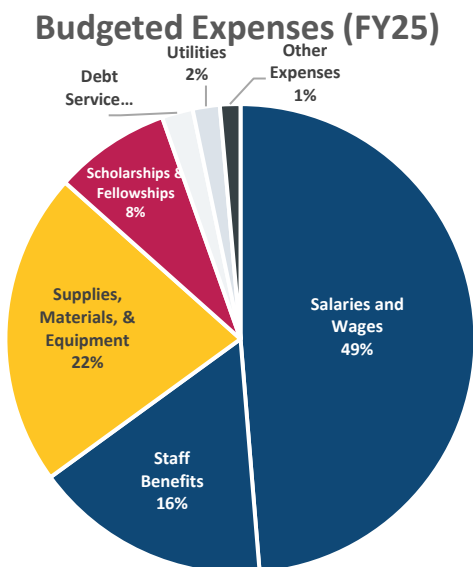
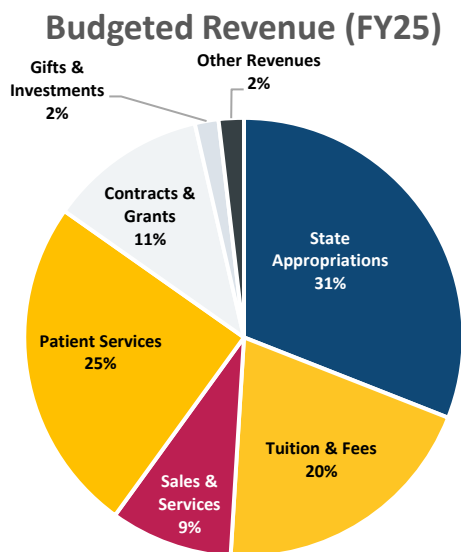
Our third area of focus is affordability. ECU's undergraduate and graduate tuition and fee rates for fiscal year 2024 will be maintained for fiscal year 2025. This achievement was made possible, in part, by the diligent efforts of Student Affairs. Student Affairs realigned the student activity fees to better meet the needs of our students and avoid requests for student fee increases. By realigning these fees, the University is ensuring the continuity of operations and improved ability to respond to issues within areas that operate facilities. Leadership continues to review these operations to ensure they are structured at an appropriate size and with appropriate programs and services in alignment with both enrollment and the strategic plans of the UNC System and ECU.

The FY25 All Funds Budget reflects new permanent state appropriations allocated for growing the primary care workforce. These resources allow the Brody School of Medicine to expand its class size by up to 40 students, the College of Nursing can expand its undergraduate and accelerated Bachelor of Science in Nursing degrees, the Physician Assistant program can double in size to 72 students annually through the creation of a virtual PA program, and the health psychology doctoral program can grow and expand its community-focused psychological services clinic.

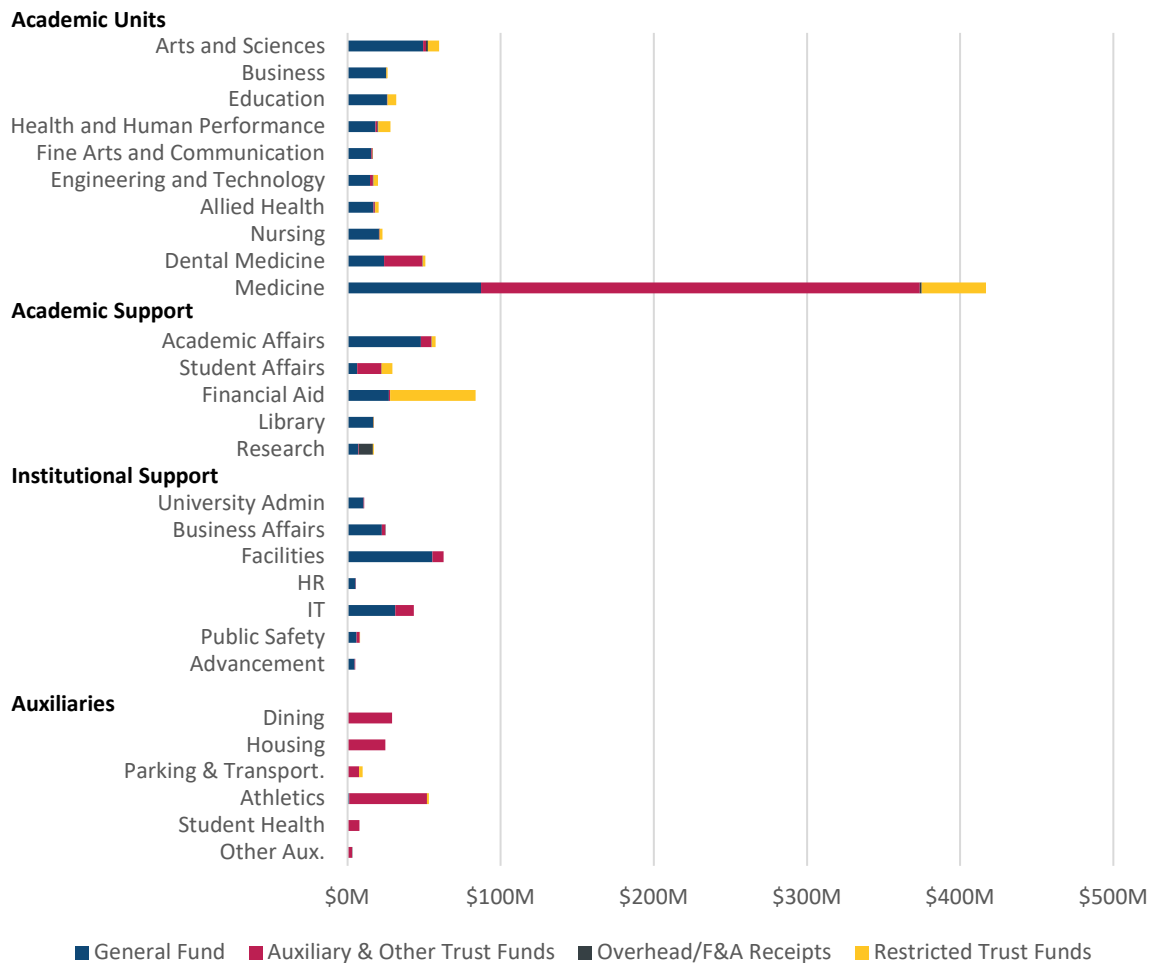
The evolving needs of the workforce and the competitive nature of talent acquisition compel ECU to revamp and modernize our organizational structure and systems to enrich the employee journey. Through the integration of Human Resources, the Office for Equity and Diversity, and the Office of Personnel and Financial Administration into a cohesive administrative unit within the Division of Administration and Finance, the university aims to create a streamlined and innovative approach. This newly formed unit will reimagine and tailor the university's people services and strategies, starting with enhancing process transparency, minimizing inefficiencies, elevating stakeholder interactions, and refining service delivery.

Based on the performance weighted funding model, ECU expects a \$8.7M recurring reduction for fiscal year 2025. These reductions were achieved using the Faculty Realignment Incentive Program (FRIP), savings from previous organizational restructuring and other efficiencies. ECU continues to be impacted by inflationary increases and competitive labor markets. We continue to review operations to develop greater efficiencies to mitigate the impacts of inflation while still offering programs and services for the campus community.

The Board of Trustees approved the FY25 All Funds Budget during the April 12, 2024 meeting.



Operating Expenses by Unit



East Carolina University
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 365,337,000	\$ -	\$ -	\$ -	\$ 365,337,000
	Tuition & Fees	\$ 172,487,000	\$ 56,024,000	\$ -	\$ 7,731,000	\$ 236,242,000
	<i>Less Discounts and Allowances</i>	\$ (27,742,000)	\$ (8,645,000)	\$ -	\$ (23,182,000)	\$ (59,569,000)
	Sales & Services	\$ 1,886,000	\$ 101,436,000	\$ -	\$ 3,035,000	\$ 106,357,000
	Patient Services	\$ -	\$ 285,171,000	\$ -	\$ 7,410,000	\$ 292,581,000
	Contracts & Grants	\$ 1,883,000	\$ 1,003,000	\$ 13,089,000	\$ 121,360,000	\$ 137,335,000
	Gifts & Investments	\$ -	\$ 17,905,000	\$ -	\$ 2,801,000	\$ 20,706,000
	Other Revenues	\$ 741,000	\$ 20,949,000	\$ -	\$ -	\$ 21,690,000
Revenues Total		\$ 514,592,000	\$ 473,843,000	\$ 13,089,000	\$ 119,155,000	\$ 1,120,679,000
Expenses	Salaries and Wages	\$ 320,424,000	\$ 217,925,000	\$ 5,259,000	\$ 29,675,000	\$ 573,283,000
	Staff Benefits	\$ 109,866,000	\$ 72,264,000	\$ 1,635,000	\$ 8,340,000	\$ 192,105,000
	Services, Supplies, Materials, & Equip.	\$ 60,049,000	\$ 160,835,000	\$ 6,173,000	\$ 27,496,000	\$ 254,553,000
	Scholarships & Fellowships	\$ 27,742,000	\$ 8,645,000	\$ 13,000	\$ 57,693,000	\$ 94,093,000
	<i>Less Discounts and Allowances</i>	\$ (27,742,000)	\$ (8,645,000)	\$ -	\$ (23,182,000)	\$ (59,569,000)
	Debt Service	\$ -	\$ 17,104,000	\$ -	\$ 8,180,000	\$ 25,284,000
	Utilities	\$ 22,879,000	\$ 510,000	\$ -	\$ (1,509,000)	\$ 21,880,000
	Other Expenses	\$ 4,164,000	\$ 782,000	\$ 341,000	\$ 11,220,000	\$ 16,507,000
Expenses Total		\$ 517,382,000	\$ 469,420,000	\$ 13,421,000	\$ 117,913,000	\$ 1,118,136,000
Net Transfers		\$ (1,952,000)	\$ (3,617,000)	\$ (1,424,000)	\$ (2,592,000)	\$ (9,585,000)
Change in Fund Balance			\$ 806,000	\$ (1,756,000)	\$ (1,350,000)	\$ (2,300,000)



Elizabeth City State University's Fiscal Year 25 (FY25) All-Funds Budget reflects continued progress towards the UNC System's strategic goals, ECSU's strategic goals, improved efficiency, financial sustainability, and minimizing enterprise risks.

The FY25 All-Funds Budget was prepared to allow ECSU to expand on the successes achieved in FY23 and FY24. Despite a nationwide decline in the number of college-age students and flat tuition rates, ECSU was able to realize an increase in enrollment, an increase the four-year graduation rate, an improvement in undergraduate degree efficiency, a reduction in first time student debt at graduation, a reduction to transfer student debt at graduation, and a reduction to education and related expenses per degree. Additionally, our FY23 and FY24 investments in the Division of University Advancement has resulted in increased participation and giving to ECSU.

ECSU is also continuing to invest in building its reserves. Resources have been allocated in FY25 to General Fund reserves that allow for a healthy 7/1/25 General Fund reserve of 8.00% of the overall General Fund budget. 6/30/24 Trust and Auxiliary funds total fund balance is expected to be at its highest amount in many years. Non-General Fund use of fund balance is reserved for one-time purchases only, and Trust & Auxiliary fund managers are required to budget revenues in excess of expenses in order to build a fund balance that equals one year of that fund's operating expenses.

Additional investments continue to be made in reaching university-specific goals as detailed in the ECSU 2020-2025 Strategic Plan. While many of ECSU's strategic goals mirror the priorities set forth by the UNC Board of Governors and the UNC System President, ECSU has also identified the goals "Ensure student services align with student needs and expectations" and to "Cultivate and promote our unique Viking culture and pride." Towards these and other Strategic Plan goals, a one stop ECSU Welcome Center was established in Summer 2023 and provides a front door to the campus for future Vikings and their families. It provides current and prospective students with direct access to key university resources in one centralized location. ECSU's FY24 and FY25 budgets reflect continuing strategic investments in the Welcome Center through investments in digital signage, a virtual queuing system, a start-of-the-art auditorium, and branded sidewalks and walkways.

Consistent with our Strategic Plan, the ECSU FY25 All-Funds Budget also reflects the University's continuing work in providing resources to support goal 1.5.5 "Properly update and maintain

aviation inventory and equipment in order to remain competitive in the field.” For example, during FY24, funding was provided to support the purchase of a 2023 Diamond twin engine aircraft and a 2021 Cessna 172S aircraft. In addition, FY25’s budget will support the purchases of two aircrafts, a 2000 and 2007 Cessna 172S Skyhawk.

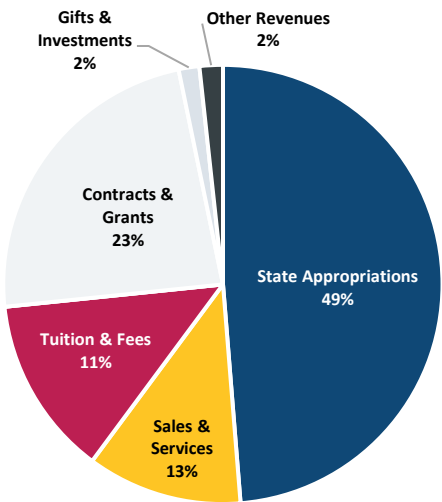
ECSU continues to make great strides towards reaching financial sustainability and limiting enterprise risk. Trust and Auxiliary fund balances as well as our financial ratios continue to be at their highest level in many years. Our implemented reserve level policy for trust and auxiliary funds ensures that adequate reserve levels exist in future years.

These efforts were recognized in July 2022 when Moody’s Investors Service upgraded ECSU’s bond rating from a Baa2 (stable outlook) to a Baa1 (stable outlook). In addition, factors that could lead to an additional upgrade of our rating in the future include “Sustained material improvement in operating performance” and “Significant increase in wealth and unrestricted liquidity.” In an effort to position ECSU for a second consecutive rating increase, the Chancellor and the Leadership Team will continue to follow budgetary best practices while also maintaining the flexibility to adjust to any issues that may arise during FY25. ECSU’s dedication to increasing enrollment, sustaining material improvements in operating performance, and increasing wealth and unrestricted liquidity will be vital to a second consecutive ratings increase.

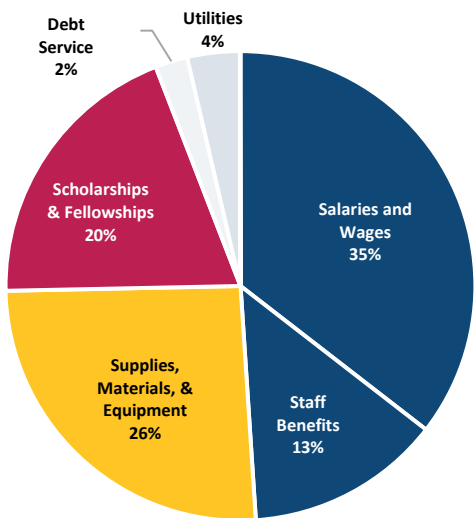
For the 2023-2025 fiscal biennium, ECSU will be appropriated \$1,000,000 each year in non-recurring funds to support athletic departmental expenses. These funds are supported by General Fund appropriation and Sport Wagering receipts. In the past, athletic deficits have been strategically funded from unrestricted resources. In FY24 and FY25, these deficits will be offset with state appropriations sports wagering receipts, thus greatly reducing the burden of the unrestricted funds in supporting athletics, as has been done in prior years.

The ECSU Board of Trustees approved the ECSU FY24 All-Funds Budget on March 19, 2024.

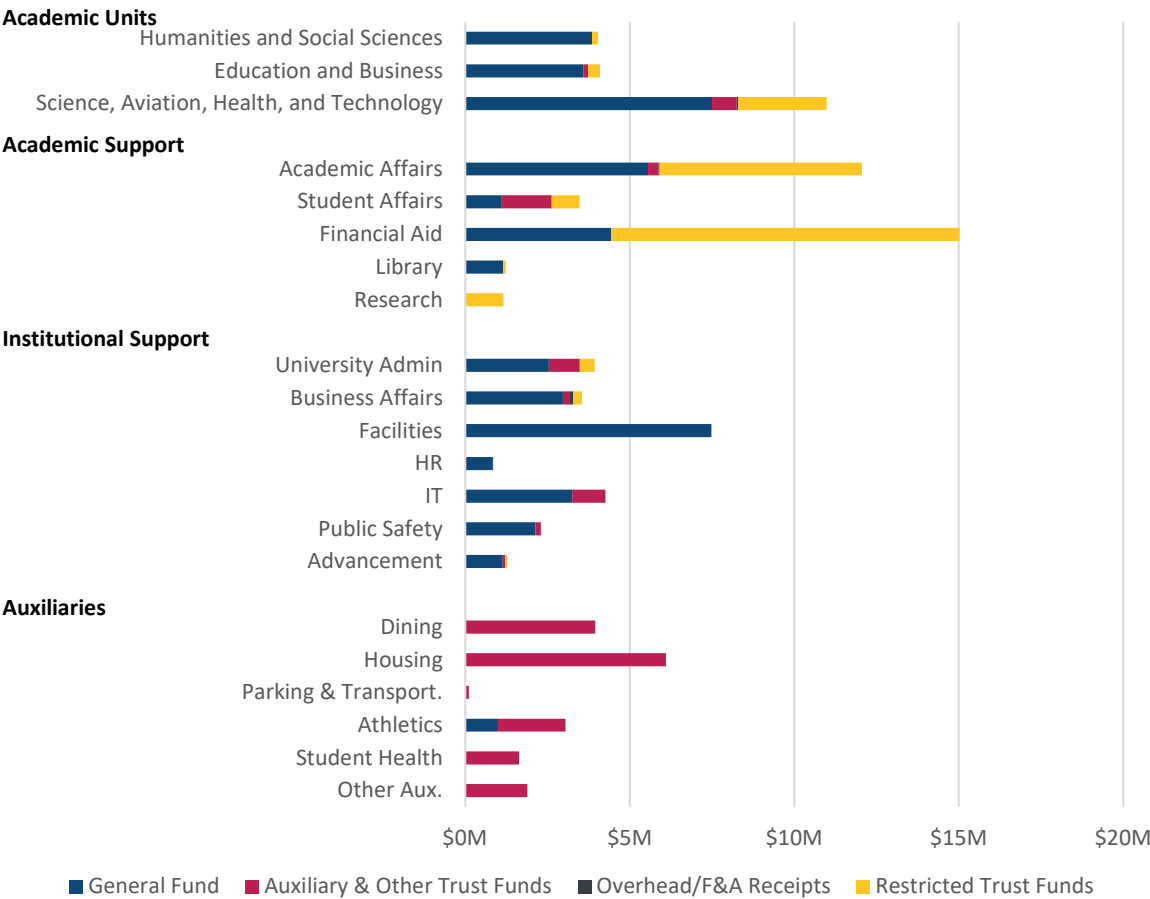
Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit



Elizabeth City State University
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 46,964,000	\$ -	\$ -	\$ -	\$ 46,964,000
	Tuition & Fees	\$ 4,765,000	\$ 6,250,000	\$ -	\$ -	\$ 11,015,000
	<i>Less Discounts and Allowances</i>	\$ (3,925,000)	\$ (917,000)	\$ -	\$ (4,360,000)	\$ (9,202,000)
	Sales & Services	\$ -	\$ 12,754,000	\$ -	\$ -	\$ 12,754,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ 105,000	\$ 98,000	\$ 22,360,000	\$ 22,563,000
	Gifts & Investments	\$ -	\$ 1,037,000	\$ -	\$ 431,000	\$ 1,468,000
	Other Revenues	\$ 853,000	\$ 678,000	\$ 119,000	\$ -	\$ 1,650,000
Revenues Total		\$ 48,657,000	\$ 19,907,000	\$ 217,000	\$ 18,431,000	\$ 87,212,000
Expenses	Salaries and Wages	\$ 25,744,000	\$ 4,083,000	\$ 95,000	\$ 4,297,000	\$ 34,219,000
	Staff Benefits	\$ 10,150,000	\$ 1,621,000	\$ 24,000	\$ 1,197,000	\$ 12,992,000
	Services, Supplies, Materials, & Equip.	\$ 10,336,000	\$ 11,109,000	\$ 96,000	\$ 3,272,000	\$ 24,813,000
	Scholarships & Fellowships	\$ 3,925,000	\$ 917,000	\$ 2,000	\$ 13,945,000	\$ 18,789,000
	<i>Less Discounts and Allowances</i>	\$ (3,925,000)	\$ (917,000)	\$ -	\$ (4,360,000)	\$ (9,202,000)
	Debt Service	\$ -	\$ 2,137,000	\$ -	\$ -	\$ 2,137,000
	Utilities	\$ 2,427,000	\$ 986,000	\$ -	\$ 80,000	\$ 3,493,000
	Other Expenses	\$ -	\$ 22,000	\$ -	\$ -	\$ 22,000
Expenses Total		\$ 48,657,000	\$ 19,958,000	\$ 217,000	\$ 18,431,000	\$ 87,263,000
Net Transfers		\$ -	\$ (789,000)	\$ -	\$ -	\$ (789,000)
Change in Fund Balance			\$ (840,000)	\$ -	\$ -	\$ (840,000)



To: Jennifer Haygood, Senior VP for Finance and Administration/Chief Financial Officer
From: Lillian Wanjagi, Vice Chancellor for Business and Finance/Chief Financial Officer
cc: Darrell T. Allison, Chancellor

Date: May 14, 2014

Subject: Fayetteville State University All Funds Budget

Fayetteville State University has prepared its FY 2024-25 All Funds Budget. The 2024-25 university's budget maintains our longstanding focus on academic excellence, campus vitality, and fiscal discipline.

FSU implemented a resource allocation strategy that responds to the needs of our students and demands of our campus's growth. The FY25 allocation strategy primarily centered on further aligning resources to the university's revitalized Strategic Plan 2022-27 and Campus Master Plan 2023-33, both released within the last fiscal year. These plans are FSU's blueprint for success and division leaders adjusted their funding proposal requests to align with progress towards meeting the benchmarks outlined in the Strategic Plan.

Further, the allocation strategy responds to enrollment growth and a commitment to keep FSU affordable for North Carolina families. FSU recorded its largest enrollment in 20 years during the Fall 2023 semester with a total matriculation of 6,857 students. To remain an affordable option for students, this budget takes seriously cost containment to minimize the transfer of high costs to students, while still making key investments in their education. Lastly, the university also remains continuously aware of longstanding resource constraints and remains proactive in consuming inflationary costs that could potentially impact strategic goals.

The primary focus for the FY25 budget is to grow our financial position, while focusing on expanding funding for necessary needed initiatives. As such, division leaders were asked to review their base budget, notate additional funding requests in their proposals and discuss recurring and nonrecurring funding impacts for new initiatives. The Division of Business and Finance primarily developed efficiencies to manage inflation-related cost increases. The business and finance system budget includes an approximately 20% increase over last year's costs in maintenance service agreements for the key administrative finance systems, as well as inflationary increases in all the facilities' service agreements had inflationary increases.

FSU has devoted much of its funding towards these mission-critical goals:

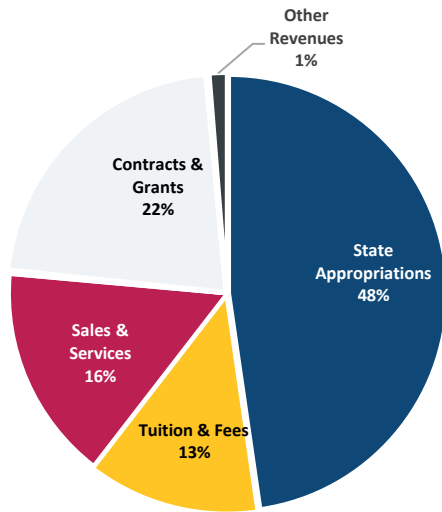
- **Student Mental Health Support.** The University experienced a 45% increase in the

number of students receiving mental health counseling from fiscal year 2022-23 to 2023-24. The FY25 All-Funds Budget increases funding for Student Health Counseling and Prevention Services to address gaps in psychiatric care, increase case management support, cover expenses for off-campus referrals for specialized clinicians, and maintain technology platforms that provide peer-to-peer mental health support.

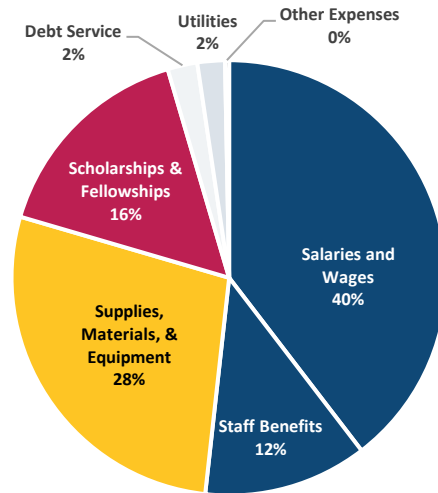
- **Campus Safety Expansion.** Because of the University's increased enrollment growth and to ensure the continued safety of our students, faculty and staff, our Public and Public Safety department (PPSD) is continuously expanding. During 2024-2025, the PPSD will relocate to a 9,445 SQFT facility to provide adequate space for the functions of the PPSD. To complete this project, the building will be redesigned to accommodate more staff, technology, 911 call center, investigation lab, evidence room, weapons room, and conference rooms.
- **Elevating Academic Excellence.** The FY25 All Funds Budget supports four strategic priorities within the Division of Academic Affairs, including: (1) increasing 4-year retention and graduation rates centered on degree efficiency; (2) expanding the infrastructure in advising, financial aid and admissions to meet the strategic enrollment growth of the university; (3) integrating cutting-edge technological innovation through classroom enhancements; (4) and establishing new faculty lines for high demand degree programs (Cybersecurity, Nursing, and Public Health).
- **Expanding Campus Technology Infrastructure and Cybersecurity.** The ITS All-Funds Budget is strategically allocated to enhance classroom technologies, enabling the transition to HyFlex spaces. This transformation includes outfitting classrooms with advanced displays, cameras, improved acoustics, and state-of-the-art computers. This funding supports ITS in implementing robust intrusion detection and prevention systems. By doing so, we aim to safeguard our campus network against cyber-related incidents, ensuring the protection of sensitive data and maintaining the integrity of our digital infrastructure. ITS is negotiating longer-term contracts with fixed pricing where possible, and continuously evaluating and adjusting our technology to ensure cost-effectiveness to address inflationary costs.

The accompanying budget provides a balanced general fund budget, surplus generating trust fund and restricted trust funds to meet the objectives of the University's strategic plan, the UNC System priorities, and, most importantly, allocates resources to improve student success for FSU students. The FSU Board of Trustees met on April 25, 2024, and approved the All-Funds Budget.

Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit

Academic Units

College of Business and Economics
College of Education
College of Health, Science and Technology
College of Humanities & Social Sciences

Academic Support

Academic Affairs
Student Affairs
Financial Aid
Library
Research

Institutional Support

University Admin
Business Affairs
Facilities
HR
IT
Public Safety
Advancement

Auxiliaries

Dining
Housing
Parking & Transport.
Athletics
Student Health
Other Aux.



Fayetteville State University
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 86,278,000	\$ -	\$ -	\$ -	\$ 86,278,000
	Tuition & Fees	\$ 11,672,000	\$ 11,371,000	\$ 3,000	\$ -	\$ 23,046,000
	<i>Less Discounts and Allowances</i>	\$ (4,231,000)	\$ (1,220,000)	\$ -	\$ (11,160,000)	\$ (16,611,000)
	Sales & Services	\$ 580,000	\$ 28,255,000	\$ -	\$ -	\$ 28,835,000
	Patient Services	\$ -	\$ 380,000	\$ -	\$ -	\$ 380,000
	Contracts & Grants	\$ -	\$ -	\$ 992,000	\$ 38,564,000	\$ 39,556,000
	Gifts & Investments	\$ -	\$ 270,000	\$ 81,000	\$ 50,000	\$ 401,000
	Other Revenues	\$ 455,000	\$ 1,752,000	\$ 86,000	\$ -	\$ 2,293,000
Revenues Total		\$ 94,754,000	\$ 40,808,000	\$ 1,162,000	\$ 27,454,000	\$ 164,178,000
Expenses	Salaries and Wages	\$ 58,170,000	\$ 8,386,000	\$ 82,000	\$ 3,104,000	\$ 69,742,000
	Staff Benefits	\$ 17,916,000	\$ 2,515,000	\$ 31,000	\$ 1,013,000	\$ 21,475,000
	Services, Supplies, Materials, & Equip.	\$ 15,388,000	\$ 21,768,000	\$ 617,000	\$ 11,182,000	\$ 48,955,000
	Scholarships & Fellowships	\$ 4,231,000	\$ 1,220,000	\$ 69,000	\$ 22,528,000	\$ 28,048,000
	<i>Less Discounts and Allowances</i>	\$ (4,231,000)	\$ (1,220,000)	\$ -	\$ (11,160,000)	\$ (16,611,000)
	Debt Service	\$ 846,000	\$ 3,048,000	\$ -	\$ -	\$ 3,894,000
	Utilities	\$ 2,435,000	\$ 1,132,000	\$ 3,000	\$ -	\$ 3,570,000
	Other Expenses	\$ -	\$ 549,000	\$ -	\$ -	\$ 549,000
Expenses Total		\$ 94,755,000	\$ 37,398,000	\$ 802,000	\$ 26,667,000	\$ 159,622,000
Net Transfers		\$ (921,000)	\$ 226,000	\$ 125,000	\$ 193,000	\$ (377,000)
Change in Fund Balance			\$ 3,636,000	\$ 485,000	\$ 980,000	\$ 5,101,000



May 1, 2024

Jennifer Haygood
University of North Carolina- General Administration
Senior Vice President for Finance & Administration and CFO
223 S West St Suite 1800
Raleigh, NC 27603

North Carolina A&T State University has developed the FY24-25 All Funds Budget to advance the UNC System strategic goals, as well as NC A&T's strategic priorities. The UNC System strategic plan includes access, affordability and efficiency, student success, economic impact and community engagement, and excellent and diverse institutions. In direct support of the goals the University presents a \$470 Million budget for Board of Governor Approval.

Excellence and Diverse Institutions - R-1 Premier Research University

North Carolina A&T State University is on a bold trajectory towards becoming an R-1 institution, a designation signifying very high research activity. The university in FY2023 generated over \$167 million in sponsored research awards. This pursuit aligns perfectly with the university's strategic priorities outlined in "Preeminence 2030: North Carolina A&T Blueprint."

In support of R-1 Premier Research University goal, the University is enhancing Graduate Education Support. This is accomplished by enhancing our graduate programs model that offers attractive tuition support, fellowships, streamlines the admissions process, and expands research opportunities for graduate students. This focus on attracting and retaining top graduate talent strengthens the university's research capabilities, a cornerstone of R-1 status.

The University is also making investments in faculty excellence. The university prioritizes faculty by providing funding support for competitive salaries, development through competitive research grants, mentorship programs, and opportunities for collaboration. This empowers faculty and enable the recruitment of top talent to conduct groundbreaking research, publish their findings, and ultimately secure prestigious R-1 research funding.

The establishment of the office of Strategic Partnerships and Economic Development helps foster innovation with the state of NC. N.C. A&T and actively cultivates partnerships with industry leaders and government agencies. It aligns with our goal of Transformative Engagement. This collaborative approach fuels cutting-edge research with real-world applications, leading to technological advancements that stimulate economic growth within North Carolina and beyond.

Established officially in 2023, the Honors College attracts high-achieving students and provides them with enriched learning experiences, research opportunities, and leadership development programs. Our budget provides operational support the expansion of the Honors College. These exceptional graduates become ambassadors for N.C. A&T's academic excellence, further bolstering the university's reputation as a premier research institution.

These initiatives work in concert to propel N.C. A&T towards R-1 status. A robust graduate program attracts talented researchers who collaborate with well-supported faculty. Strategic partnerships leverage this research for economic development, while the Honors College cultivates future generations of R-1 leaders. This comprehensive approach strengthens N.C. A&T's reputation for academic excellence and positions it as a leader in innovation and economic prosperity.



Building Administrative Capacity

To ensure long-term success, the university prioritizes building internal capacity and allocating resources strategically. This two-pronged approach focuses on strengthening compliance functions, improving internal processes, and supporting Chancellor's initiatives.

The University strive to build a culture of compliance. By investing in legal, internal audit, and tax accounting functions, N.C. A&T is proactively managing risk and ensuring adherence to all applicable laws and regulations. This includes:

- Legal: Expanding the Office of Legal Affairs software systems to provide a resource for comprehensive legal information, mitigating legal risks and safeguarding the university's interests.
- Internal Audit: Strengthening the Department of Internal Audit to conduct more frequent and in-depth reviews of university operations, identifying and addressing potential control weaknesses before they escalate into problems.
- Tax Accounting: Enhancing the expertise within the tax department to optimize tax strategies and ensure accurate and timely tax filings.

N.C. A&T recognizes the importance of efficient internal processes for optimal performance. In support of our Goal of Performance Excellence Strategic investments are being made in the following areas:

- IT: Upgrading IT efficiency and effectiveness through enhanced project management.
- Public Safety: Enhancing public safety measures by investing in key personnel.

Understanding the Chancellor's vision and providing financial support is critical. Accordingly, we are providing investments for the new **Chancellor's Strategic Initiatives**.

By prioritizing capacity building and strategic funding allocation, N.C. A&T is laying the foundation for long-term success. This comprehensive approach ensures that the university is well-positioned to achieve its ambitious goals and continue its ascent to preeminence.

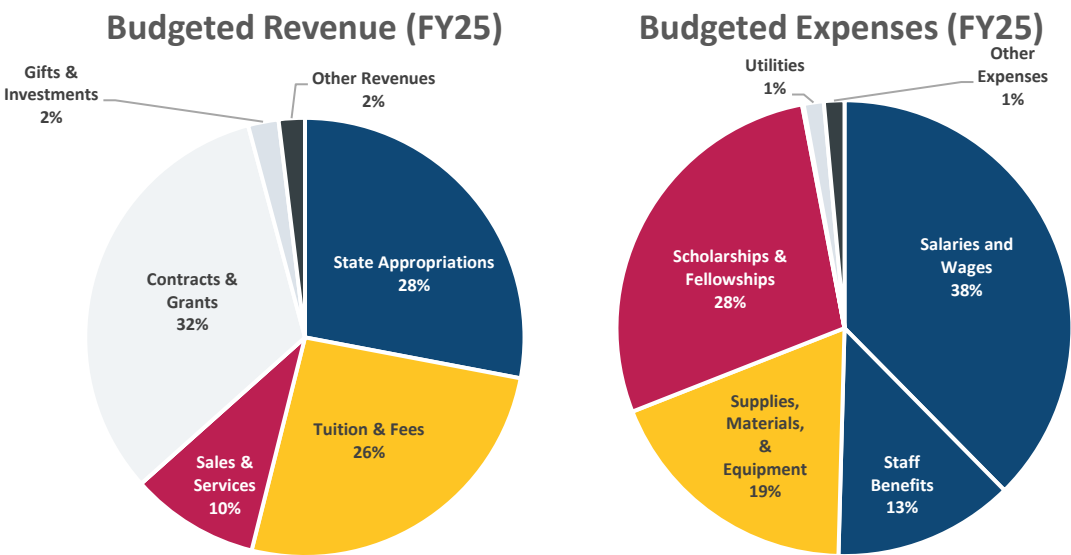
By nurturing these initiatives, N.C. A&T is well on its way to achieving R-1 status. This prestigious designation will not only elevate the university's national and international standing, but also unlock new avenues for research funding, innovation, and economic development, ultimately benefiting North Carolina and beyond.

FY 2025 Budget

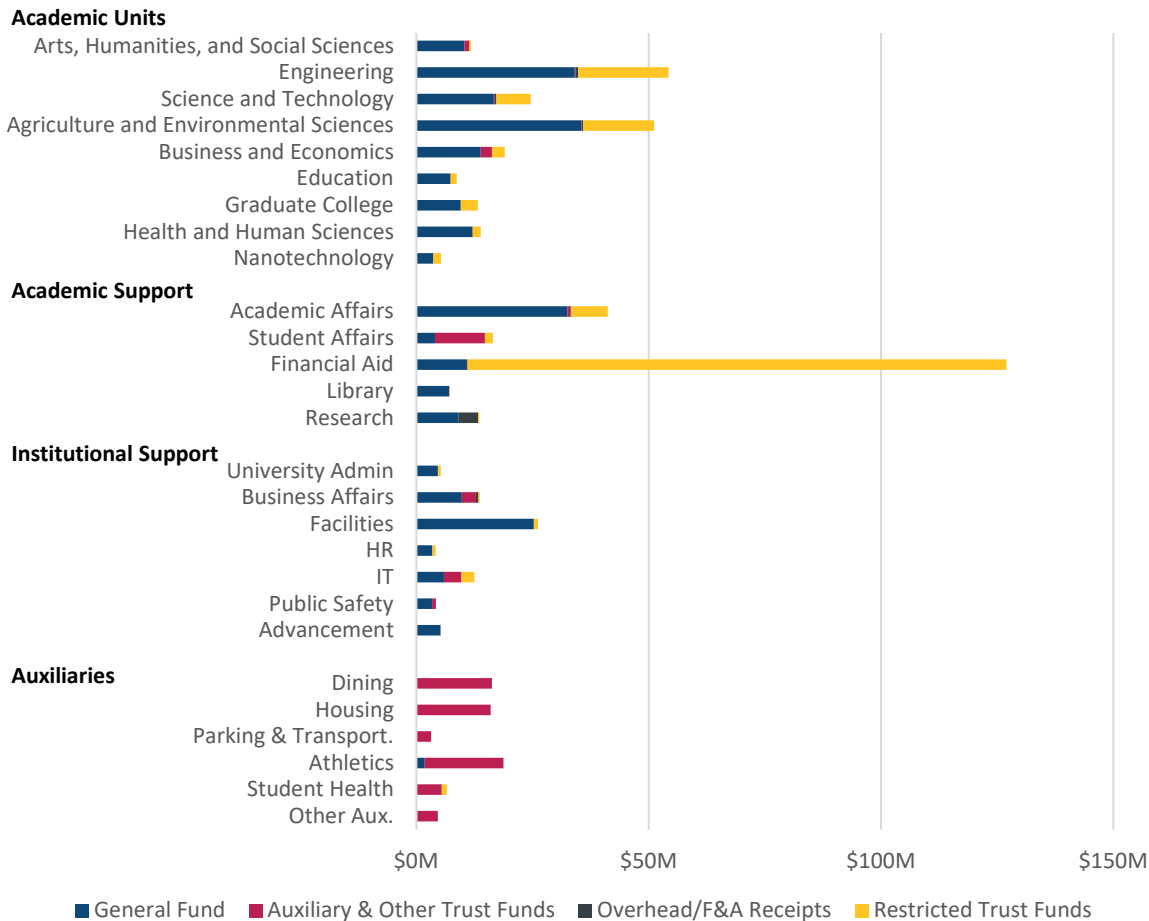
Tuition and Fees, State Appropriations, and Contracts and Grants comprise approximately 26%, 28%, and 33% of total revenues, respectively. The most significant revenue comprising the contracts and grants category is Pell Grant Revenues. Pell Grant revenues also comprise the predominance of the student aid category. Consistent with most University, salaries and benefits comprises the greatest portion of our expenses at 49%. The services category includes major items such as facilities contracted services and food services contracts, and housing and athletic expenses.

The Board of Trustees approved the FY24-25 All-Funds Budget during our April 26, 2024 meeting.

cc: Robert Pompey



Operating Expenses by Unit



**NC Agricultural & Technical University
FY 2024-25 All-Funds Budget**

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 152,940,000	\$ -	\$ -	\$ -	\$ 152,940,000
	Tuition & Fees	\$ 107,249,000	\$ 34,412,000	\$ -	\$ -	\$ 141,661,000
	<i>Less Discounts and Allowances</i>	\$ (13,205,000)	\$ (7,345,000)	\$ -	\$ (55,104,000)	\$ (75,654,000)
	Sales & Services	\$ 4,027,000	\$ 47,910,000	\$ -	\$ -	\$ 51,937,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ 1,550,000	\$ 6,209,000	\$ 169,592,000	\$ 177,351,000
	Gifts & Investments	\$ -	\$ 4,478,000	\$ -	\$ 7,736,000	\$ 12,214,000
	Other Revenues	\$ 351,000	\$ 1,235,000	\$ -	\$ 8,947,000	\$ 10,533,000
Revenues Total		\$ 251,362,000	\$ 82,240,000	\$ 6,209,000	\$ 131,171,000	\$ 470,982,000
Expenses	Salaries and Wages	\$ 160,000,000	\$ 24,079,000	\$ 2,829,000	\$ 18,630,000	\$ 205,538,000
	Staff Benefits	\$ 57,549,000	\$ 8,260,000	\$ 911,000	\$ 3,360,000	\$ 70,080,000
	Services, Supplies, Materials, & Equip.	\$ 28,007,000	\$ 46,450,000	\$ 2,315,000	\$ 25,038,000	\$ 101,810,000
	Scholarships & Fellowships	\$ 13,205,000	\$ 7,345,000	\$ 13,000	\$ 132,421,000	\$ 152,984,000
	<i>Less Discounts and Allowances</i>	\$ (13,205,000)	\$ (7,345,000)	\$ -	\$ (55,104,000)	\$ (75,654,000)
	Debt Service	\$ -	\$ 514,000	\$ -	\$ -	\$ 514,000
	Utilities	\$ 7,177,000	\$ 679,000	\$ -	\$ -	\$ 7,856,000
	Other Expenses	\$ 1,001,000	\$ 611,000	\$ 141,000	\$ 6,101,000	\$ 7,854,000
Expenses Total		\$ 253,734,000	\$ 80,593,000	\$ 6,209,000	\$ 130,446,000	\$ 470,982,000
Net Transfers		\$ 2,372,000	\$ (1,647,000)	\$ -	\$ (725,000)	\$ -
Change in Fund Balance			\$ -	\$ -	\$ -	\$ -

North Carolina Central University
All Funds Budget
Narrative Justification
Fiscal Year 2024-25

North Carolina Central University has completed a comprehensive process to develop an All-Funds budget for submission to the UNC Board of Governors. The budget was developed through a collaborative process, engaging all campus stakeholders in a review that vetted the University's current standing against the metric goals and its' prioritized objectives. The review and planning culminated in a presentation to the Finance and Facilities committee of the NCCU Board of Trustees on April 23, 2024. The All Funds budget was approved by the full board on April 24, 2024.

This year's process identified core areas that need to be addressed in order to successfully push forward on the University metrics across all divisions in fiscal year 2025. Understanding the importance of meeting and exceeding the identified metric goals as well as enhancing overall student success was the collective agenda. NCCU identified areas of improvement to assist in increasing the four-year graduation rates, degree efficiency and related expenses per degree. Through the budget and planning process, the University identified gaps that need to be addressed in order to make progress on the metrics.

There were several strategies that NCCU adopted in support of the collective goal of student success. Examples of the strategies for budget development include:

1. Ability to be nimble, flexible;
2. Support realignment based on strategic priorities;
3. Match budget allocations to strategic plans;

The ability to be nimble is paramount as NCCU navigates a budget reduction due to enrollment for the upcoming fiscal year. The Academic Affairs budget request across the schools and colleges reflects the adjustment for the FY 2024-25 enrollment reduction. To reset for continued growth, the reduction was achieved through the realignment of resources from areas with little to no growth. During the process, areas of focus for continued high growth or focused growth (programs that have been slated for future growth) were also identified. This allows the University to push forward while mitigating the enrollment reduction.

The University also allocated non-appropriated funds, such as Title III, to effect movement on the strategic priorities. Academic Affairs created 10 new student success coaches to assist with retention and persistence of juniors and seniors. The program mirrors the effective programming already in use in the University College for freshman and sophomore students. Using data from the ROI study allowed further program realignments to support emerging workforce needs. Funding across both appropriated and non-appropriated sources was

identified to strengthen the design and implementation of courses across various instructional modes. Funding was also allocated to support faculty development to strengthen teaching in different modalities to support successful student outcomes.

The budget request for Student Affairs reflects continued efforts to enhance the Career and Professional Development Center to ensure career readiness of our students that connects with the academic programs as well as the identified needs of North Carolina's future work force. Funding has also been allocated to support the mental health and wellness of students. In housing and residence life, an approved fee increase supports maintenance and renovation related to life safety and ADA compliance.

The budget request for Administration and Finance reflects continuing efforts to achieve overall University objectives. As started in fiscal year 2024, additional funding is allocated to the Environmental Health and Safety function with the growth of our research enterprise. An additional focus of EHS funding for FY 2025 is appropriate oversight of the aging campus infrastructure (buildings) as it relates to preventive mitigation. Fiscal year 2024 saw an escalation in the need for testing and recommendations for several buildings. This is expected to continue.

In Police and Public Safety, the strategic use of campus security funding to support initiatives that create a sense of presence, provide ongoing threat assessment training and necessary equipment for campus safety. Funding for additional security patrols was also identified as the University recognizes a need for more defined separation between the campus and the growing activity of the urban community just outside of the campus perimeter. The funding will allow for additional cameras, and license plate readers (LPRs)

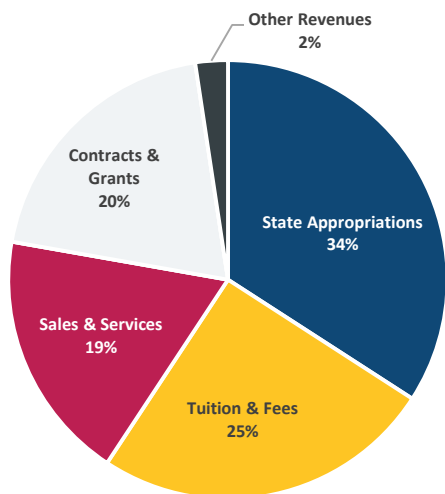
A fee increase in dining services allows the University to continue in its' commitment to offer high quality food and retail services throughout the campus. It also allows for strategic investment in infrastructure improvements that continue from fiscal year 2024. Each of the areas of focus for Administration and Finance add to the student success initiatives identified for NCCU. It helps to support the overall student experience in the classroom, research labs and student facing areas.

In Athletics, the budget reflects a realignment of projected revenue with a focus on game guarantees and sales and service. A review of historical revenue budgets aligned the new year projections to mirror actual revenue received. The state appropriated funds used for Athletics are being used to support administrative salaries, operating and facility needs. The state appropriations also help to offset the need for other institutional support funds to supplement Athletics.

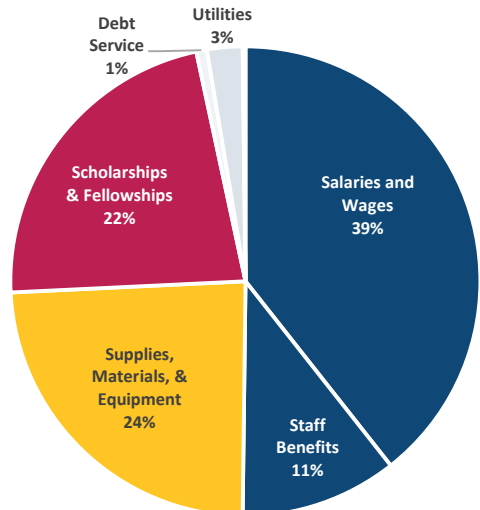
The information technology budget was realigned to provide more support to cyber security efforts given the cyber intrusion suffered by the campus during the current fiscal year. Two new positions have been created to support the ITS infrastructure going forward. Additional funding support in monitoring activities has been budgeted for fiscal year 2025.

While there is no significant infusion of 'new funds' to NCCU in fiscal year 2024-25, the realignment of resources to strategic initiatives was a primary source of achieving a budget that allows the University to strengthen targeted areas to support growth and development. It should also be noted that the budget reflects the University's continued use of vacant positions for redeployment as well as to support retention needs of current employees and offers to new employees to remain competitive in the hyper competitive Triangle labor market.

Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit

Academic Units

College of Arts, Social Sciences & Humanities
College of Health & Sciences
School of Business
School of Education
School of Library/Information Science
Law School

Academic Support

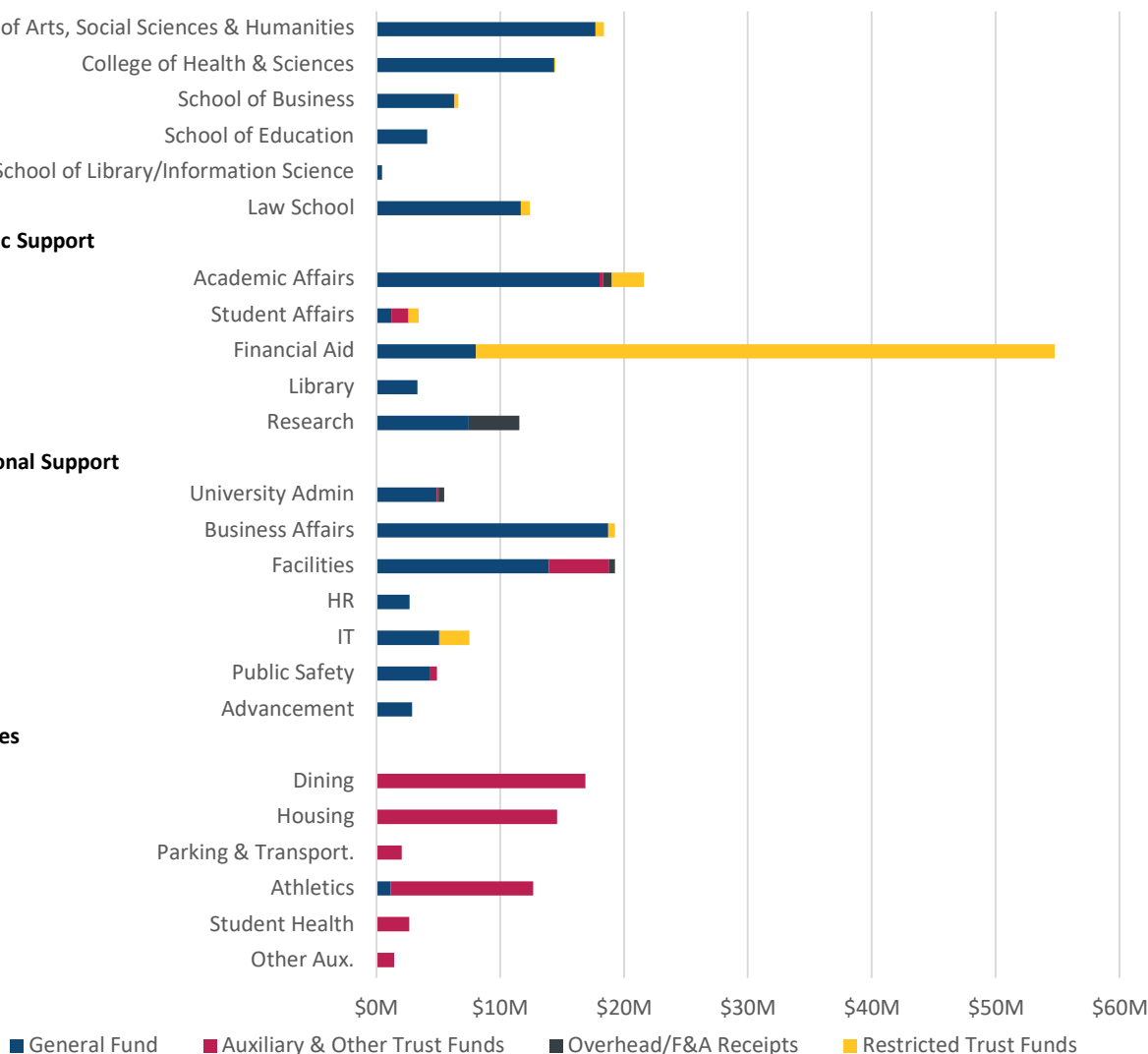
Academic Affairs
Student Affairs
Financial Aid
Library
Research

Institutional Support

University Admin
Business Affairs
Facilities
HR
IT
Public Safety
Advancement

Auxiliaries

Dining
Housing
Parking & Transport.
Athletics
Student Health
Other Aux.



North Carolina Central University
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 90,525,663	\$ -	\$ -	\$ -	\$ 90,525,663
	Tuition & Fees	\$ 53,496,769	\$ 12,218,000	\$ -	\$ 981,000	\$ 66,695,769
	<i>Less Discounts and Allowances</i>	\$ (7,298,000)	\$ (4,530,000)	\$ -	\$ (2,768,000)	\$ (14,596,000)
	Sales & Services	\$ 2,030,000	\$ 44,227,000	\$ -	\$ 2,826,000	\$ 49,083,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ -	\$ 5,932,000	\$ 46,680,000	\$ 52,612,000
	Gifts & Investments	\$ -	\$ -	\$ -	\$ -	\$ -
	Other Revenues	\$ -	\$ 1,500,000	\$ -	\$ 4,829,000	\$ 6,329,000
Revenues Total		\$ 138,754,432	\$ 53,415,000	\$ 5,932,000	\$ 52,548,000	\$ 250,649,432
Expenses	Salaries and Wages	\$ 84,733,000	\$ 13,969,000	\$ 1,518,000	\$ 3,442,000	\$ 103,662,000
	Staff Benefits	\$ 21,342,000	\$ 5,760,000	\$ 441,000	\$ 916,000	\$ 28,459,000
	Services, Supplies, Materials, & Equip.	\$ 27,346,000	\$ 28,757,000	\$ 3,409,000	\$ 3,802,000	\$ 63,314,000
	Scholarships & Fellowships	\$ 7,298,000	\$ 4,530,000	\$ 482,000	\$ 46,685,000	\$ 58,995,000
	<i>Less Discounts and Allowances</i>	\$ (7,298,000)	\$ (4,530,000)	\$ -	\$ (2,768,000)	\$ (14,596,000)
	Debt Service	\$ -	\$ 1,859,000	\$ 46,000	\$ -	\$ 1,905,000
	Utilities	\$ 4,970,000	\$ 1,438,000	\$ -	\$ -	\$ 6,408,000
	Other Expenses	\$ 363,000	\$ 107,000	\$ 36,000	\$ 8,000	\$ 514,000
Expenses Total		\$ 138,754,000	\$ 51,890,000	\$ 5,932,000	\$ 52,085,000	\$ 248,661,000
Net Transfers		\$ -	\$ (1,525,000)	\$ -	\$ (465,000)	\$ (1,990,000)
Change in Fund Balance			\$ -	\$ -	\$ (2,000)	\$ (2,000)

FY25 All-Funds Budget

NC State's land-grant mission to provide education, research, and outreach that benefits all North Carolinians drives the university's path forward and is reflected in the goals identified in our strategic plan, "Wolfpack 2030: Powering the Extraordinary." A strong North Carolina depends on attracting students from all backgrounds, providing them with a high-quality experiential education, making extensive efforts to ensure they graduate in a timely manner, and positioning them to solve society's grand challenges. Our state benefits greatly from NC State's position as a pre-eminent research enterprise, which continues to create and grow economic, societal, and intellectual prosperity. With the local, national, and global landscape constantly changing, we seek to improve the future by preparing today's students for tomorrow's careers in science, technology, engineering, and mathematics.

NC State is home to 38,442 (or 37,323, our IPEDS number) students and 10,040 (or 10,022 IPEDS) faculty and staff. Our footprint in Wake County includes our main campus (home to eight of our eleven colleges), centennial campus (home to the College of Engineering, Wilson College of Textiles, interdisciplinary research spaces and co-located industry partners) and the centennial biomedical campus (home to the College of Veterinary Medicine and their industry partners). In addition, NC State has locally focused agricultural extension services in every North Carolina county and the Eastern Band of Cherokee. We manage a budget of \$2 billion consisting of state and federal appropriations, tuition and fees, contracts and grants, sales and services and other sources. The scope and scale of who we are and what we do requires a strategic approach to resource management.

NC State's recent successes were achieved through aligning resources (budget) with strategic goals and initiatives including:

- Our latest six-year graduation rate for students entering NC State as full-time first time students and graduating from NC State is **85.3%** - increase of about 4 percentage points over the prior 5 cohorts.
- First-year applications for enrollment increased **18%** to nearly **43,000** for Fall 2023.
- Underserved county enrollments in Fall 2023 increased 3.78% from Fall 2022.
- The average cumulative debt at graduation for first-time students and transfer students in 2023 is the lowest in three years and meets targets set by the System Office.
- In FY23 NC State researchers received a record \$481 million in sponsored research awards.
- In FY23 NC State research expenditures exceeded a record \$630 million.
- NC State is in the top 10 in total research expenditures among universities without a medical school.
- To date, we launched more than **200 startups and spinoffs** — new companies — based on NC State intellectual property. **14** were launched in FY23.
- The Association of University Technology Managers ranks NC State **#4** among all U.S. universities without medical schools for research-based startups.
- Ranked **#1** nationwide for active licenses and options among universities without a medical school.

The outcome measures cited above provide evidence that NC State has been engaged in best practices encouraged by the All-Funds Budget initiative for over a decade. To achieve these successes, NC State reviews budgets and expenditures in all funding sources relative to strategic initiatives in an ongoing, cyclic way both centrally and within the campus units. Specifically, the college annual reviews are conducted by the Provost in coordination with the University Strategic Budget Initiative and include participation of the Chief Financial Officer and the Chief Research Officer. Through this process, a suite of data is evaluated that captures college based performance relative to our mission. Data categories include student, faculty and staff as well as credit hour production, credentials awarded and graduation rates. Strategic budget planning meetings are conducted with all colleges and units to review budgets from a multi-year perspective, analyze funding needs, and allocate resources for strategic initiatives. Annual reviews of research, trust and fee supported units (non-credit hour producing units) also undergo annual performance review with discussion of budget performance and management.

NC State continually monitors changes in financial condition or resources that could affect our standing in the capital markets. Particular attention is given to the impact of inflation and competitive employment markets on our labor costs, materials, and supplies, and an increase in institutional debt burden. NC State's debt burden, with under \$527 million of total debt outstanding as of June 30, 2023, is well within UNC System Office debt capacity calculations and within acceptable liquidity ratio ranges.

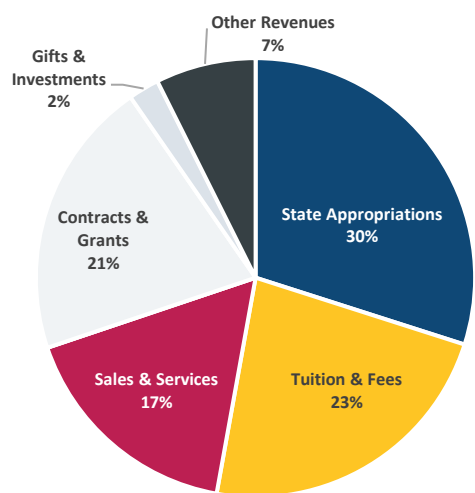
Our resource reallocation strategy involves a tiered approach beginning with departments realigning existing funds to pursue strategic priorities and address unforeseen circumstances. College and unit leadership similarly assess and realign resources across their organizations to address needs that cannot be resolved with department level resources. It is difficult to measure the full magnitude of the university's resource reallocation strategy as a result of the tiered approach and on-going assessment of resource allocations made by the units. However, through the FY24 University Strategic Budget Initiative process, college and unit leaders presented 65 projects amounting to \$63M. Utilizing existing funds, the university's leadership activated 20 projects reallocating \$26M to these strategic initiatives. The university also continues to absorb the growing impact of inflationary increases further challenging our ability to reallocate to new initiatives. For FY25, our budget planning has identified \$20M of existing General Fund resources for strategic reallocation.

NC State embarks on implementation of the "Wolfpack 2030: Powering the Extraordinary," our ten-year strategic plan which provides new goals supporting our core mission of teaching, research and engagement, as well as campus culture, university effectiveness, partnerships and brand and reputation. In the spring of 2023, NC State announced the first cycle of the implementation actions supporting our Wolfpack 2030 goals and published our university strategic plan metrics. We are currently assessing successful completion of those actions and realigning initiatives to launch the second cycle of implementation actions supporting Wolfpack 2030. In addition to the university strategic plan metrics, the UNC System Office published their refreshed Higher Expectations 2022-2027 strategic plan metrics and annually reports on those metrics. Together these sets of metrics provide a rich assessment of progress toward goals.

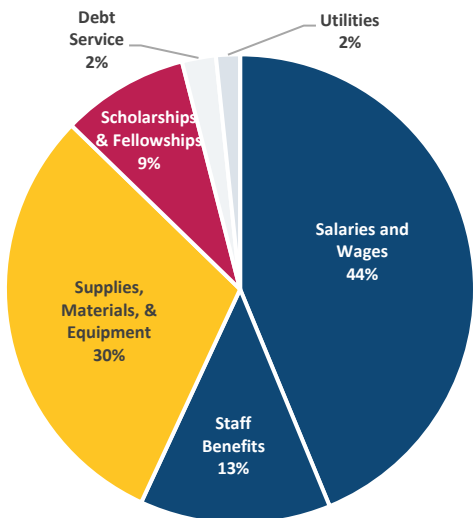
NC State's FY25 All-Funds Budget aligns planned investments with strategic initiatives articulated by unit leadership and by the university as part of implementing these strategic plans. Actions at both the unit level and the university level together will contribute to the success of our new strategic plan including:

- **STEM Education** - FY25 is the third year of efforts to expand the College of Engineering by approximately 4,000 students. Funds are strategically budgeted to continue building capacity through the planned hiring of 135 additional faculty and 35 academic and institutional support staff to ensure the success of the students while enhancing the global reputation of the college and the university.
- **Campus Safety and Student Mental Health Support** - The FY25 Budget includes \$2.2M for student counseling, additional risk assessment case managers and new occupational lab safety positions.
- **Degree Completions** - Provides student support including academic advisors, institutional affairs and health care professionals who have proven highly successful in achieving significant increases in student success metrics. Includes funds for the Community College Collaboration program providing guaranteed admission to NC State, a clear pathway from community colleges to a bachelor's degree, access to NC State degree planning tools, comprehensive advising, and high impact experiences.
- **Affordability** - The FY25 Budget continues a tradition of low resident tuition and fees offering an affordable education for North Carolinians. Undergraduate resident tuition is not increasing for the 8th consecutive year. Mandatory student fees are decreasing by \$96 which is the third consecutive year of student fee decreases. Housing and Dining rates are increasing by 3.5% and 3.3% respectively, in line with inflation over the past year. Overall, NC State ranks 12th out of 13 peer institutions for undergraduate in-state average tuition and fees in AY 2022-23 as reported by IPEDS.
- **Research** - Includes a variety of positions that support and advance NC State's research enterprise, which has achieved record levels of grants and other external funding support and has driven tremendous economic benefit throughout the state.
- **Cyber-Security** - The FY25 Budget includes over \$1M in additional funding to maintain a secure IT environment including identity, access, and endpoint protection.
- **Extension and Public Service** - Increases the capacity of the university to apply expertise that benefits all communities in all 100 counties across North Carolina in agriculture, engineering, textiles and other disciplines.

Budgeted Revenue (FY25)

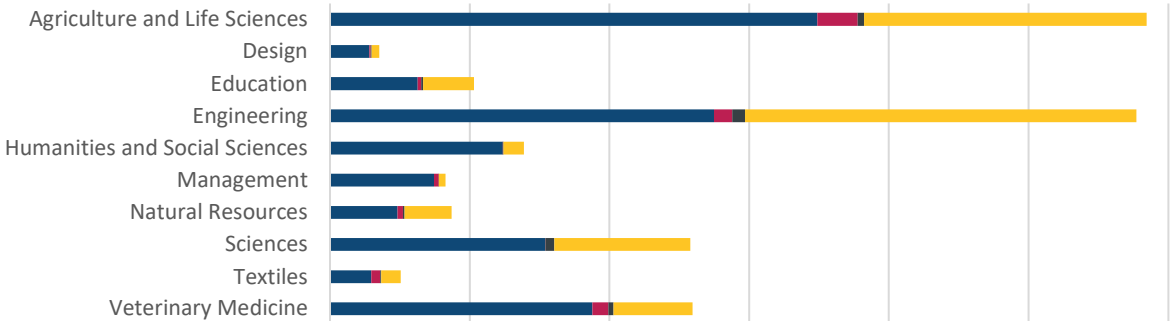


Budgeted Expenses (FY25)

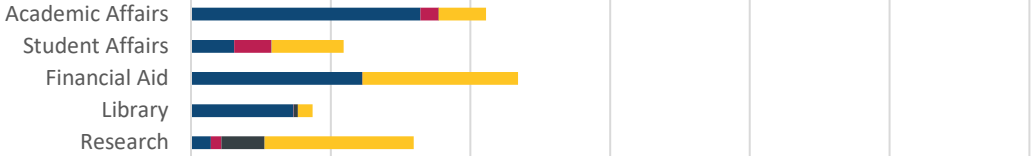


Operating Expenses by Unit

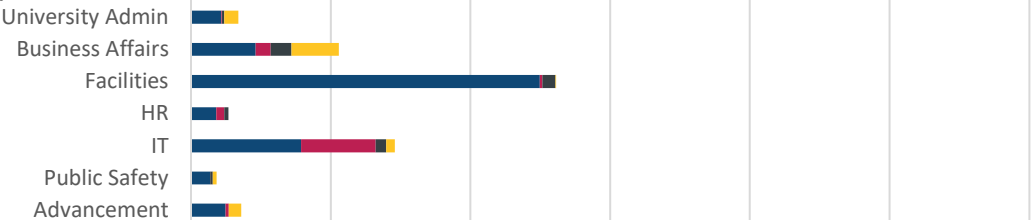
Academic Units



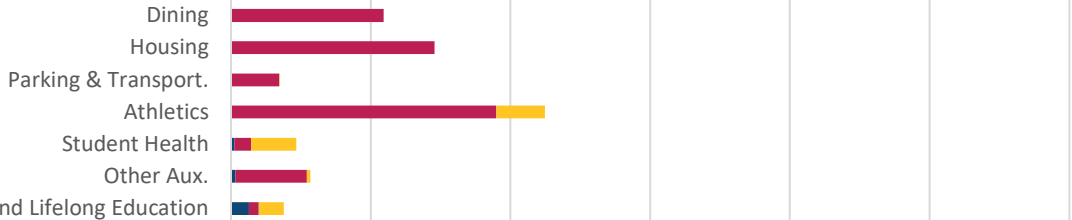
Academic Support



Institutional Support



Auxiliaries



**North Carolina State University
FY 2024-25 All-Funds Budget**

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 653,822,000	\$ -	\$ -	\$ -	\$ 653,822,000
	Tuition & Fees	\$ 387,240,000	\$ 23,502,000	\$ -	\$ 90,330,000	\$ 501,072,000
	<i>Less Discounts and Allowances</i>	\$ (89,240,000)	\$ (519,000)	\$ -	\$ (57,051,000)	\$ (146,810,000)
	Sales & Services	\$ 45,730,000	\$ 324,207,000	\$ -	\$ 1,571,000	\$ 371,508,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ 200,000	\$ 13,000	\$ -	\$ 448,534,000	\$ 448,747,000
	Gifts & Investments	\$ -	\$ 7,335,000	\$ -	\$ 42,073,000	\$ 49,408,000
	Other Revenues	\$ 27,040,000	\$ 21,793,000	\$ 69,999,000	\$ 42,211,000	\$ 161,043,000
Revenues Total		\$ 1,024,792,000	\$ 376,331,000	\$ 69,999,000	\$ 567,668,000	\$ 2,038,790,000
Expenses	Salaries and Wages	\$ 627,053,000	\$ 115,673,000	\$ 13,324,000	\$ 182,552,000	\$ 938,602,000
	Staff Benefits	\$ 194,788,000	\$ 36,495,000	\$ 3,747,000	\$ 46,638,000	\$ 281,668,000
	Services, Supplies, Materials, & Equip.	\$ 177,158,000	\$ 166,480,000	\$ 41,124,000	\$ 266,408,000	\$ 651,170,000
	Scholarships & Fellowships	\$ 89,240,000	\$ 519,000	\$ 194,000	\$ 97,745,000	\$ 187,698,000
	<i>Less Discounts and Allowances</i>	\$ (89,240,000)	\$ (519,000)	\$ -	\$ (57,051,000)	\$ (146,810,000)
	Debt Service	\$ 8,896,000	\$ 29,460,000	\$ 601,000	\$ 11,101,000	\$ 50,058,000
	Utilities	\$ 30,184,000	\$ 3,822,000	\$ 1,374,000	\$ (27,000)	\$ 35,353,000
	Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses Total		\$ 1,038,079,000	\$ 351,930,000	\$ 60,364,000	\$ 547,366,000	\$ 1,997,739,000
Net Transfers		\$ (3,598,000)	\$ (24,508,000)	\$ (4,687,000)	\$ (30,052,000)	\$ (62,845,000)
Change in Fund Balance			\$ (107,000)	\$ 4,948,000	\$ (9,750,000)	\$ (4,909,000)

Greg Lovins
Interim VC for Budget & Finance
211 Phillips Hall, CPO 1422
UNC Asheville
One University Heights
Asheville, North Carolina 28804

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www.unca.edu

To: Jennifer Haygood
Senior Vice President for Finance & Administration and CFO, UNC System

From: Greg Lovins
Interim Vice Chancellor for Budget & Finance, UNC Asheville

Date: May 1, 2024

Re: UNC Asheville FY25 All-Funds Budget Narrative

The fiscal year 2024-25 (FY25) budget for the University of North Carolina Asheville was adopted by the Board of Trustees during its May 2024 meeting. The FY25 budget addresses a structural deficit on the General Fund and positions UNC Asheville to begin making new investments that will continue to strengthen undergraduate enrollment, student retention, and graduation rates and further position UNC Asheville as a student-centered public liberal arts and sciences university.

The budget process for FY25 involved meetings with campus stakeholders from every university department. Through these meetings, UNC Asheville maintained a focus on preserving the student experience in FY24 and beyond while taking necessary steps to alleviate a structural budget deficit.

Strategic Priorities

UNC Asheville's strategic priorities that guided development of the budget focus on addressing the University's five-year enrollment decline that contributed to the current deficit. By working to strengthen recruitment, retention, and graduation rates, the goal is to achieve a sustainable enrollment of 3,800 to 4,000 students by the year 2030.

This strategic focus is already paying dividends, as the enrollment decline was stabilized in Fall 2023 with the largest incoming class of new first-time students since Fall 2019 and current commitments for Fall 2024 are up by more than 200 students (21 percent) from the previous year. Through our Access Asheville program, UNC Asheville remains focused on affordability for these students.

Deficit-Relieving Actions

In February 2024, UNC Asheville projected a structural General Fund FY25 deficit of \$8 million. Since then, university leadership has worked to identify deficit-relieving actions that maintain a vibrant student experience at UNC Asheville. Deficit-relieving actions taken in this budget include:

- \$1 million projected in additional tuition revenue to the General Fund in FY25,
- \$1 million in a one-time transfer from institutional trust funds,
- \$3.2 million in position actions, including FRIP, RIFs, and reductions in non-permanent positions, and
- \$400K in non-personnel reductions.

These actions represent \$5.6M in deficit relief while preserving the student experience at UNC Asheville. Absorbing these budget reductions in addition to reduced purchasing power due to inflationary pressures represents a significant effort to operate efficiently while continuing to effectively serve our students.

An additional \$2.4M in savings will be needed in FY25. UNC Asheville is actively pursuing budget savings and efficiencies through:

- Review of the academic portfolio,
- Review of all vacant positions,
- Strategic use of lapsed salary, and
- Maximizing use of restricted institutional trust funds.

Through these actions, UNC Asheville will achieve a balanced budget in FY25.

As UNC Asheville presents its FY25 budget, we express our gratitude to faculty, staff, students and our leadership team for the challenging work accomplished to address our budget deficit. By submitting creative ideas to reduce the deficit and scrutinizing budgets and expenditures, the entire campus community deserves credit for the progress made to date.

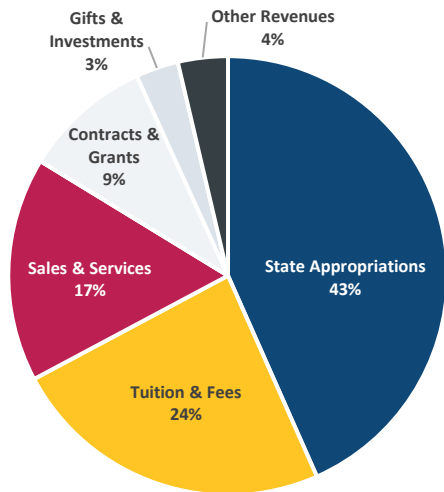
Looking Forward

UNC Asheville is proud to put forth a budget consistent with our mission to prepare “students for lives of leadership and service with an emphasis on critical thinking, clear and thoughtful expression, applied research, community engagement, free and open inquiry, and undergraduate and graduate programs that address the most pressing issues of our time.”

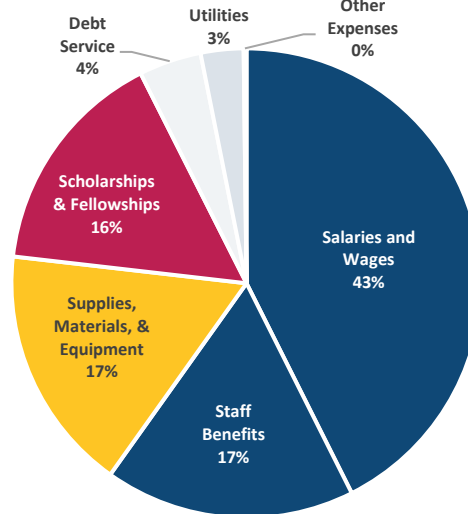
As always, please contact me if you have questions or need additional information.

Cc: Chancellor Kimberly van Noort

Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit

Academic Units

Department of Natural Sciences
Department of Humanities
Department of Social Sciences

Academic Support

Academic Affairs
Student Affairs
Financial Aid
Library
Research

Institutional Support

University Admin
Business Affairs
Facilities
HR
IT
Public Safety
Advancement

Auxiliaries

Dining
Housing
Parking & Transport.
Athletics
Student Health
Other Aux.



University of North Carolina Asheville
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 49,531,000	\$ -	\$ -	\$ -	\$ 49,531,000
	Tuition & Fees	\$ 18,063,000	\$ 9,170,000	\$ -	\$ -	\$ 27,233,000
	<i>Less Discounts and Allowances</i>	\$ (5,410,000)	\$ (2,135,000)	\$ -	\$ (8,564,000)	\$ (16,109,000)
	Sales & Services	\$ 10,000	\$ 18,865,000	\$ -	\$ -	\$ 18,875,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ 16,000	\$ 617,000	\$ -	\$ 10,172,000	\$ 10,805,000
	Gifts & Investments	\$ -	\$ 1,986,000	\$ -	\$ 1,600,000	\$ 3,586,000
	Other Revenues	\$ 3,114,000	\$ 515,000	\$ 566,000	\$ -	\$ 4,195,000
Revenues Total		\$ 65,324,000	\$ 29,018,000	\$ 566,000	\$ 3,208,000	\$ 98,116,000
Expenses	Salaries and Wages	\$ 39,629,000	\$ 7,832,000	\$ 235,000	\$ 578,000	\$ 48,274,000
	Staff Benefits	\$ 16,648,000	\$ 2,629,000	\$ 72,000	\$ 204,000	\$ 19,553,000
	Services, Supplies, Materials, & Equip.	\$ 7,150,000	\$ 11,621,000	\$ 16,000	\$ 470,000	\$ 19,257,000
	Scholarships & Fellowships	\$ 5,410,000	\$ 2,135,000	\$ -	\$ 10,318,000	\$ 17,863,000
	<i>Less Discounts and Allowances</i>	\$ (5,410,000)	\$ (2,135,000)	\$ -	\$ (8,564,000)	\$ (16,109,000)
	Debt Service	\$ -	\$ 4,863,000	\$ -	\$ -	\$ 4,863,000
	Utilities	\$ 2,326,000	\$ 1,028,000	\$ -	\$ -	\$ 3,354,000
	Other Expenses	\$ -	\$ -	\$ -	\$ 204,000	\$ 204,000
Expenses Total		\$ 65,753,000	\$ 27,973,000	\$ 323,000	\$ 3,210,000	\$ 97,259,000
Net Transfers		\$ 427,000	\$ (695,000)	\$ (251,000)	\$ (15,000)	\$ (534,000)
Change in Fund Balance			\$ 350,000	\$ (8,000)	\$ (17,000)	\$ 325,000

To: Jennifer Haygood
Senior Vice President for Finance & Administration and CFO, UNC System

From: Nate Knuffman
Vice Chancellor for Finance and Operations and CFO, UNC-Chapel Hill

Date: May 13, 2024

Re: UNC-Chapel Hill FY25 All-Funds Budget Narrative

I am pleased to share the fiscal year 2024-25 (FY25) budget for the University of North Carolina at Chapel Hill, which was presented to the Board of Trustees on March 27, 2024, and was approved on May 13, 2024, with the following two amendments:

- That \$2.3M be reallocated from DEI with management flexibility given to the Chancellor for investment in public safety
- That the Athletics budget be "carved out" from the overall budget approval, while leaving \$134.97M in the all-funds budget as a placeholder to cover Athletics expenses pending further financial review and consideration by the BOT

This balanced, all-funds budget conforms to all UNC system guidelines, while reflecting Board of Governors, System and University strategic priorities. This is the third consecutive year of developing an all-funds budget, leveraging an additional year of budget data for more informed decision-making. The experience gained over the past two years has significantly matured the budgeting process. This year we also benefited from a new budgeting tool and streamlined processes established over the previous two years. It is important to note that this process was made possible by the cooperation and hard work of our campus partners, who played a crucial role in our success as we refined it year over year.

The University's budget process started in fall 2023 and included more than 30 meetings among campus units, the Provost, and our Finance and Budget leadership team to discuss fiscal challenges, opportunities and priorities. The FY25 All-Funds Budget totals \$4.2 billion, reflecting the complexity, broad scope and impact of the University's mission.

FY25 Budget Priorities

The FY25 budget limits areas of significant additional investment to activities aligned with Carolina's four strategic budget priorities — Addressing State Priorities, Supporting Carolina's Excellence, Enhancing Campus Safety and Accessibility, and Solidifying Investments — with preference for requests that support more than a single priority and illustrate benefit to multiple units across campus.

Chief among these investments is financial support for the continued build out of the School of Data Science and Society and the School of Civic Life and Leadership. As both new schools see great progress with faculty hiring and degree launches, we are deeply appreciative to the legislature for their generous funding to help jump-start both of these programs, and we continue to provide necessary resources for these schools to grow.

Following the tragic shooting incident that stunned our campus last fall semester, we have redoubled our commitment to providing financial resources to bolster safety and security, including investments in a security camera program upgrade, license plate readers and funding to address recommendations as outlined in the After-Action Review.

The FY25 budget also addresses the increased need in our world-class, expanding research enterprise for the purchase and support of large-scale research equipment that may be used in partnership across multiple units and schools.

Additional investments reflected in the FY25 All-Funds Budget include:

- Investment in cyber-security
- Campus-wide accessibility projects
- New tuition and allocation appropriation model
- Graduate student support
- Investment in AI
- Startup funds
- Support for new academic programs

Fiscal Stewardship

The FY25 All-Funds Budget reflects our sustained commitment to affordability and access to students: in addition to the System-wide eighth consecutive year of frozen in-state undergraduate tuition rates, we have taken a strategically modest approach to student fee increases, with only a \$3 net increase over the previous five years. Furthermore, Carolina's 2022 metrics for first-time student debt at graduation and transfer student debt at graduation reached and exceeded the 2023 stretch goal as established by the UNC System Office. The most recent student debt figures, \$4,493 for first-time students and \$5,146 for transfer students, are close to half the System-wide average. Carolina's commitment to student affordability has been recognized by U.S. News & World Report, which ranked UNC-Chapel Hill the best value among public universities.

Thanks to the enormous efforts of our campus partners, this year's budget reflects a number of administrative efficiencies that not only absorb cost increases but generate savings that can be repurposed toward higher priorities. These efforts — anticipated to yield around \$4.5M total annually in savings — include a reduction of leasing costs due to terminating leases and consolidating leased space in Research, a reallocation of IT resources internally, and restructuring initiatives across campus.

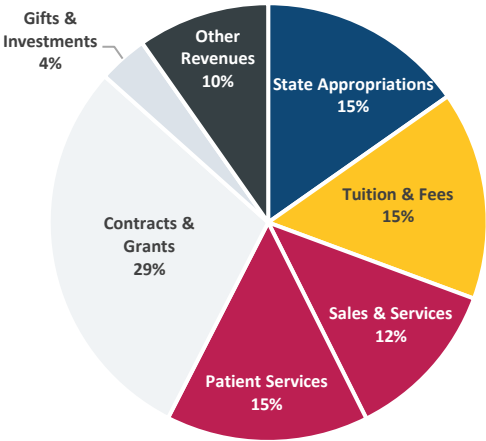
Furthering our commitment to financial stewardship, we announced a new enrollment allocation model — informed by the enrollment funding formula recently adopted by the UNC Board of Governors — that will direct a portion of new tuition and appropriation to academic units based on changes in enrollment. This approach establishes a direct correlation between revenue generation and distribution, providing standardized, more predictable funding for new programs and supporting more robust long-term planning. Moving forward, phase two of our initiative will concentrate on enhancing accountability and expense management across our institution. This comprehensive strategy ensures efficient resource allocation and strategic growth aligned with our academic and institutional goals.

Looking Forward

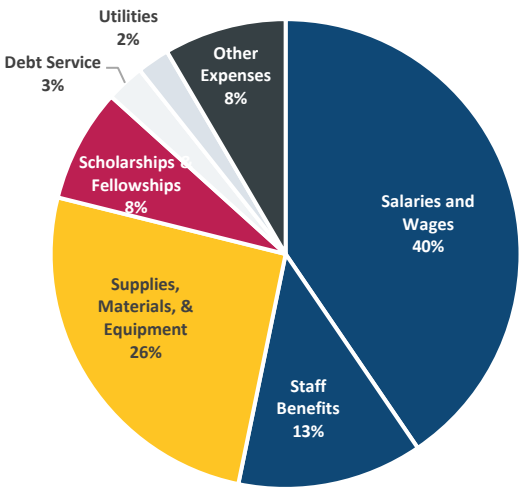
As we enter the fourth year of the all-funds budget process, we find ourselves at a pivotal point on the maturity curve. Looking ahead, we have outlined continuous improvements to bolster our capacity for enhanced budget analysis and forecasting, to strengthen fiscal governance practices, and to refine the linkage between budget resources and performance outcomes.

Carolina's balanced All-Funds Budget for FY2025 reflects our continued growth and strategic focus, informed by valuable insights gained over previous fiscal cycles. It illustrates our dedication to nurturing the future leaders of North Carolina, the nation and the world, and embodies our commitment to maintain student affordability and responsible stewardship of state taxpayer dollars.

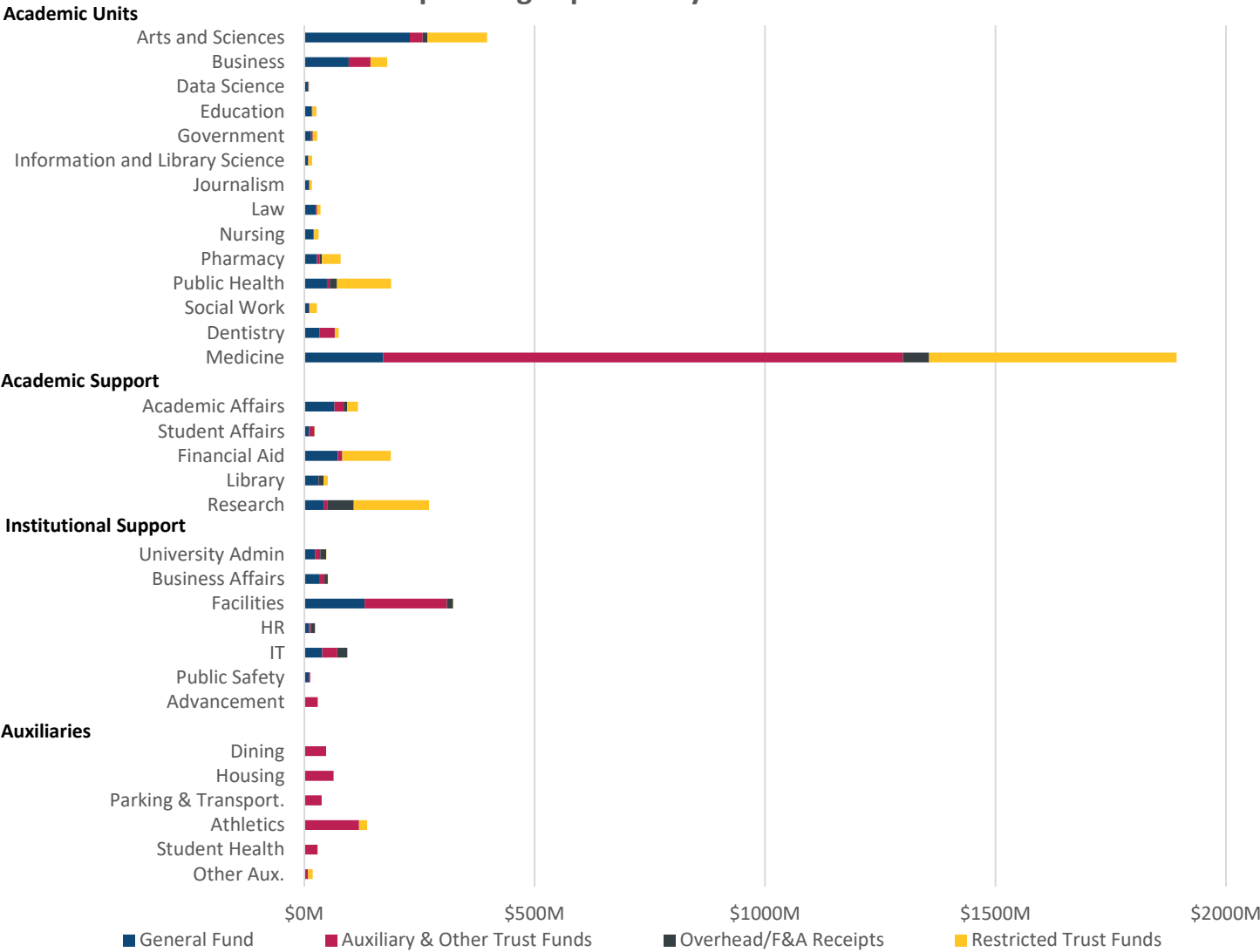
Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit



University of North Carolina Chapel Hill
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 671,362,000	\$ -	\$ -	\$ -	\$ 671,362,000
	Tuition & Fees	\$ 545,440,000	\$ 132,206,000	\$ -	\$ 94,000	\$ 677,740,000
	<i>Less Discounts and Allowances</i>	\$ (111,291,000)	\$ (21,136,000)	\$ -	\$ (29,573,000)	\$ (162,000,000)
	Sales & Services	\$ 602,000	\$ 524,657,000	\$ -	\$ 2,495,000	\$ 527,754,000
	Patient Services	\$ -	\$ 658,357,000	\$ -	\$ -	\$ 658,357,000
	Contracts & Grants	\$ 200,000	\$ 6,741,000	\$ 252,466,000	\$ 1,021,651,000	\$ 1,281,058,000
	Gifts & Investments	\$ -	\$ 15,481,000	\$ 238,000	\$ 144,931,000	\$ 160,650,000
	Other Revenues	\$ 5,886,000	\$ 272,913,000	\$ -	\$ 149,974,000	\$ 428,773,000
Revenues Total		\$ 1,112,199,000	\$ 1,589,219,000	\$ 252,704,000	\$ 1,289,572,000	\$ 4,243,694,000
Expenses	Salaries and Wages	\$ 619,168,000	\$ 629,436,000	\$ 80,771,000	\$ 444,778,000	\$ 1,774,153,000
	Staff Benefits	\$ 199,325,000	\$ 197,321,000	\$ 29,926,000	\$ 132,808,000	\$ 559,380,000
	Services, Supplies, Materials, & Equip.	\$ 141,308,000	\$ 521,095,000	\$ 74,897,000	\$ 386,309,000	\$ 1,123,609,000
	Scholarships & Fellowships	\$ 111,291,000	\$ 21,136,000	\$ 5,097,000	\$ 204,642,000	\$ 342,166,000
	<i>Less Discounts and Allowances</i>	\$ (111,291,000)	\$ (21,136,000)	\$ -	\$ (29,573,000)	\$ (162,000,000)
	Debt Service	\$ -	\$ 81,533,000	\$ 33,602,000	\$ 830,000	\$ 115,965,000
	Utilities	\$ 76,952,000	\$ 20,660,000	\$ 283,000	\$ 142,000	\$ 98,037,000
	Other Expenses	\$ 70,447,000	\$ 173,987,000	\$ 29,517,000	\$ 95,665,000	\$ 369,616,000
Expenses Total		\$ 1,107,200,000	\$ 1,624,032,000	\$ 254,093,000	\$ 1,235,601,000	\$ 4,220,926,000
Net Transfers		\$ (5,001,000)	\$ 7,489,000	\$ 1,389,000	\$ (31,372,000)	\$ (27,495,000)
Change in Fund Balance			\$ (27,324,000)	\$ -	\$ 22,599,000	\$ (4,725,000)

This version is the All-Funds Budget as presented by the Chancellor to the UNC Chapel Hill Board of Trustees.



April 30, 2024

Ms. Jennifer Haygood
Senior Vice President for Finance and Administration and CFO
The University of North Carolina System

Re: University of North Carolina at Charlotte- All-Funds Budget Narrative FY 2024-25

Dear Ms. Haygood,

The All-Funds Budget for the University of North Carolina at Charlotte for fiscal year 2024-25 was developed consistent with UNC System guidelines to support the System and University strategic plans. The budget process began in late 2023 and included significant cross-university collaboration and support with the final budget approved by the UNC Charlotte Board of Trustees on April 25, 2024. This budget includes revenue and expenditure information for all University auxiliary units as well as academic and administrative units. As requested, the following sections provide additional detail on how the FY 2024-25 All-Funds Budget aligns resources with strategic priorities.

Progress towards system-wide strategic goals and UNC Charlotte strategic plan

The FY 2024-25 budget reflects UNC Charlotte's priority to continuously improve student experience, affordability, and success. One of the major initiatives included in this budget is the investment in professional advising for undergraduate students, which will improve retention and four-year graduation rates. Professional advising will help create optimal conditions for academic success by assigning a professional advisor to all undergraduate students who will be fully dedicated to helping students complete their degrees in a timely manner. Also included in the budget is a commitment to invest in graduate education and research through additional funding for graduate student stipends and research assistants. The budget also includes the strengthening of colleges and departments across the university.

Along with student success, the University prioritized student affordability in the development of the FY 2024-25 budget. This is the eighth year the University has not increased undergraduate tuition rates and the FY 2024-25 budget includes minimal graduate and non-resident tuition adjustments as approved by the Board of Governors. The FY 2024-25 budget includes the elimination of the student health center debt fee, with the overall reduction of mandatory student fees. Additionally, the budget includes the continuation of the Niner Course Pack program that saves students hundreds of dollars on textbooks each semester.

Administrative Efficiency

UNC Charlotte continues to review opportunities to improve administrative efficiency by reevaluating and reallocating campus resources to improve the educational experience for the student. Despite Inflationary pressures affecting all operational units, administrative efficiency such as energy-saving projects, organizational realignment, and process improvement has allowed the university to continue and improve operations without increasing revenues. Inflation

*Vice Chancellor for
Business Affairs*

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continues to be a university concern across all expense types including food, supplies, software, equipment, and travel.

Financial Sustainability

Strategic decisions for FY 2024-25 continue to include utilizing fund balances to cover inflationary costs, support capital and equipment expenditures in auxiliaries and other-than-general fund budgets, and leverage economies of scale. Fund balances and administrative efficiencies continue to allow the university to absorb inflationary increases in the costs of equipment, supplies, and services without increasing student fees or undergraduate tuition. Campus auxiliary enterprises anticipate using fund balances to maintain existing infrastructure, renovate aging facilities, and improve various assets in need of maintenance. These planned, necessary expenditures will extend the life of critical infrastructure and provide ongoing student and university support. Other uses of fund balances from fees, F&A research revenue, and restricted funds in FY 2024-25 are budgeted for equipment purchases necessary to support campus IT infrastructure, research, and academic programs. These purchases reflect planning that continues to require saving fees and other revenue over multiple years.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Amon'.

Dr. Richard Amon
Vice Chancellor for Business Affairs

Cc: Dennis Bunker, Board of Trustees Chair
Dr. Sharon Gaber, Chancellor
Dr. Jennifer Troyer, Vice Chancellor for Academic Affairs/Provost
Kim Bradley, Chief of Staff
Ken Smith, AVC of Budgets & Chief Budget Officer
Carrie Smith, Deputy Chief Budget Officer

**Vice Chancellor for
Business Affairs**

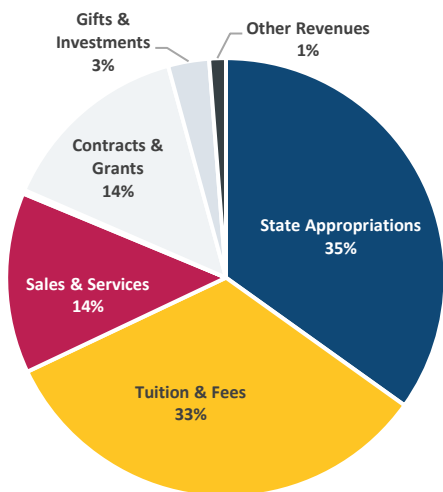
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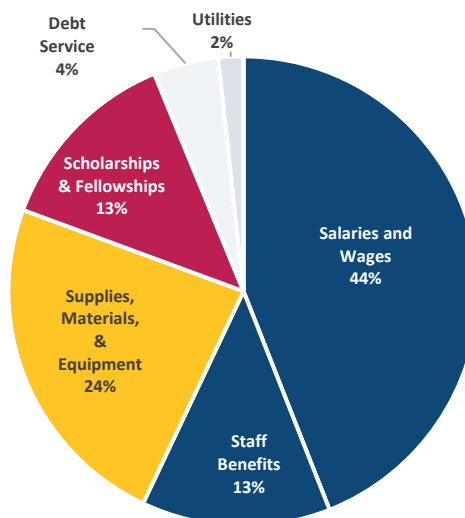
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Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit

Academic Units

Arts & Architecture
Business
Computing & Informatics
Education
Engineering
Health & Human Services
Sciences
Hum, Earth & Soc Sciences

Academic Support

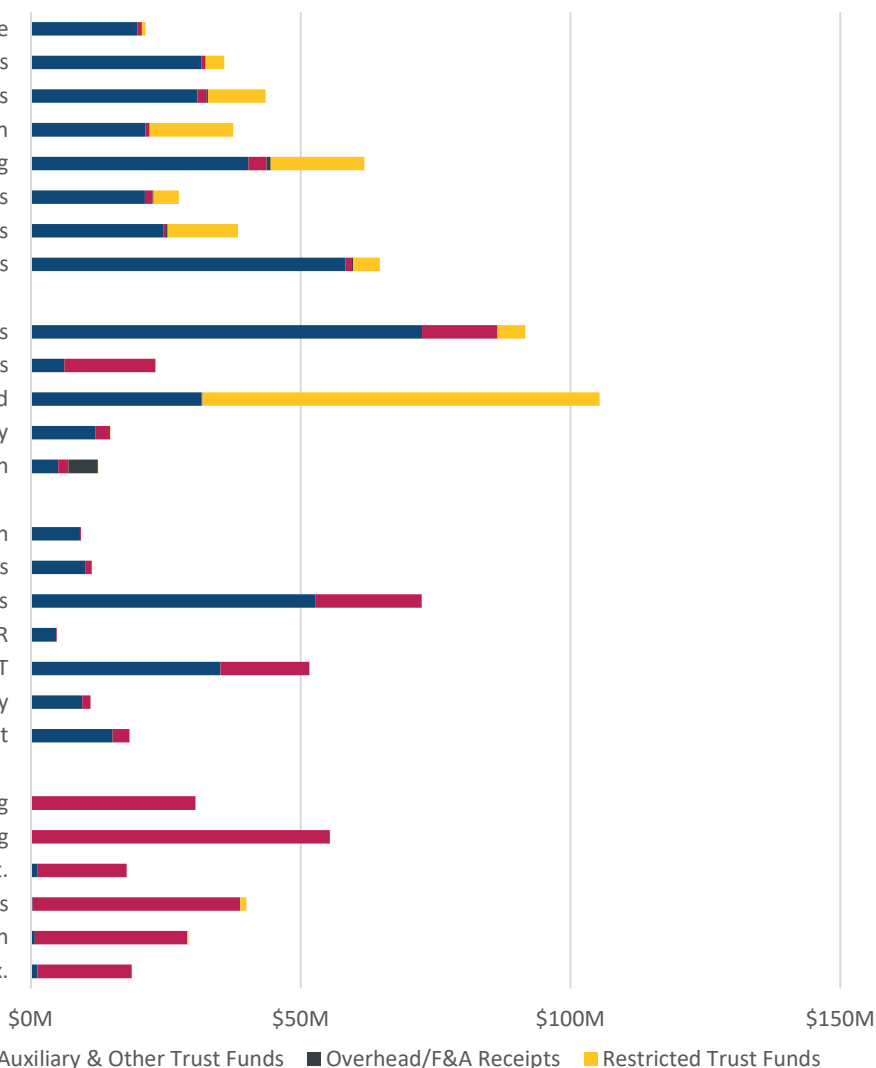
Academic Affairs
Student Affairs
Financial Aid
Library
Research

Institutional Support

University Admin
Business Affairs
Facilities
HR
IT
Public Safety
Advancement

Auxiliaries

Dining
Housing
Parking & Transport.
Athletics
Student Health
Other Aux.



UNC Charlotte
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 326,151,000	\$ -	\$ -	\$ -	\$ 326,151,000
	Tuition & Fees	\$ 171,769,000	\$ 137,597,000	\$ -	\$ 14,000	\$ 309,380,000
	<i>Less Discounts and Allowances</i>	\$ (34,283,000)	\$ (8,060,000)	\$ -	\$ (29,651,000)	\$ (71,994,000)
	Sales & Services	\$ -	\$ 124,136,000	\$ -	\$ 366,000	\$ 124,502,000
	Patient Services	\$ -	\$ 2,485,000	\$ -	\$ -	\$ 2,485,000
	Contracts & Grants	\$ 1,150,000	\$ -	\$ 11,454,000	\$ 120,492,000	\$ 133,096,000
	Gifts & Investments	\$ -	\$ 9,028,000	\$ -	\$ 19,284,000	\$ 28,312,000
	Other Revenues	\$ 1,618,000	\$ 9,470,000	\$ 1,000	\$ 215,000	\$ 11,304,000
Revenues Total		\$ 466,405,000	\$ 274,656,000	\$ 11,455,000	\$ 110,720,000	\$ 863,236,000
Expenses	Salaries and Wages	\$ 319,448,000	\$ 56,090,000	\$ 4,400,000	\$ 27,318,000	\$ 407,256,000
	Staff Benefits	\$ 90,455,000	\$ 22,121,000	\$ 1,731,000	\$ 6,127,000	\$ 120,434,000
	Services, Supplies, Materials, & Equip.	\$ 43,234,000	\$ 147,106,000	\$ 735,000	\$ 27,140,000	\$ 218,215,000
	Scholarships & Fellowships	\$ 34,283,000	\$ 8,060,000	\$ 113,000	\$ 79,601,000	\$ 122,057,000
	<i>Less Discounts and Allowances</i>	\$ (34,283,000)	\$ (8,060,000)	\$ -	\$ (29,651,000)	\$ (71,994,000)
	Debt Service	\$ -	\$ 39,834,000	\$ 1,736,000	\$ -	\$ 41,570,000
	Utilities	\$ 12,117,000	\$ 3,610,000	\$ -	\$ 5,000	\$ 15,732,000
	Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses Total		\$ 465,254,000	\$ 268,761,000	\$ 8,715,000	\$ 110,540,000	\$ 853,270,000
Net Transfers		\$ (983,000)	\$ (26,396,000)	\$ -	\$ (591,000)	\$ (27,970,000)
Change in Fund Balance			\$ (20,501,000)	\$ 2,740,000	\$ (411,000)	\$ (18,172,000)

UNCG FY25 All Funds Budget Narrative

The All-Funds Budget process enhances UNCG's commitment to financial transparency. UNCG's Strategic Plan, *Giant Steps*, was endorsed by the Board of Trustees in 2016 and envisioned as a guide for the university for five to ten years. Since 2016, the higher education landscape has changed significantly, both nationally and for UNCG specifically. The 2024-25 All Funds Budget will continue to support the UNC System Office goals and UNCG's strategic priorities as we step forward into our next Strategic Plan, "*Giant Steps 2.0*". UNCG, as you are well aware, has taken the lead across the UNC system in taking on the very difficult challenges of academic and administrative efficiency, to include employee headcount reduction, overcapacity, and productivity. UNCG has reduced employee headcount by over 300 in four years. We are committed to outstanding stewardship of taxpayer, tuition payer and philanthropic resources.

Affordability and Efficiency

The 2024-25 All Funds Budget (AFB) continues UNCG's Path Forward to explore areas of innovation, reinvention, and operational efficiency to adjust to the structural enrollment and budget challenges faced by all regional public universities, like UNCG. To build upon the past Strategic Plans, a new task force has been established to create a blueprint for the future of UNCG. This group will be tasked to address headwinds and opportunities to better align UNCG's future with the new funding model and metrics.

UNCG is nationally recognized for the affordability and value of our educational experience. Our tuition and costs are lower than many other North Carolina public universities, and our goal is to give students an outstanding education at a reasonable cost.

Aligning with that, UNCG was recently awarded a \$5 million grant from the Mellon Foundation to implement a five-year paid internship and educational program for humanities students called "Humanities at Work." This landmark grant is the largest ever received by UNCG's College of Arts & Sciences – as well as one of the largest in the University's history.

Efforts to Manage Inflationary Costs

UNCG is in the process of right sizing our workforce consistent with our enrollment. Key to this strategy is the Faculty Realignment Incentive Program (FRIP). This is UNCG's highest priority as we work towards aligning declining revenues with fixed expenses. Our labor expense is our greatest expense. UNCG needs this FRIP authority on a multiyear basis in conjunction with workload efficiencies to incent our academic workforce to retire.

Student Transformation

We continue to modernize the enrollment management function. These improvements include partnering with a national research and thought leader to completely reinvent our scholarship model to help more students with the right amounts at the right time. Implementation of cutting-edge technology that provides for state-of-the-art phone systems to ensure that our offices are easy to reach along with AI-driven virtual assistants providing 24/7 service via text or the web.

Student success initiatives are designed to assist students earlier in the learning process to ensure success, retention, and graduation. It requires collaboration from several areas. These initiatives include additional academic support programming such as reading a syllabus, time management strategies, study habits, test taking strategies, and introduction to the various academic support resources on campus. Many of these services are targeted at high enrollment and high drop classes, withdrawal, and failure rates. Through more effective training, faculty can recognize the signs of a struggling student earlier and guide them to assistance quicker.

A strategic investment fund, from reallocated resources, has been established and continues to assist in addressing initiatives that have a high return on investment. It is anticipated that these initiatives could include new academic programs, new student success initiatives, and enrollment management priorities.

eSports continues to be a growing field of study in higher education. Funded legislative appropriations included \$1.45m recurring and \$7m non-recurring through the end of the current biennium, 2023-25. It is expected to draw new students in various fields of study including computer science, informatics and data analytics, business administration, etc. The current curriculum includes a Videogaming and eSports Studies minor with electives including Art, Communication Studies, English, Music, and Religious Studies; a Non-Credit Certificate in eSports designed to prepare students for the competitive gaming industry; and in conjunction with the Bryan School of Business, an eSports Management concentration housed in the Department of Hospitality, and Tourism Management.

Upgrading classroom equipment to include lecture capture equipment to facilitate a hybrid-flexible learning environment. This technology allows students to receive the same learning experience whether they are in-person or online.

Continual investment in Canvas, UNCG's learning management system. It is the primary way in which faculty create and deliver content to students beyond the physical classroom. As of the fall of 2023, new features in Canvas include OneDrive integration in order to facilitate file sharing with students and collaborate on documents, Student ePortfolios which will provide a platform for students to create a professional profile and share their work experience, a LinkedIn Learning Integration with access to thousands of high-quality video's ranging from technology to soft skills and more, an Enhanced Gradebook Filter that has the capability to filter for ungraded assignments or students with missing assignments and a Teams Meeting and Teams Classes integrations where recordings are stored in Canvas.

Risk Management

Moving core servers to the cloud ensures availability when local network connectivity is lost, reduces IT costs, provides better business continuity, provides access to automatic updates, back-ups can be dispersed geographically, provides scalability, and provides high speed access to data.

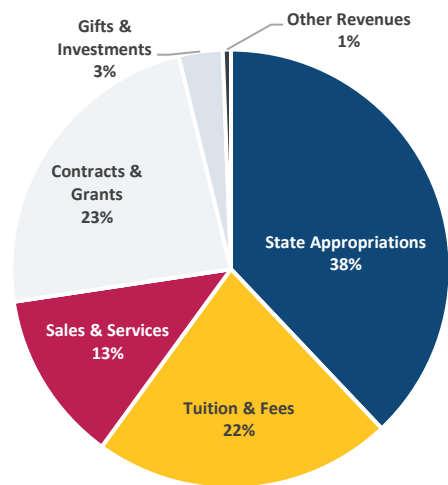
UNCG uses multi-factor authentication to help minimize cyber risk. This requires at least two different methods of authentication before someone can log into the computer system. This minimizes the risk of unauthorized use of the computer network. Multi-factor authentication has also been recently updated so individuals know the name of the service they are approving.

Strategy to Address Budget Constraints

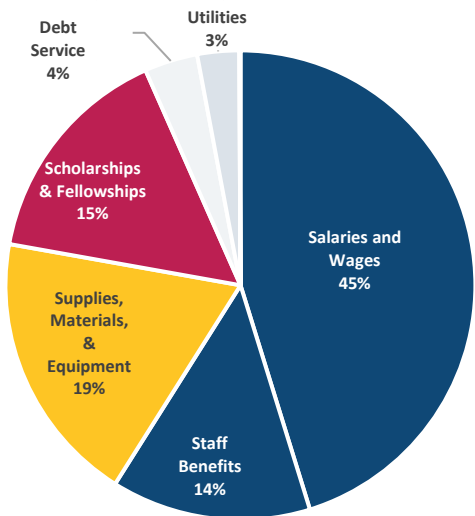
UNCG is addressing the current budget situation in the following manner:

- UNCG has cut departmental operating budgets 4% in FY2024 and 2% for FY2025.
- UNCG will work closely with the system office on implementing the new workload policy to assure that we are as efficient and productive as possible under the new guidelines.
- UNCG is in the midst of its portfolio review process better aligning its resources with demand. This has resulted in winding down five undergraduate majors, four minors and certificate programs, as well as twelve graduate programs.

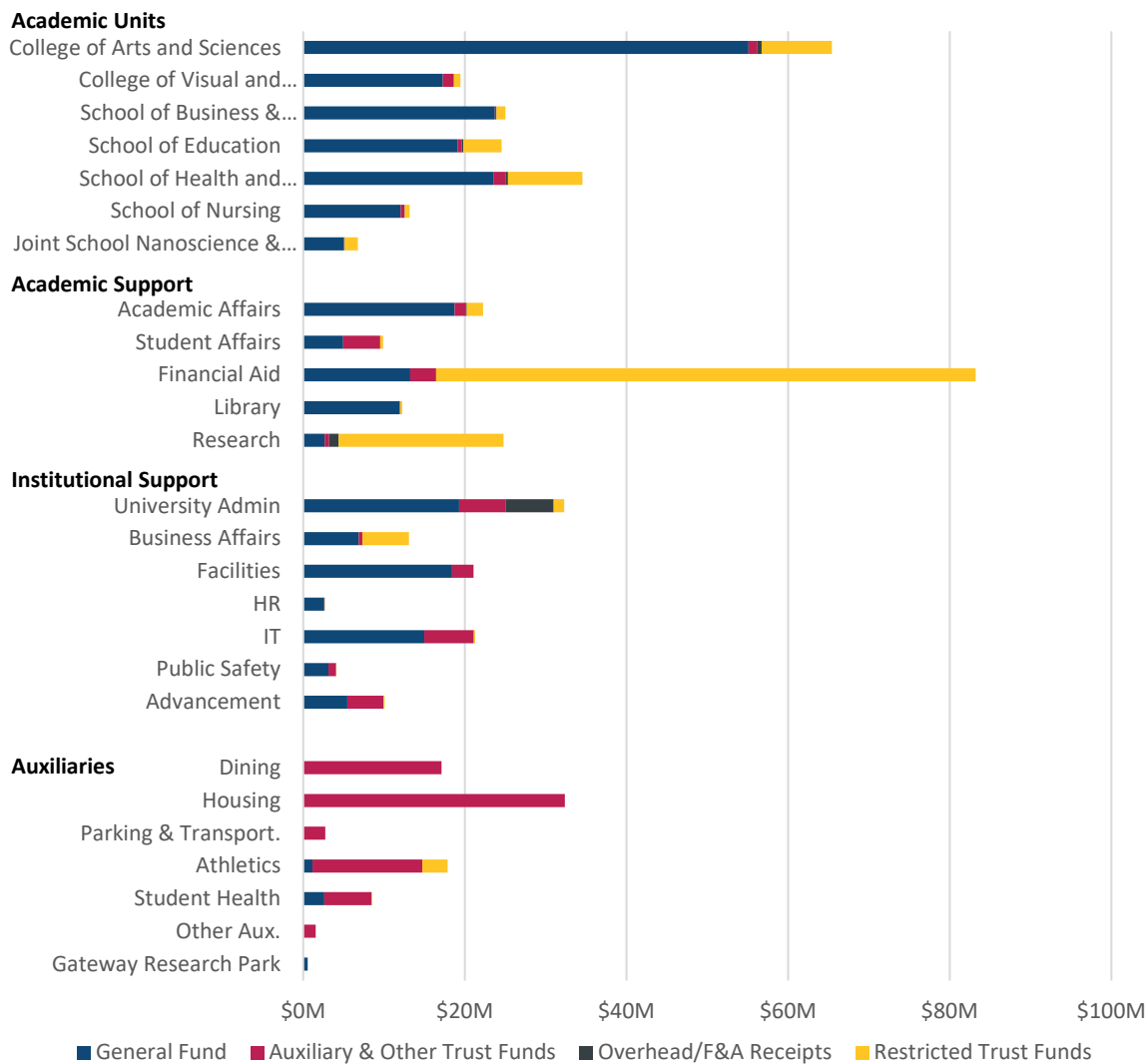
Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit



UNC Greensboro
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 205,660,000	\$ -	\$ -	\$ -	\$ 205,660,000
	Tuition & Fees	\$ 87,768,000	\$ 31,710,000	\$ -	\$ -	\$ 119,478,000
	<i>Less Discounts and Allowances</i>	\$ (10,647,000)	\$ (5,917,000)	\$ -	\$ (48,211,000)	\$ (64,775,000)
	Sales & Services	\$ 89,000	\$ 67,269,000	\$ -	\$ 1,055,000	\$ 68,413,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ 254,000	\$ 2,967,000	\$ 8,396,000	\$ 116,018,000	\$ 127,635,000
	Gifts & Investments	\$ -	\$ 7,334,000	\$ -	\$ 10,139,000	\$ 17,473,000
	Other Revenues	\$ 13,000	\$ 2,878,000	\$ -	\$ 360,000	\$ 3,251,000
Revenues Total		\$ 283,137,000	\$ 106,241,000	\$ 8,396,000	\$ 79,361,000	\$ 477,135,000
Expenses	Salaries and Wages	\$ 183,990,000	\$ 32,797,000	\$ 1,255,000	\$ 23,675,000	\$ 241,717,000
	Staff Benefits	\$ 55,948,000	\$ 10,010,000	\$ 382,000	\$ 7,148,000	\$ 73,488,000
	Services, Supplies, Materials, & Equip.	\$ 32,029,000	\$ 32,188,000	\$ 6,942,000	\$ 29,690,000	\$ 100,849,000
	Scholarships & Fellowships	\$ 10,647,000	\$ 5,917,000	\$ -	\$ 66,656,000	\$ 83,220,000
	<i>Less Discounts and Allowances</i>	\$ (10,647,000)	\$ (5,917,000)	\$ -	\$ (48,211,000)	\$ (64,775,000)
	Debt Service	\$ -	\$ 19,556,000	\$ -	\$ -	\$ 19,556,000
	Utilities	\$ 11,170,000	\$ 4,293,000	\$ -	\$ 3,000	\$ 15,466,000
	Other Expenses	\$ -	\$ 382,000	\$ -	\$ -	\$ 382,000
Expenses Total		\$ 283,137,000	\$ 99,226,000	\$ 8,579,000	\$ 78,961,000	\$ 469,903,000
Net Transfers		\$ -	\$ (10,570,000)	\$ 1,117,000	\$ 2,348,000	\$ (7,105,000)
Change in Fund Balance			\$ (3,555,000)	\$ 934,000	\$ 2,748,000	\$ 127,000

The University of North Carolina at Pembroke FY 2025 All-Funds Budget Narrative

The University of North Carolina at Pembroke's proposed FY25 All-Funds Budget shows a significant increase in revenue even as an enrollment decline effects baseline recurring operations. The large increase in revenue is attributable to several main drivers: non-recurring (but non-reverting) funding appropriated by the legislature for new health care programs (\$20 million); additional funding from the Pell program (\$6 million) due to new federal formulas; the FY24 legislative increase and funding for nursing faculty (\$3.2 million); additional grants and contracts (\$2 million); and \$1 million for Athletics due to legislative action. These new revenues are significant investments in academic programs, personnel, and athletics by the legislature; and in our students by the federal government.

However, these new revenues are restricted to specific purposes and do not, in the short run, address the base operating budget of the university which remains under pressure. For the second year in a row the university is receiving less from the funding model due to enrollment declines. For the second year in a row, the university is undertaking internal reallocations to ensure immediate needs and strategic priorities are met. These two dynamics have led the university to implement a 2% reduction across almost all operating units' general fund budget. Last year most units sustained a 3% reduction to their general fund budgets for the same reasons.

Reallocations in FY25 will continue and strengthen the reallocations made in FY24 and will be made in the following areas:

Student Success (System and University Priorities)

Building on last year's investments in professional student advisors, the *Degree Works* software tool, and additional positions in Financial Aid; FY25 will see further investments in academic advising in the College of Business and Economics and the implementation of modern course scheduling software which, in conjunction with *Degree Works*, will help optimize schedules for both students and ensure efficient use of academic personnel. A safe campus environment is critical to students' psychological well-being. After recent on and off-campus incidents led the university to expand its jurisdiction, the University will add four officers to help patrol the new areas; to meet the increased demand for physical security at events; and to respond to students in distress.

Economic Impact and Innovative Programs (System and University Priorities)

The new funding from the legislature for new health programs and athletics will both be long term drivers of positive economic impact in southeastern North Carolina. The Doctorate of Nursing Practice admitted their first students in Spring 2024 and the Masters in Occupational Therapy will admit their first students in Fall 2024. The Doctorate in Optometry and the Masters in Health Administration are in the approval process with the system. UNC Pembroke is now identifying the next two programs to launch, which will likely be nutrition and speech pathology/audiology. All these programs will help meet the state and region's growing need for health care providers.

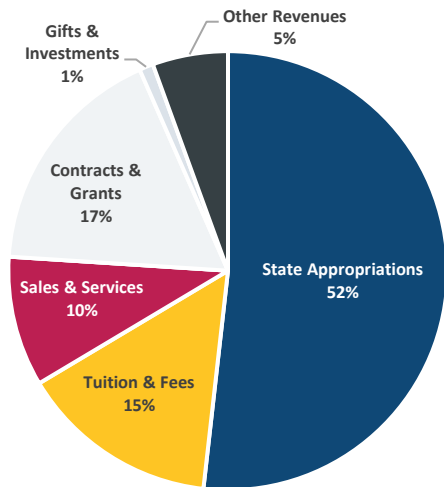
Enrollment (University priority)

Building on last year's investments in enrollment marketing, new positions in Admissions, and elevating the leader of the enrollment function to vice chancellor/cabinet level position; FY25 will see further investments in a parent engagement portal; an additional admissions position; a significant increase in student wages so we can use more of our talented students in recruiting; a modern texting platform; and a position dedicated to social media. Our investments from one time funding in FY23 and recurring

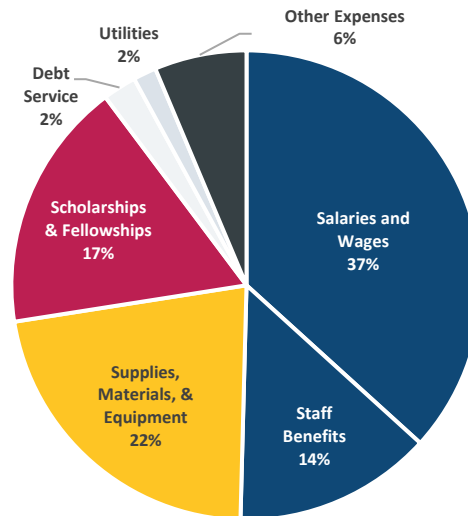
funding in FY24 have already paid dividends. The freshmen class increased from 714 in Fall 2022 to 906 in Fall 2023. For Fall 2024 we are projecting 950 freshmen. Transfers increased from 730 in Fall 2022 to 784 in Fall 2023. For Fall 2024 we are expecting 800 transfer students.

For FY25 we project that auxiliary operations will show improved performance. The university scrutinized auxiliary operations over the past 12 months and there has already been some improved performance. Oversight, both operational and financially, of dining and bookstore moved into the Office of Financial Planning and Analysis (FP&A). FP&A is also a much more detailed and deliberate partner to Housing and Residence Life which runs the housing operation. Looking forward, the university will issue a Request for Proposals (RFP) for dining operations. Although dining rates will increase next year, we expect that when a new dining contract comes into effect, rates can be lowered in the future. We have engaged in intensive discussions with the bookstore about operational performance and customer satisfaction and are contemplating an RFP in this space also. Finally, we are managing housing expenditures closely and were able to leave housing rates unchanged for next year. Overall Auxiliary and Institutional Trust Funds are expected to add to their fund balances in FY25, which is a positive change from the FY24 budget.

Budgeted Revenue (FY25)

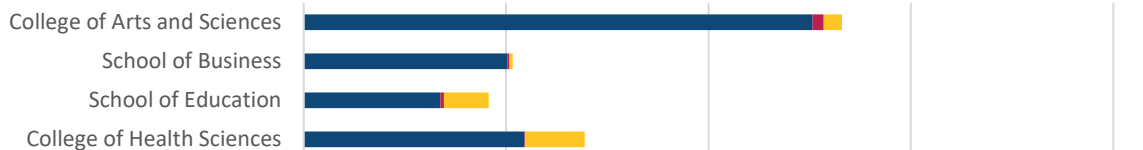


Budgeted Expenses (FY25)

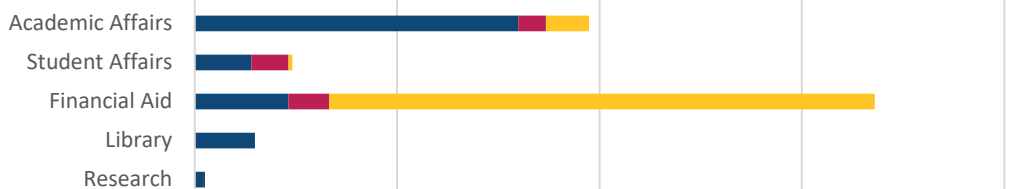


Operating Expenses by Unit

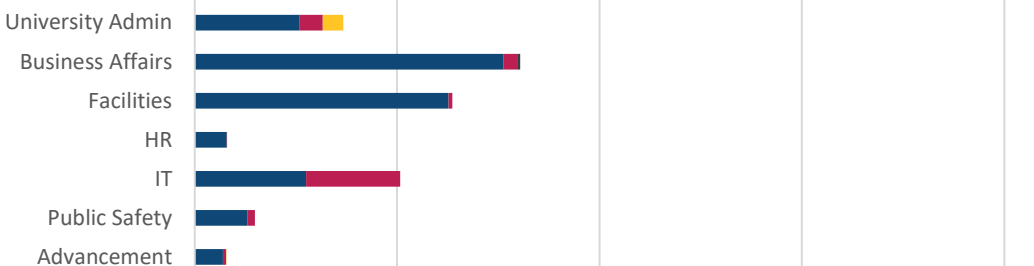
Academic Units



Academic Support



Institutional Support



Auxiliaries



■ General Fund ■ Auxiliary & Other Trust Funds ■ Overhead/F&A Receipts ■ Restricted Trust Funds

University of North Carolina Pembroke
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 110,881,000	\$ -	\$ -	\$ -	\$ 110,881,000
	Tuition & Fees	\$ 17,079,000	\$ 14,319,000	\$ -	\$ -	\$ 31,398,000
	<i>Less Discounts and Allowances</i>	\$ (3,499,000)	\$ (3,862,000)	\$ -	\$ (4,655,000)	\$ (12,016,000)
	Sales & Services	\$ 68,000	\$ 20,421,000	\$ -	\$ 30,000	\$ 20,519,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ 1,805,000	\$ 536,000	\$ 34,930,000	\$ 37,271,000
	Gifts & Investments	\$ -	\$ 1,440,000	\$ -	\$ 776,000	\$ 2,216,000
	Other Revenues	\$ 11,301,000	\$ 488,000	\$ -	\$ 100,000	\$ 11,889,000
Revenues Total		\$ 135,830,000	\$ 34,611,000	\$ 536,000	\$ 31,181,000	\$ 202,158,000
Expenses	Salaries and Wages	\$ 68,487,000	\$ 6,720,000	\$ 138,000	\$ 3,004,000	\$ 78,349,000
	Staff Benefits	\$ 25,593,000	\$ 2,413,000	\$ 60,000	\$ 1,059,000	\$ 29,125,000
	Services, Supplies, Materials, & Equip.	\$ 25,384,000	\$ 18,441,000	\$ 31,000	\$ 3,291,000	\$ 47,147,000
	Scholarships & Fellowships	\$ 3,499,000	\$ 3,862,000	\$ -	\$ 29,437,000	\$ 36,798,000
	<i>Less Discounts and Allowances</i>	\$ (3,499,000)	\$ (3,862,000)	\$ -	\$ (4,655,000)	\$ (12,016,000)
	Debt Service	\$ 426,000	\$ 4,482,000	\$ -	\$ -	\$ 4,908,000
	Utilities	\$ 2,204,000	\$ 1,185,000	\$ -	\$ -	\$ 3,389,000
	Other Expenses	\$ 13,530,000	\$ -	\$ -	\$ -	\$ 13,530,000
Expenses Total		\$ 135,624,000	\$ 33,241,000	\$ 229,000	\$ 32,136,000	\$ 201,230,000
Net Transfers		\$ -	\$ 231,000	\$ (2,000)	\$ 684,000	\$ 913,000
Change in Fund Balance			\$ 1,601,000	\$ 305,000	\$ (271,000)	\$ 1,635,000

UNC Wilmington FY 24-25 All Funds Budget Narrative



Through the FY 24-25 All Funds Budgeting process, the University of North Carolina Wilmington crafted a budget aimed at bolstering both system-wide strategic objectives and priorities identified in UNCW's new strategic plan. The budget was further informed by an institutional commitment to efficient operations and financial plans which are sustainable and responsive to enterprise risks. Examples of how UNCW's budget supports system-wide strategic objectives and campus-specific strategic plan priorities is summarized below.

UNC System Performance Goals

UNCW has been successful in exceeding system stretch goals pertaining to: First Time Student Debt, Transfer Student Debt, and Masters Degree Efficiency.¹ In addition, in FY 24-25 UNCW will receive a performance-weighted appropriation related to the Education and Related Expense per Degree metric, which recognizes the progress UNCW has made relative to the applicable 2020 baseline.² While UNCW's score pursuant to the Undergraduate Degree Efficiency indicator decreased modestly from the base year, at 28 it remains among the best in the system.

New Investments re: Performance Goals & UNCW's New Strategic Plan

To support UNCW's improvement in the aforementioned metrics, and progress towards objectives outlined in UNCW's new strategic plan, the budget provides additional investments in a variety of programs/areas which are essential for attracting, serving and retaining students and helping to ensure their success. New investments include, but are not limited to:

- *Academic Advising:* Academic advising is essential to ensuring students make informed academic decisions, fulfill their academic aspirations, and progress towards degree completion in a timely manner. As a result, over \$1 million in new funding will be invested to hire up to 12 additional academic advisors and ensure all UG students have a professional advisor and/or faculty advisor assigned to them throughout their time at UNCW.
- *Disability Resource Center:* As the number of students registering with/utilizing DRC services has increased significantly in recent years, so too have the staffing demands being placed on the center. As a result, the budget provides over \$300k to support four additional staff positions for the DRC. These positions will ensure UNCW's students continue to have appropriate access to the DRC services even as demand continues to increase.
- *Facilities Staffing and Master Plan Implementation:* Over the past five years, significant expansion of campus facilities along with the increasing complexity of building systems has created a pressing need for more facilities staff, especially in roles such as maintenance technicians, environmental technicians, housekeepers, and facility engineers. Additionally, with a number of major renovation projects on the horizon, there is a necessity to hire additional project management staff to handle the growing workload. Consequently, UNCW plans to allocate over \$1.1 million in FY 24-25 to boost staffing levels and meet these demands.
- *Financial Aid:* Additional permanent investments of \$750k will be used to appropriately scale the campus's need-based aid budget to its growing student body and to enable UNCW

¹ Performance outcomes reflect scores calculated to create UNCW's performance-based appropriation for FY 24-25.

² While UNCW did not meet its stretch goal pertaining to Ed and Related Expense per Degree, at \$46,279 per degree awarded, UNCW remains among the most efficient in the system with respect to this particular metric.

to remain accessible and affordable to students with demonstrated need. As a result, these investments should inversely impact the amount of debt that resident students need to incur to attend UNCW.

- *Interactive Learning and Research Opportunities:* UNCW has identified \$2.6 million to significantly enhance/expand research and applied learning opportunities for its students. By integrating both applied learning and research involvement into their education, students can greatly enhance their academic experience and improve their prospects for future employment or further study. Further, SGA leadership has identified the expansion of research opportunities for students as one of their top priorities for the upcoming year.
- *Market Salary Pool:* To address the specific needs within our workforce and retain talented faculty and staff, UNCW has set aside up to \$1.9 million for targeted discretionary salary adjustments, which are separate and discreet from the legislative increases anticipated in FY 24-25. This fund is not intended for across-the-board raises but is designed for strategic use where it is most needed (particularly in areas where market pressures are most acute).
- *Mental Health Services:* Demand for mental health services has increased significantly in recent years, while simultaneously the market for recruiting/retaining care providers has become more competitive. To respond to this challenge, UNCW will be providing the counseling center with approximately \$800k in new funding in FY 24-25 to support the hiring of additional clinical care providers and peer educators; and to make the market salary adjustments needed to fill vacant positions and retain existing care providers.
- *Student Employees and Graduate Assistants:* Through mandatory fee adjustments, additional funding is being provided to increase wages for students working in campus recreation. On-campus employment not only reduces the need for students to borrow, it also is considered a high-impact practice that aids in student retention, persistence, and graduation. In addition, up to \$850k in general funds has been set aside to better align graduate stipends with current market rates. This will allow UNCW to recruit top-tier graduate assistants (which enhances the quality of applicable programs and the experience for all students).

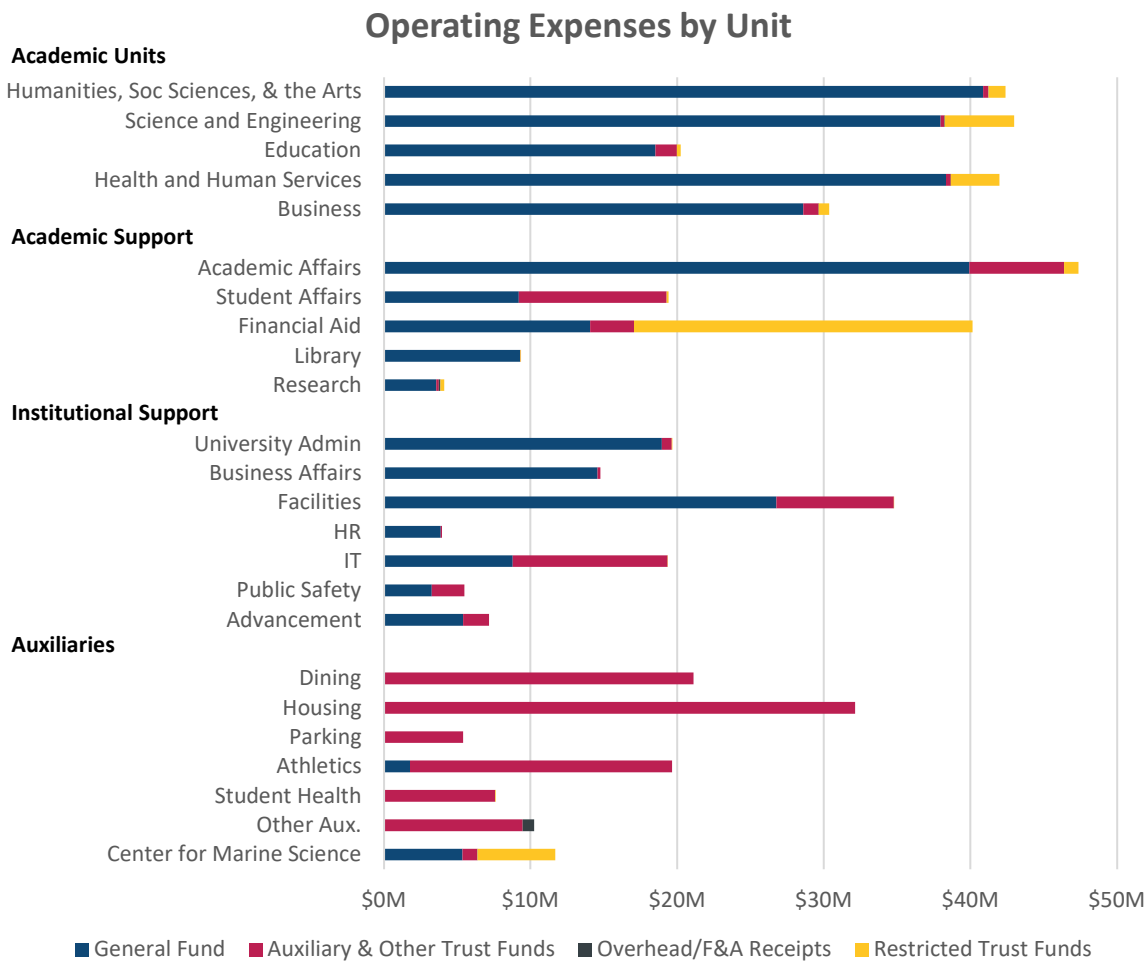
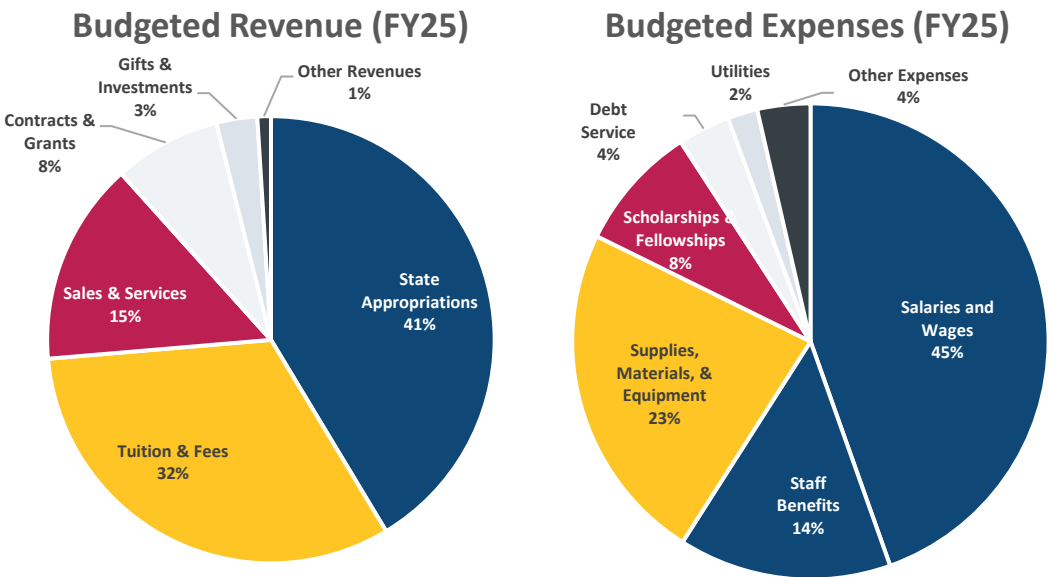
New Investments re. ROI Study & UNCW's New Strategic Plan

UNCW values the UNC System's focus on providing a strong return on investment (ROI) for applicable students and the taxpayers of North Carolina. To maintain UNCW's trajectory of success which was reflected in the ROI study released late last year³, the university intends to invest more than \$1.2 million in FY 24-25 for developing and scaling academic programs which prepare the workforce for high demand occupations. Specific programs slated to receive said support in FY 24-25 include, but are not limited to: Master of Healthcare Administration, B.S. in Cybersecurity, and B.S. in Intelligent Systems Engineering.

Additional Budget Considerations

UNCW has intentionally increased service, supplies, materials, and equipment expense budgets to account for inflationary pressures experienced in previous years, and that are anticipated to continue (albeit at a slower pace) in FY25. In addition, the university has proactively set aside resources to help address needs and strategic opportunities we anticipate beyond FY25, and also to be prepared for potential revenue volatility as we plan for the future.

³ The November 2023 study (available [here](#)) indicated that UNCW provides the highest *Incremental Lifetime Earnings per Incremental State Dollar* invested of any campus in the UNC System.



UNC Wilmington
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 214,636,000	\$ -	\$ -	\$ -	\$ 214,636,000
	Tuition & Fees	\$ 121,607,000	\$ 45,839,000	\$ -	\$ -	\$ 167,446,000
	<i>Less Discounts and Allowances</i>	\$ (7,471,000)	\$ (4,689,000)	\$ -	\$ (18,172,000)	\$ (30,332,000)
	Sales & Services	\$ 131,000	\$ 76,125,000	\$ -	\$ 7,000	\$ 76,263,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ 2,276,000	\$ -	\$ 1,968,000	\$ 35,832,000	\$ 40,076,000
	Gifts & Investments	\$ -	\$ 10,971,000	\$ -	\$ 4,342,000	\$ 15,313,000
	Other Revenues	\$ 132,000	\$ 4,758,000	\$ -	\$ 173,000	\$ 5,063,000
Revenues Total		\$ 331,311,000	\$ 133,004,000	\$ 1,968,000	\$ 22,182,000	\$ 488,465,000
Expenses	Salaries and Wages	\$ 195,638,000	\$ 24,919,000	\$ 46,000	\$ 5,974,000	\$ 226,577,000
	Staff Benefits	\$ 62,113,000	\$ 10,387,000	\$ 7,000	\$ 1,053,000	\$ 73,560,000
	Services, Supplies, Materials, & Equip.	\$ 46,168,000	\$ 62,075,000	\$ 127,000	\$ 9,933,000	\$ 118,303,000
	Scholarships & Fellowships	\$ 12,634,000	\$ 7,825,000	\$ 4,000	\$ 22,948,000	\$ 43,411,000
	<i>Less Discounts and Allowances</i>	\$ (7,471,000)	\$ (4,689,000)	\$ -	\$ (18,172,000)	\$ (30,332,000)
	Debt Service	\$ 896,000	\$ 16,374,000	\$ 797,000	\$ -	\$ 18,067,000
	Utilities	\$ 6,885,000	\$ 3,484,000	\$ -	\$ -	\$ 10,369,000
	Other Expenses	\$ 14,448,000	\$ 3,567,000	\$ 7,000	\$ 238,000	\$ 18,260,000
Expenses Total		\$ 331,311,000	\$ 123,942,000	\$ 988,000	\$ 21,974,000	\$ 478,215,000
Net Transfers		\$ -	\$ (2,188,000)	\$ (25,000)	\$ 628,000	\$ (1,585,000)
Change in Fund Balance			\$ 6,874,000	\$ 955,000	\$ 836,000	\$ 8,665,000



University of North Carolina School of the Arts

All-Funds Budget Narrative FY 2023-2024

The FY 2024-2025 All-Funds Budget at the University of North Carolina School of the Arts (UNCSA) closely aligns with the priorities of the UNC System and Board of Governors. Additionally, it adheres to UNCSA's strategic plan, centered on nurturing gifted emerging artists. Our goal is not just to equip students with skills for success but also to enrich their lives. Additionally, we're committed to contributing to North Carolina's cultural and economic vitality. The budget underscores our dedication to student success and institutional sustainability through strategic investments and measures for long-term viability.

Supporting System-Wide Strategic Priorities

Increase Access for Underserved Populations

- The Admissions budget is committed to targeted recruitment efforts aimed at underserved populations, with a focus on Tier I and II counties, ensuring that UNCSA attracts and enrolls top-tier emerging artists from diverse backgrounds.
- The Advancement divisional budget focuses on cultivating donors and fundraising opportunities, the results of which directly support student scholarships. These scholarships allow UNCSA to recruit and retain historically underrepresented students.
- \$84,000 in institutional CITI funds were allocated for need and merit-based financial aid.

Increase Student Success

- The Division of Liberal Arts budget plays a pivotal role in bolstering student retention and success through initiatives such as enhanced advising, curriculum refinement, innovative teaching methodologies, and policy enhancements. By fostering inclusive and supportive learning environments, the Division empowers students to thrive academically and artistically.
- The Health & Counseling Services budget facilitates a comprehensive model of UNCSA's Wellness Center with medical providers, licensed athletic trainers, physical therapy, registered dietitians, and psychiatry services all located in one on-campus location, improving ease of access and coordination of care for students that would be difficult to replicate in the community. Leveraging platforms like "UWill", UNCSA extends mental health resources to students, augmenting counseling capacity while optimizing cost-effectiveness to assist in offsetting inflationary operating costs.
- The Teaching and Learning Center budget champions the Academic Success Coaching program, promoting collaboration among faculty and departments to deliver a curriculum that cultivates academic excellence and supports student achievement across disciplines.

Economic Impact and Community Engagement

- The Community Programs budget underscores UNCSA's commitment to providing quality arts education to diverse local demographics. Through initiatives like the Community Music School, grant-supported programs offer low-cost or free programming to middle and high school students in economically depressed parts of the county. Community programs often serve as an employer for many alumni and UNCSA students, a recruiting pipeline for UNCSA High School and College students, and a bridge between UNCSA and the local community.

Investing in Institution-Specific Strategic Priorities

Maintain and Expand Industry Relevance

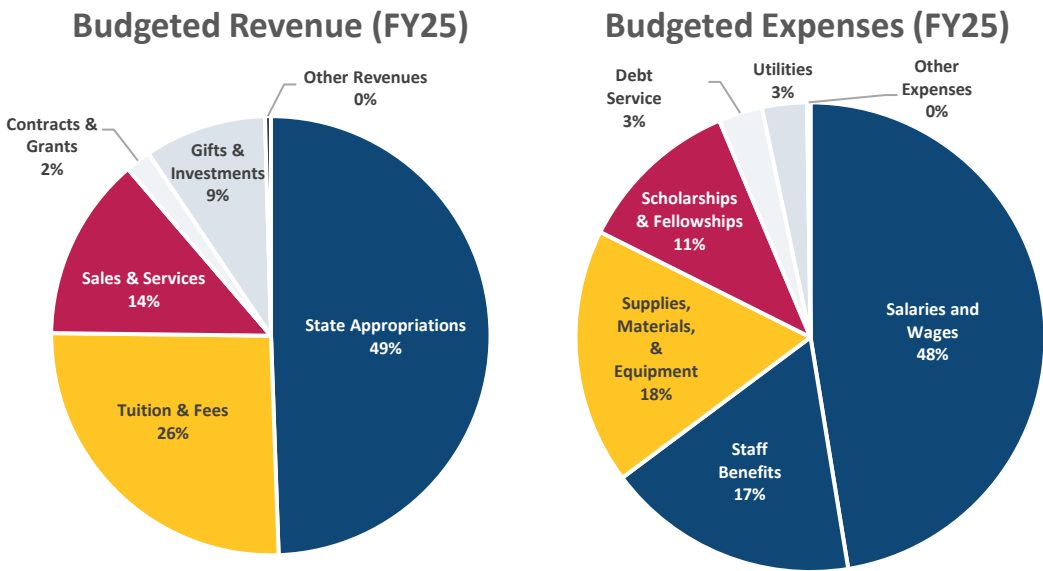
- The Art Schools' budgets are allocated to procure essential classroom materials that equip our students with the fundamental skills of stage, filmmaking, dance, and opera—skills vital for their future employment in the entertainment industry post-graduation. Additionally, these budgets facilitate industry-relevant excursions and workshops, encompassing health and wellness sessions, and the integration of cutting-edge classroom technology to enhance the learning experience.
- The Center for Design and Innovation plays a pivotal role as an innovation hub, fostering research and development endeavors that propel progress in contemporary arts and media. Its budget sustains the Media and Emerging Technology Lab's production space—a transformative environment dedicated to pioneering research in the forefront of filmmaking advancements.

Interdisciplinary Work in the Arts

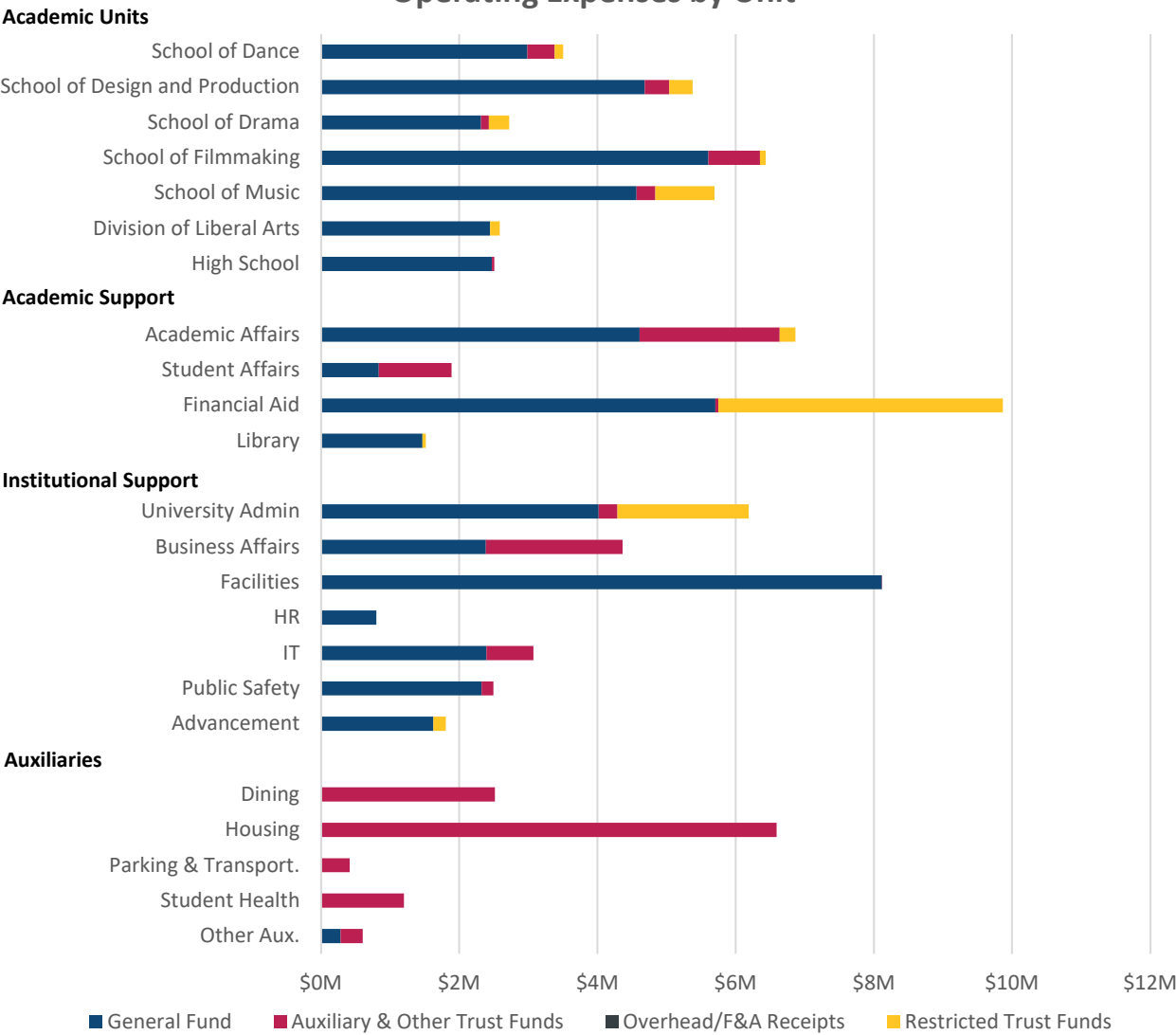
- The Office of the Provost budget provides essential support for strategic leadership, particularly in driving forward initiatives such as Interdisciplinary Work in the Arts. A cornerstone of this strategic priority involves the implementation of a Collaborative Scheduling Initiative (CSI). Collaborating closely with the CSI Core Committee, the Provost's Office has designated six collaborative days annually, commencing from FY2024-25. These dedicated days will facilitate a diverse array of programming, involving stakeholders ranging from Arts Schools to the Division of Liberal Arts/High School Academic Program, fostering fruitful collaborations across various entities including the Provost's Office and Student Affairs.
- The School of Film's budget empowers its students to engage in interdisciplinary collaboration across various disciplines within the school. Through joint efforts involving producing, editing, and cinematography students, they produce films essential for their practicums. These collaborative projects extend beyond the School of Film, integrating partnerships with other UNCSCA arts schools. Moreover, the budget facilitates the invitation of guest artists to UNCSCA, who not only host workshops but also actively collaborate and lead projects. This inclusive approach encourages participation from UNCSCA students, faculty, and staff, enriching the learning experience and fostering a vibrant creative community.

Institutional Sustainability Initiatives

- **Fiscal Sustainability** – The Division of Finance and Administration budget plays a crucial role in ensuring fiscal sustainability through the implementation of a comprehensive university-wide funding allocation process. By identifying both present and future-year funding requirements, this process provides the leadership team with a comprehensive overview of the university's resources and needs, enabling data-driven decision-making, strategic utilization of resources, and enhancing overall efficiency. Moreover, the adoption of a university-wide All-Funds Budgeting process further enhances financial transparency and accountability through a collaborative, integrated approach, resulting in streamlined resource allocations.
- **Personnel Sustainability** – UNCSCA has allocated \$200,000 from institutional CITI funds to bolster salary and benefits for Faculty Recruitment and Retention efforts. Recognizing the necessity for faculty compensation to remain competitive amidst evolving labor market, this allocation aims to confront UNCSCA's challenges in retaining and attracting top-tier faculty members. By elevating compensation levels to meet minimum rank standards, this initiative is poised to enhance UNCSCA's long-term competitiveness in terms of faculty salaries, ultimately fostering a more vibrant and resilient academic community.
- **Fiscal Sustainability** – The Art Schools are actively engaged in collaborative efforts aimed at optimizing classroom instruction, space utilization, and labor resources. By aligning classes with shared objectives across schools, we not only streamline operations but also enrich the student learning experience. This strategic approach fosters interdisciplinary connections and enhances overall student learning outcomes by integrating diverse perspectives into the educational journey.



Operating Expenses by Unit




**UNC School of the Arts
FY 2024-25 All-Funds Budget**

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 42,734,000	\$ -	\$ -	\$ -	\$ 42,734,000
	Tuition & Fees	\$ 16,872,000	\$ 5,400,000	\$ -	\$ -	\$ 22,272,000
	<i>Less Discounts and Allowances</i>	\$ (5,378,000)	\$ (155,000)	\$ -	\$ (746,000)	\$ (6,279,000)
	Sales & Services	\$ 13,000	\$ 11,693,000	\$ -	\$ -	\$ 11,706,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ 9,000	\$ -	\$ 1,602,000	\$ 1,611,000
	Gifts & Investments	\$ -	\$ 1,110,000	\$ -	\$ 6,654,000	\$ 7,764,000
	Other Revenues	\$ 31,000	\$ 337,000	\$ -	\$ -	\$ 368,000
Revenues Total		\$ 54,272,000	\$ 18,394,000	\$ -	\$ 7,510,000	\$ 80,176,000
Expenses	Salaries and Wages	\$ 33,135,000	\$ 6,520,000	\$ -	\$ 1,675,000	\$ 41,330,000
	Staff Benefits	\$ 12,622,000	\$ 2,104,000	\$ -	\$ 398,000	\$ 15,124,000
	Services, Supplies, Materials, & Equip.	\$ 6,104,000	\$ 7,504,000	\$ -	\$ 1,740,000	\$ 15,348,000
	Scholarships & Fellowships	\$ 5,378,000	\$ 155,000	\$ -	\$ 4,285,000	\$ 9,818,000
	<i>Less Discounts and Allowances</i>	\$ (5,378,000)	\$ (155,000)	\$ -	\$ (746,000)	\$ (6,279,000)
	Debt Service	\$ -	\$ 2,637,000	\$ -	\$ -	\$ 2,637,000
	Utilities	\$ 2,408,000	\$ 276,000	\$ -	\$ 6,000	\$ 2,690,000
	Other Expenses	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Expenses Total		\$ 54,269,000	\$ 19,041,000	\$ -	\$ 7,558,000	\$ 80,868,000
Net Transfers		\$ -	\$ 139,000	\$ -	\$ 50,000	\$ 189,000
Change in Fund Balance			\$ (508,000)	\$ -	\$ 2,000	\$ (506,000)

Memorandum

To: Jennifer Haygood, Senior VP for Finance and Administration and CFO
From: Michael T. Byers, Vice Chancellor for Administration and Finance
Date: May 1, 2024
Subject: 2024-25 All-Funds Budget Narrative



Western Carolina University (WCU) has a tradition and culture of transparency and campus-wide involvement in its incremental budget process. We believe that the All-Funds Budget forecast, as a component of our budget process, has become a logical “layer” of an existing process that is very highly valued.

WCU’s campus budget process begins in the spring each year, with the development of planning for Tuition, Fees, Rates and Charges (TFRC) for the academic year that will begin over 16 months in the future. In this annual process, TFRC proposals/requests go through a thorough vetting process that includes Budget Office, Division Heads, Chancellor’s Leadership Council, the Tuition and Fee Committee (made up of 50% students and 50% faculty and staff), Executive Council, and the Board of Trustees. If approved by the Board of Trustees, any tuition or fee changes that require approval by the Board of Governors are considered by that body in February/March each year. Thus, TFRC are set for inclusion in the WCU All-Funds Budget forecast by March each year. The robust vetting of the proposed changes ensures that affordability is at the forefront of these decisions.

WCU’s campus budget process for changes in enrollment funding for each fiscal year begins in the fall. This incremental budget process seeks requests for both recurring and non-recurring funds originating at the department level to be communicated to the Budget Office by December 31 each year and are finalized in the spring by each division after a series of open forums. All requests must cite their alignment with the WCU Strategic Plan, including the impact the budget request will have on enrollment, affordability, retention, graduation, risk mitigation, health and safety issues, efficiency, and effectiveness. These division requests are presented at a campus forum by division heads. During these presentations, division heads are expected to report on any reallocation of resources made or planned within the division during the prior or upcoming period. In April, a prioritization exercise is undertaken by campus leadership (Chancellor’s Leadership Council and the Budget Advisory Committee) and is intended to be coupled with the incremental requests from the divisions to guide allocation/reallocation decisions by executive leadership in the fall, when legislative action has prescribed enrollment funding. WCU’s current and past years’ budget process information can be found at budgetprocess.wcu.edu. Although the priorities set by this process, or the

forecasted outcomes of legislative action in the upcoming summer, are not prescribed to be considered in the development of the All-Funds Budget forecast, the time spent between the Budget office and the respective units and campus stakeholders in its development is of great value.

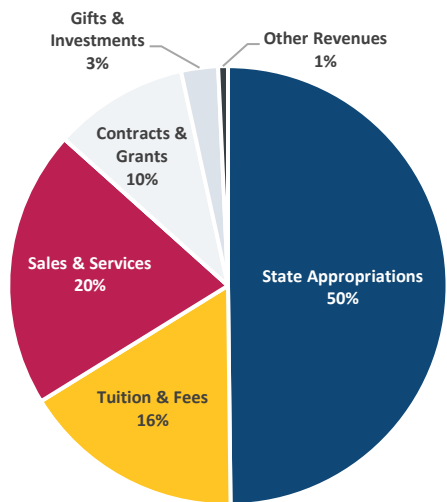
The WCU budget process requires units to tie all budget requests to the WCU Strategic Plan (Honoring Our Promise, 2021) by citing the specific Strategic Direction by number and section. Division heads are required to report each year during their divisional budget forum instances where resources were reallocated from less productive initiatives in favor of more productive initiatives or to keep the cost of an education to the students and taxpayers from escalating. As a matter of emphasis, any employee can have input into the budget request process. The forms on the budget webpage are open for all employees.

Finally, as the highest priorities arise through the budget process, final decisions get viewed through the lens of their impact on credit and risk, including compliance with WCU reserve balance requirements for self-liquidating units.

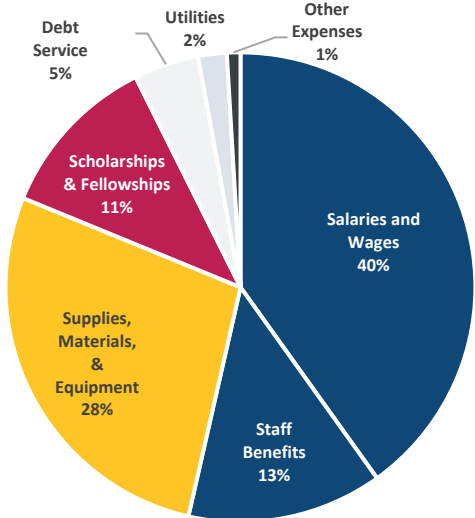
WCU's Board of Trustees approved the attached All Funds Budget forecast at its March 2024 meeting. Please contact me if you have any questions.

Cc: Kelli R. Brown, Chancellor

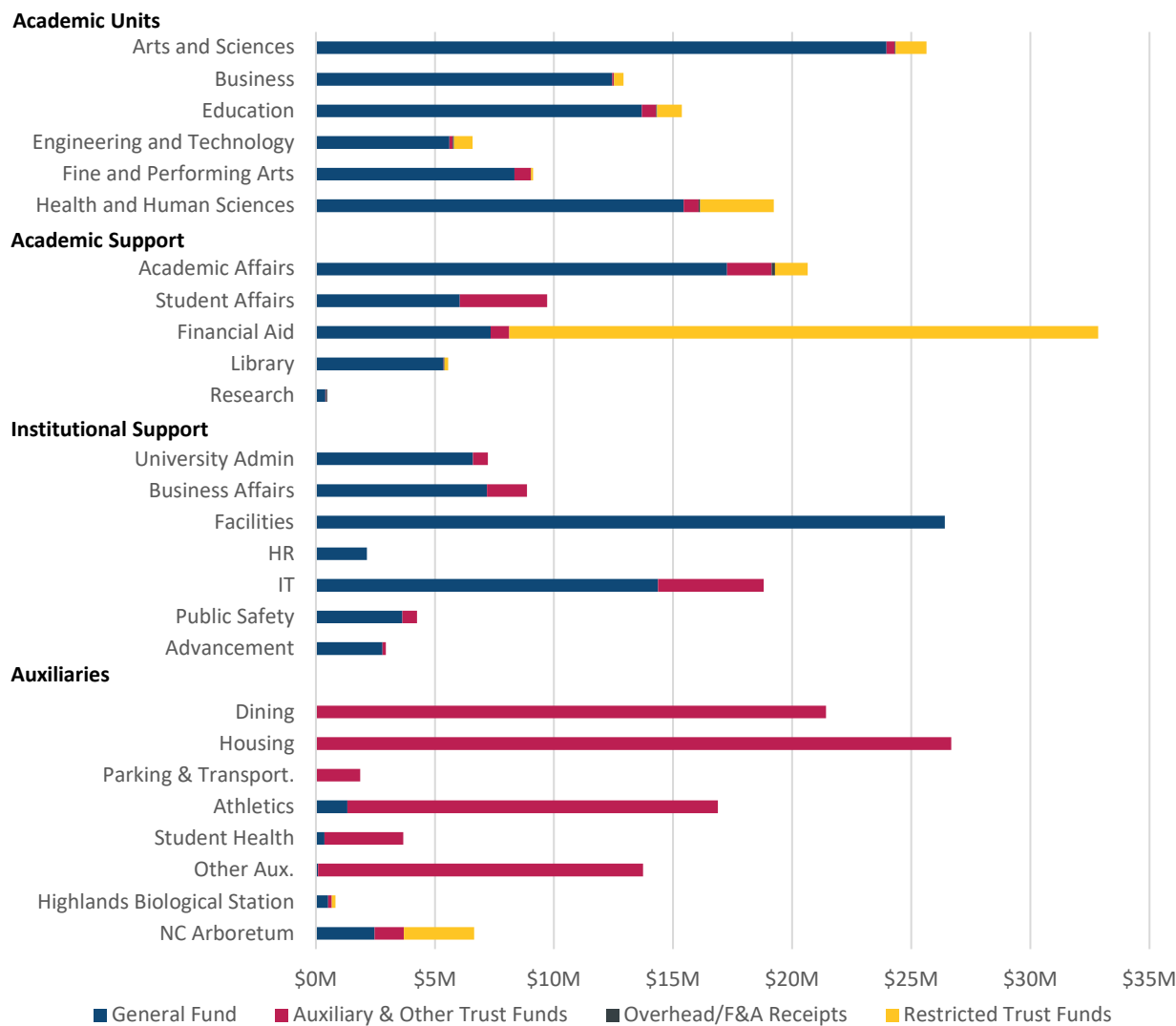
Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit



Western Carolina University
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds		Total
Revenues	State Appropriations	\$ 157,613,000	\$ -	\$ -	\$ -	\$ -	\$ 157,613,000
	Tuition & Fees	\$ 25,959,000	\$ 25,885,000	\$ -	\$ -	\$ -	\$ 51,844,000
	<i>Less Discounts and Allowances</i>	\$ (6,205,000)	\$ (4,275,000)	\$ -	\$ (12,587,000)	\$ -	\$ (23,067,000)
	Sales & Services	\$ -	\$ 64,693,000	\$ -	\$ -	\$ -	\$ 64,693,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ -	\$ -	\$ 31,466,000	\$ -	\$ 31,466,000
	Gifts & Investments	\$ -	\$ 5,655,000	\$ -	\$ 2,946,000	\$ -	\$ 8,601,000
	Other Revenues	\$ 206,000	\$ 1,049,000	\$ 748,000	\$ 208,000	\$ -	\$ 2,211,000
Revenues Total		\$ 177,573,000	\$ 93,007,000	\$ 748,000	\$ 22,033,000	\$ -	\$ 293,361,000
Expenses	Salaries and Wages	\$ 103,238,000	\$ 19,922,000	\$ 32,000	\$ 5,346,000	\$ -	\$ 128,538,000
	Staff Benefits	\$ 34,769,000	\$ 7,041,000	\$ 11,000	\$ 1,248,000	\$ -	\$ 43,069,000
	Services, Supplies, Materials, & Equip.	\$ 34,208,000	\$ 52,393,000	\$ 351,000	\$ 1,664,000	\$ -	\$ 88,616,000
	Scholarships & Fellowships	\$ 6,205,000	\$ 4,275,000	\$ 4,000	\$ 26,197,000	\$ -	\$ 36,681,000
	<i>Less Discounts and Allowances</i>	\$ (6,205,000)	\$ (4,275,000)	\$ -	\$ (12,587,000)	\$ -	\$ (23,067,000)
	Debt Service	\$ -	\$ 14,291,000	\$ -	\$ -	\$ -	\$ 14,291,000
	Utilities	\$ 4,621,000	\$ 1,712,000	\$ -	\$ -	\$ -	\$ 6,333,000
	Other Expenses	\$ 739,000	\$ 574,000	\$ 11,000	\$ 1,618,000	\$ -	\$ 2,942,000
Expenses Total		\$ 177,575,000	\$ 95,933,000	\$ 409,000	\$ 23,486,000	\$ -	\$ 297,403,000
Net Transfers		\$ -	\$ 4,667,000	\$ (339,000)	\$ 1,453,000	\$ -	\$ 5,781,000
Change in Fund Balance			\$ 1,741,000	\$ -	\$ -	\$ -	\$ 1,741,000

All Funds Budget Narrative

Winston-Salem State University (WSSU) has leveraged the All-Funds Budget process to assess and evaluate where institutional leadership and employees invest financial resources to achieve the outcomes identified in the UNC System's institutional metrics for WSSU and the university's *WSSU 2030 Unleash the Genius Strategic Plan*.

Student Success (Increase Retention Rates and Four-Year Graduation Rates)

WSSU unofficially adopted the mantra *Where Student Success is Unparalleled*, indicating clearly and explicitly that student success is at the core of WSSU's strategic plan and its institutional metrics. Given this focus, WSSU's senior leadership appropriated budgetary resources in the 2024-2025 All Funds Budget to improve the institution's first-to-second-year retention rates, second-to-third-year retention rates, and four-year graduation rates. University leaders want to increase student access to courses during the summer via the *WSSU 365 Summer Scholars program*. With this initiative, WSSU will pay a percentage of tuition and fees for students. The program will assist students with credit hour recovery and afford other students the opportunity to advance within their curriculum to complete degree requirements earlier than in the traditional four-year period. For Summer 2024, university leaders will expand the *WSSU 365 Summer Scholars Program* to assist select students by paying for all expenses related to one summer session at the in-state rate.

During the 2024-2025 academic year, WSSU leadership will sustain investments in proven partnerships to increase student success outcomes, including a strategic partnership with ReUp Education to focus on adult learner success and the employment of "Resilience Coaches" who support adult learner student engagement, aligning with Theme 1 Access, Goal 1 of the *UNC System Strategic Plan 2022-2027*. In FY 2024-2025 WSSU leadership sustain its partnership with EAB Navigate, a tool for administrators, faculty, and staff to track the academic success of all undergraduate and graduate students and to provide real-time personalized support services based on monitoring. WSSU leaders will also provide additional financial resources for the support of two offices that will drive student success outcomes: (1) an Office of Student Retention and Success that focuses more intentionally on providing support and professional development to employees on leveraging EAB Navigate to collect and analyze data that improve student engagement and student retention initiatives and (2) Office of Student Belonging and Engagement that will provide support to students to aid them with their sense of "mattering" and connectedness to the campus community, aiding with the development of their institutional and professional identities.

Improve Undergraduate Degree Efficiency

WSSU senior leadership acknowledges that undergraduate degree efficiency, or the number of undergraduate credentials awarded per 100 Full-Time Equivalent undergraduates, is critical to its student success outcomes. WSSU leadership understands that its employees must implement strategies that assist students in on-time graduation, which aligns with Theme 2 Student Success, Goal 2 of the *UNC System Strategic Plan 2022-2027*. Central to this effort is the extent to which the institution invests in its faculty to provide high-quality instruction that assists them with engaging diverse learners. WSSU senior leadership understands that the number of Ds, Fs, Ws, and Incompletes that students earn negatively impacts their on-time degree completion and their finances since they must retake courses to complete their degrees. To that end, WSSU leadership will continue to allocate financial resources to improve faculty instructional quality, investing in faculty instructional delivery by partnering with the Association of College and University Educators (ACUE) on its nationally recognized certification on excellence in online teaching.

Often unspoken in the conversation about undergraduate degree efficiency is the role of institutional leaders, particularly those persons considered “middle management” (e.g., department chairs, directors, deans). These leaders must have the knowledge, skills, courage, and ability to navigate difficult conversations and manage stressful decisions in accordance with policies to ensure the institutional climate supports student success and degree efficiency. WSSU leadership will remain in planning to invest in leadership and management training for these individuals to assist with their ability to leverage data to drive difficult conversations, provide effective feedback and coaching to employees, manage employee performance, and emphasize accountability against high expectations. Relatedly, WSSU leadership understands the importance of succession planning; thus, senior leaders will continue to invest in professional development opportunities for select employees to strengthen their leadership acumen, which will assist the university with “deepening its bench.” This strategic approach aligns to Theme 5 Excellent and Diverse Institutions, Goals 11 and 12 of the *UNC System Strategic Plan 2022-2027*.

Reduced Average Cumulative Debt and Education and Related Expenses

With respect to reducing the average cumulative debt and education and related expenses for undergraduate students, particularly first-time freshmen and transfer students in FY25, WSSU senior leadership will appropriate additional funds toward scholarships and emergency grants, aligning to Theme 3 Affordability and Efficiency, Goal 6 of the *UNC System Strategic Plan 2022-2027*. WSSU leadership has invested in scholarship awards for community college transfer students and new first-year students to offset a dependency on loans; moreover, leadership will continue to invest in the First-Day Complete program that will reduce costs for textbooks. WSSU leadership will leverage budgetary resources during the 2024-2025 academic year to a “scholarship matching” platform entitled “Scholarship Universe” that identifies relevant scholarships for students based on their personalized profile. Senior leadership will coordinate ways to provide financial literacy to new students, continuing students, and their families, understanding that greater awareness of financial options among families is a significant way to lower student debt.

Investments in Infrastructure and Facilities

Within the institution’s strategic plan, WSSU leaders are committed to the improvement of the university’s infrastructure. Administrators will make strategic investments into facility and technological upgrades that will facilitate student engagement and promote student learning, which will increase retention rates and undergraduate degree efficiency. Additionally, the university will integrate social gathering spaces into campus buildings to promote community in learning environments to drive persistence and retention rates that will positively impact timely degree completion.

Operational Efficiency

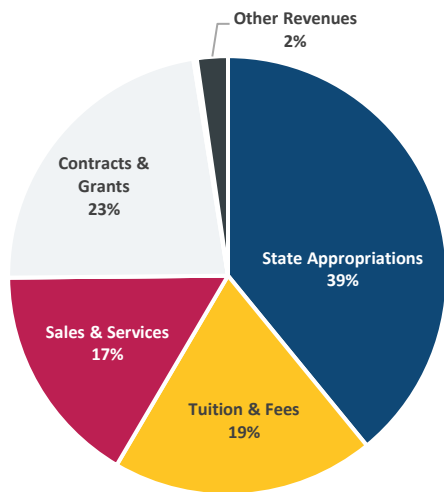
University leaders seek ways to improve operational efficiency to reduce costs and streamline processes that serve as barriers to student success and promote wasteful spending. As part of the university’s strategic plan, university leaders will evaluate organizational structures to assess where consolidation of offices, units, or departments may yield cost savings. Within Academic Affairs, leadership has begun an Academic Portfolio and Resources Reviews to collectively examine every academic program and department to develop a clear picture of what is being delivered to students and evaluate the sustainability of academic programs. The university will continue to employ austerity measures to support overall reduction in operational expenses.

Conclusion

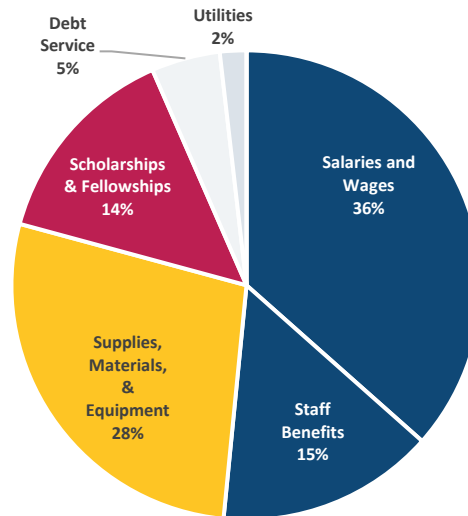
Winston-Salem State University FY25 All-Funds Budget represents a financial plan that aligns our resources to support our mission, strategic plan, and priorities. The budget reflects a balanced and sustainable financial plan that reflects positive cash flow from auxiliary and trust funds.

The WSSU Board of Trustees met and approved the All-Funds Budget on March 12, 2024.

Budgeted Revenue (FY25)

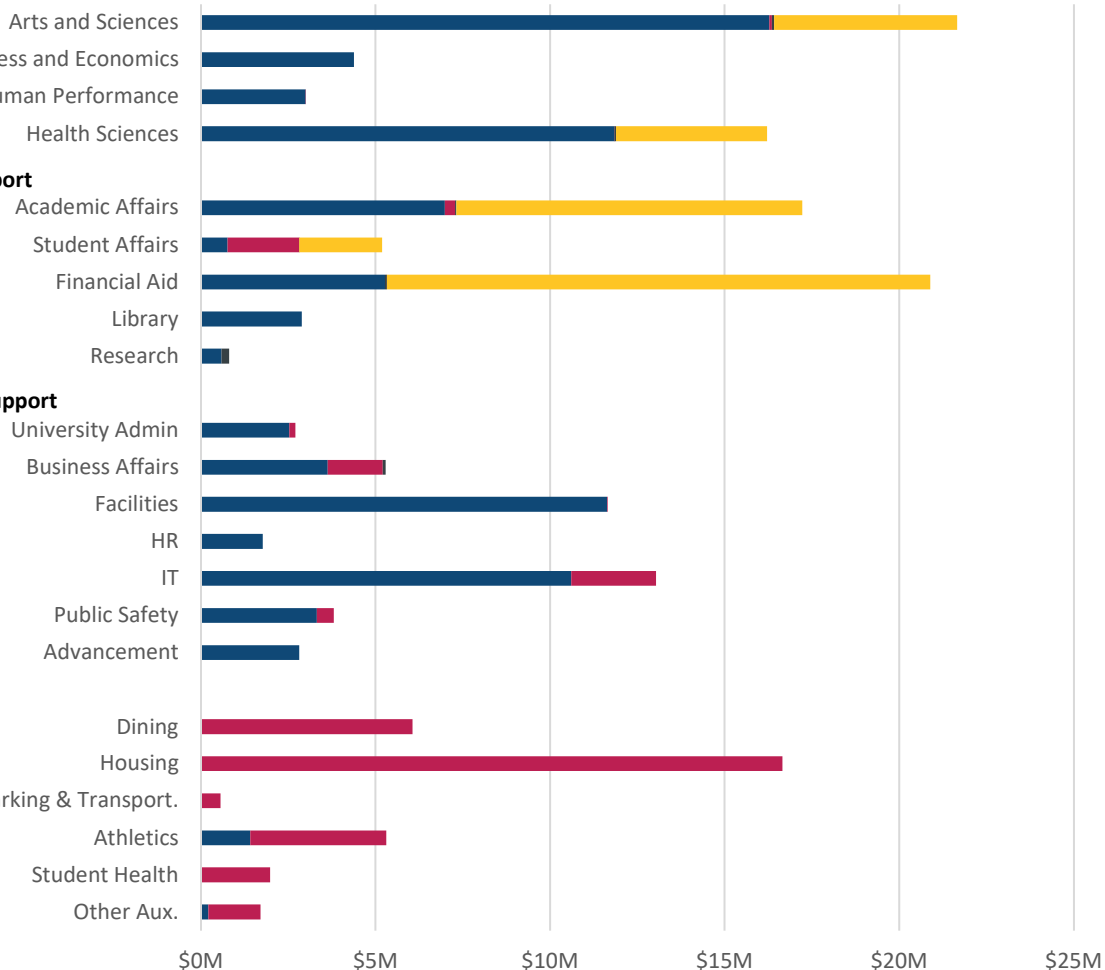


Budgeted Expenses (FY25)

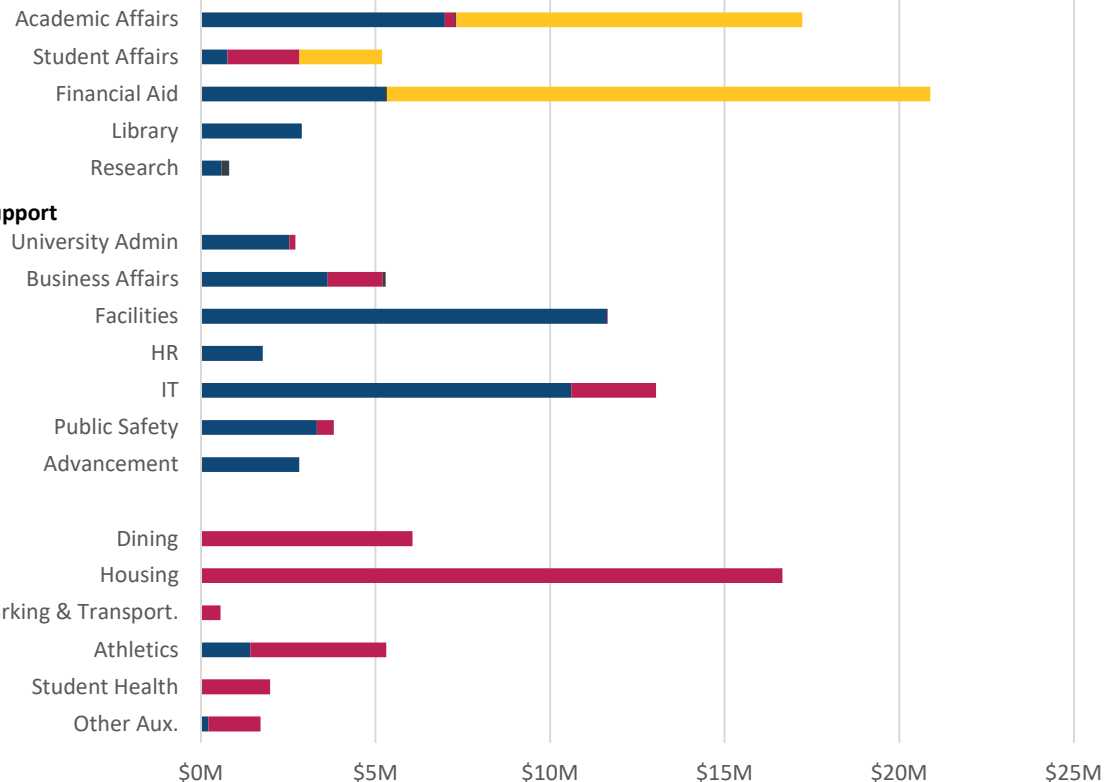


Operating Expenses by Unit

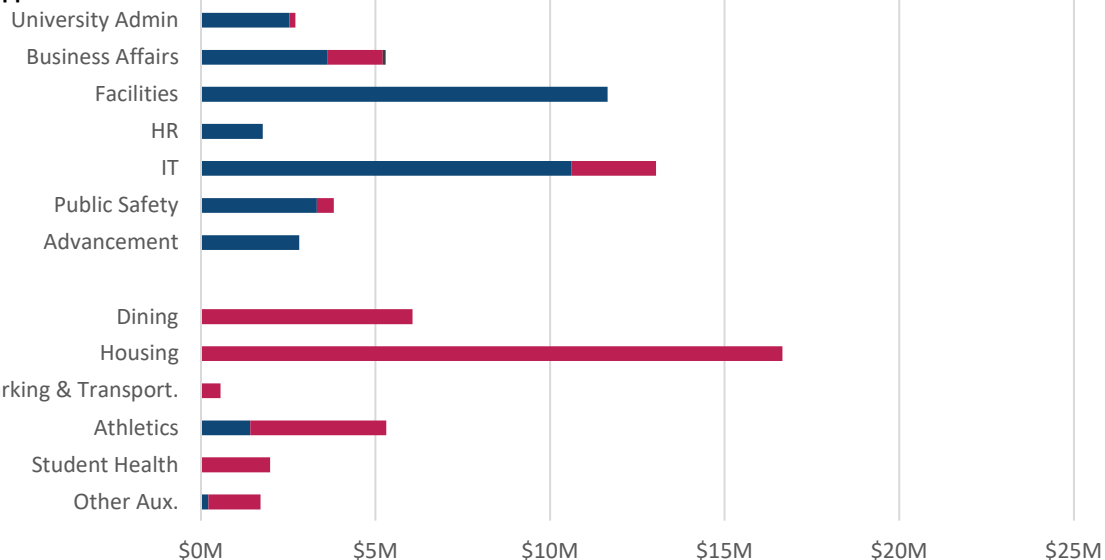
Academic Units



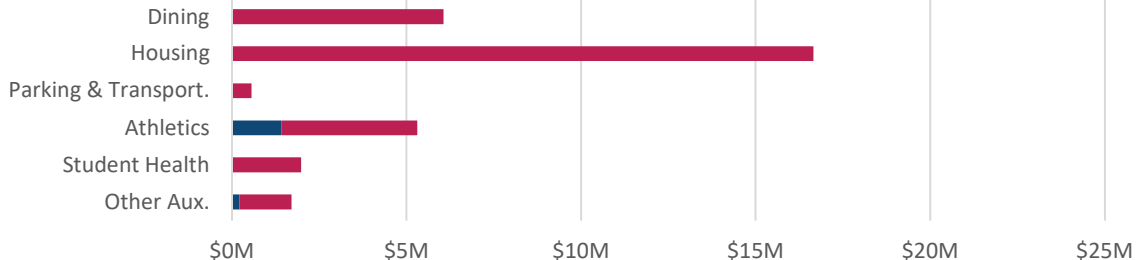
Academic Support



Institutional Support



Auxiliaries



■ General Fund ■ Auxiliary & Other Trust Funds ■ Overhead/F&A Receipts ■ Restricted Trust Funds

Winston Salem State University
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
<i>Revenues</i>	<i>State Appropriations</i>	\$ 66,337,000	\$ -	\$ -	\$ -	\$ 66,337,000
	<i>Tuition & Fees</i>	\$ 21,386,000	\$ 11,476,000	\$ -	\$ -	\$ 32,862,000
	<i>Less Discounts and Allowances</i>	\$ (4,670,000)	\$ (1,039,000)	\$ -	\$ (12,091,000)	\$ (17,800,000)
	<i>Sales & Services</i>	\$ -	\$ 27,808,000	\$ -	\$ -	\$ 27,808,000
	<i>Patient Services</i>	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Contracts & Grants</i>	\$ -	\$ 6,000	\$ 941,000	\$ 37,426,000	\$ 38,373,000
	<i>Gifts & Investments</i>	\$ -	\$ 457,000	\$ -	\$ -	\$ 457,000
	<i>Other Revenues</i>	\$ 2,214,000	\$ 1,623,000	\$ -	\$ -	\$ 3,837,000
Revenues Total		\$ 85,267,000	\$ 40,331,000	\$ 941,000	\$ 25,335,000	\$ 151,874,000
<i>Expenses</i>	<i>Salaries and Wages</i>	\$ 44,719,000	\$ 8,106,000	\$ 14,000	\$ 7,683,000	\$ 60,522,000
	<i>Staff Benefits</i>	\$ 19,002,000	\$ 3,491,000	\$ 4,000	\$ 2,346,000	\$ 24,843,000
	<i>Services, Supplies, Materials, & Equip.</i>	\$ 18,324,000	\$ 17,487,000	\$ 465,000	\$ 9,506,000	\$ 45,782,000
	<i>Scholarships & Fellowships</i>	\$ 4,670,000	\$ 1,039,000	\$ 10,000	\$ 17,891,000	\$ 23,610,000
	<i>Less Discounts and Allowances</i>	\$ (4,670,000)	\$ (1,039,000)	\$ -	\$ (12,091,000)	\$ (17,800,000)
	<i>Debt Service</i>	\$ 628,000	\$ 7,198,000	\$ -	\$ -	\$ 7,826,000
	<i>Utilities</i>	\$ 2,594,000	\$ 403,000	\$ -	\$ -	\$ 2,997,000
	<i>Other Expenses</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses Total		\$ 85,267,000	\$ 36,685,000	\$ 493,000	\$ 25,335,000	\$ 147,780,000
Net Transfers		\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance			\$ 3,646,000	\$ 448,000	\$ -	\$ 4,094,000

NCSSM Budget Alignment with Strategic Priorities

Approximately 90% of NCSSM's operating budget comes from state appropriations, with the other 10% coming from the NCSSM Foundation, which is an associated entity set up before the school's opening in 1980 to support the institution. Our state appropriated budget is heavily focused on delivering our core mission of providing residential, online, and extended programs for talented students across North Carolina, with the funding provided by our Foundation helping us meet these needs and our strategic goals for improvement.

NCSSM's Strategic Plan – which incorporates our UNC System Strategic Plan goals – drives how we allocate our budget. Our current five-year Strategic Plan has focused on expanding real-world learning opportunities for our students to do significant research and in expanding our curriculum in computer science, and data science. We have also worked to expand our virtual learning programs that now enroll more than 500 students from across North Carolina to take courses via NCSSM's Online Program. We have been able to use enrollment growth funding to more than double enrollment in this programs over the past five years. NCSSM's second campus in Morganton opened in the Fall of 2022. In the Fall of 2023, the enrollment expanded to 300 residential students. NCSSM-Morganton will have its first graduating class this May.

Our plan has also guided the expansion of our extended learning programs, in which we serve non-enrolled students in partnership with schools across North Carolina through our NCSSM Connect Program, which provides high-level STEM synchronous virtual courses to students across North Carolina to augment their home high school curriculum. Most of our partner schools are in rural parts of our state. We serve more than 500 students annually through the NCSSM-Connect Program. We also offer a variety of STEM-focused summer programs for middle and high school students across our state. Many of these programs target student groups that are typically underrepresented in STEM fields.

With state funding for NCSSM-Morganton, enrollment growth funding for our distance education programs and private funding, NCSSM's enrollment in our residential and virtual programs will have grown from nearly 1,200 students a decade ago to more than 2,000 students in fall 2024.

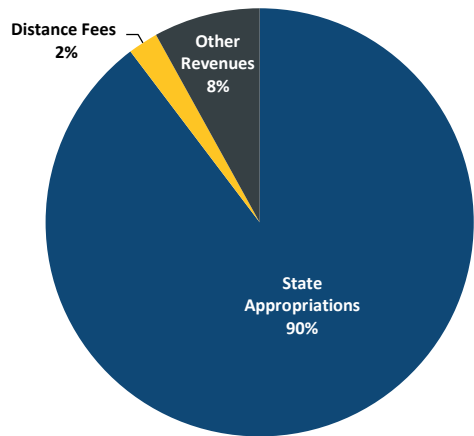
As we have been growing significantly as an institution over the past five years with the expansion of our online, extended learning, and now residential programs, we have been very mindful of our strategic priorities which are aligned with the UNC System strategic priorities for increasing enrollment of students from Tier 1 and Tier 2 counties and counties with low post-secondary enrollment. As we have expanded our enrollment, we have done so mindful of ensuring student success. We have focused funding to support expanded student advising, counseling and mental health services, and support programs. We have also received private funding from our NCSSM Foundation to support these initiatives.

As we have expanded over the past several years we have focused our efforts in making sure that we operate as one institution with multiple campuses and programs. In doing so, we have been very conscious of efficiency in how we will operate one institution across two campuses in very different parts of the state. In particular, we have worked to not increase any senior level administrative positions. All our Vice Chancellors have responsibility for their Division across both campuses and our online and extended programs. We believe that our institutional organizational structure allows us to be both efficient and effective and to operate as one NCSSM. With our Morganton campus fully operational in 2023-24, we will be evaluating our operations to be sure that as planned and implemented, we are able to operate our expanded institution effectively going forward.

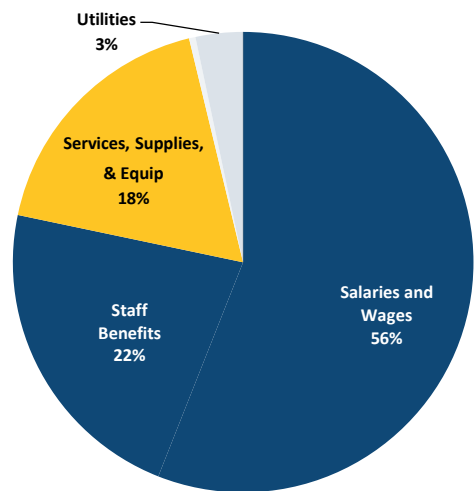
A very important strategic goal of our Board of Trustees has a very strong commitment to ensure our employees are adequately compensated. In the past five years with the help of legislated salary increases and private funding we have been able to make gains in moving employee compensation toward market rate targets. With market rates being updated for both SHRA and EPS employees, we will be evaluating how we can work in coming years to make sure our employees are being compensated at market rates. We will also be evaluating options for using performance bonuses to compensate employees who are doing outstanding work for our institution.

As an institution with very limited funding sources – only state appropriations and private philanthropic funding – we have worked very intentionally to align our resources to meet our core mission and to align with our strategic priorities, which are all focused on how we can best meet our mission of serving talented students across North Carolina and advancing public education in our state. We are nearing the end of a multi-year, \$50-million fundraising campaign branded, “Ignite + Transform: Educational Excellence and Opportunity for All of NC,” which along with state funding is helping us extend our reach and impact, as well as build our new campus and improved the facilities on our Durham campus. We plan to close the campaign by June 2025, which will be one year ahead of schedule and we expect to have raised more than \$60 million by this time. We believe that NCSSM does a very effective job in accomplishing our mission with the resources at our disposal.

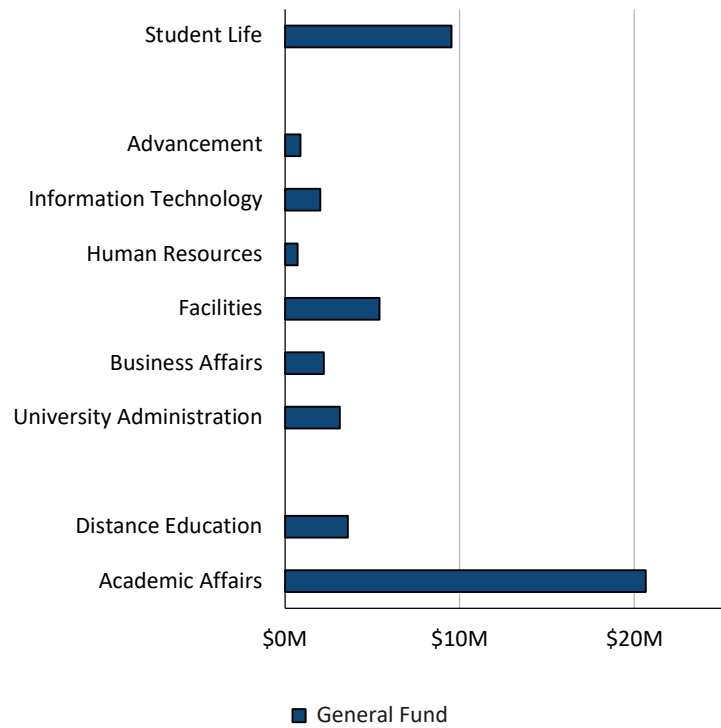
Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit



**NC School of Science & Math
FY 2024-25 All-Funds Budget**

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 43,299,000	\$ -	\$ -	\$ -	\$ 43,299,000
	Tuition & Fees	\$ 1,098,000	\$ -	\$ -	\$ -	\$ 1,098,000
	<i>Less Discounts and Allowances</i>	\$ -	\$ -	\$ -	\$ -	\$ -
	Sales & Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ -	\$ -	\$ -	\$ -
	Gifts & Investments	\$ -	\$ -	\$ -	\$ -	\$ -
	Other Revenues	\$ 3,872,000	\$ -	\$ -	\$ -	\$ 3,872,000
Revenues Total		\$ 48,269,000	\$ -	\$ -	\$ -	\$ 48,269,000
Expenses	Salaries and Wages	\$ 27,035,000	\$ -	\$ -	\$ -	\$ 27,035,000
	Staff Benefits	\$ 10,750,000	\$ -	\$ -	\$ -	\$ 10,750,000
	Services, Supplies, Materials, & Equip.	\$ 8,662,000	\$ -	\$ -	\$ -	\$ 8,662,000
	Scholarships & Fellowships	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Less Discounts and Allowances</i>	\$ -	\$ -	\$ -	\$ -	\$ -
	Debt Service	\$ 220,000	\$ -	\$ -	\$ -	\$ 220,000
	Utilities	\$ 1,600,000	\$ -	\$ -	\$ -	\$ 1,600,000
	Other Expenses	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Expenses Total		\$ 48,269,000	\$ -	\$ -	\$ -	\$ 48,269,000
Net Transfers		\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance			\$ -	\$ -	\$ -	\$ -

UNC System Office FY 2025 All-Funds Budget Narrative



The UNC System Office's mission is to lead and strengthen the state's public universities to serve the people of North Carolina. Home to the offices of the president and senior administrative staff, it achieves this mission by researching, recommending, and executing the policies of the Board of Governors and the initiatives of the president. The UNC System Office also provides an array of services to campuses and administers multiple programs established by legislation. This work guides University-wide leadership in the areas of long-range planning, academic and student affairs, government relations, business and financial management, human resources, information technology, enterprise risk management, and legal affairs.

The System Office also provides financial administration support to PBS North Carolina (PBS NC) and the State Education Assistance Authority (SEAA). PBS NC, an affiliate for the UNC System, is directed by statute to develop, produce, and distribute noncommercial educational television programming through the broadcasting licenses issued to the UNC Board of Governors, and to enhance the uses of television for public purposes. SEAA promotes access to education by administering financial aid and savings programs, informing students and families about paying for education, teaching educators about financial aid administration, and advocating for resources to support students. While SEAA is administratively housed within the UNC System Office, it exercises its statutory powers independently.

We are pleased to present the FY25 System Office All-Funds Budget, which provides a comprehensive and transparent resource allocation plan focused on advancing the University's strategic goals, promoting student affordability, and supporting campus safety and enterprise risk management.

Progress towards System-wide Strategic Goals

The UNC System strategic plan sets ambitious goals for access, student success, and student affordability. The Board of Governors has set measurable targets for the president on these strategic priorities, including on-time graduation and degree efficiency, student debt among bachelor's degree completers, and education and related expenses per degree. Through its budgeting process, the System Office has prioritized resources to support its critical leadership role in driving system-wide progress towards these goals. Specific highlights include:

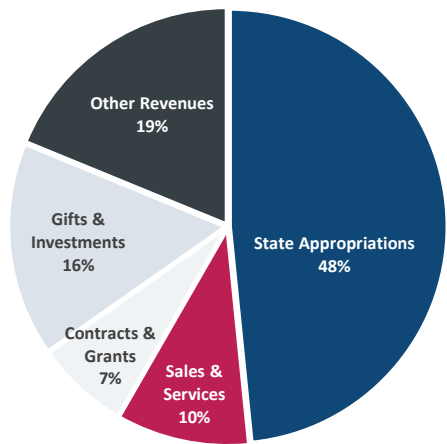
- **Academic Program Return on Investment (ROI):** Building on the Deloitte ROI study and leveraging private grant dollars, the System Office is redesigning program approval and renewal policies as well as developing a systematic and replicable process to help institutions review their academic programs, diagnose challenges, and identify promising interventions to increase the ROI of degrees.
- **Healthcare Workforce:** Resources were reallocated to establish a position dedicated to administering the ARPA Temporary Savings Funds allocated to the Board of Governors to increase the number of graduates in critical healthcare workforce areas, such as nursing.
- **Chancellor Search Support Realignment:** Personnel associated with supporting chancellor and other executive search processes have been realigned under the Chief of Staff's office to promote better coordination.

Financial Sustainability and Enterprise Risk Management

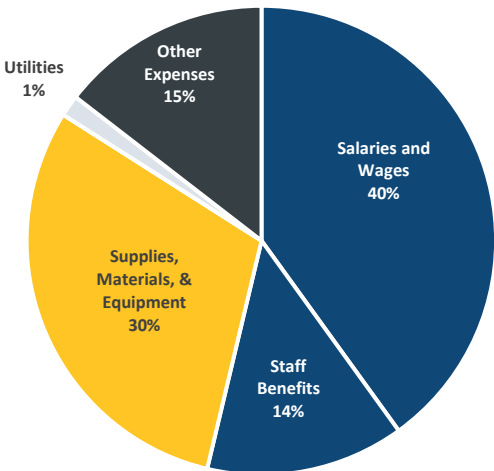
The System Office has also used the All-Funds Budget process to validate that its budget is structurally sound and enterprise risks are being addressed. Below are examples of how the System Office is aligning its resources to support enterprise risk management:

- **PBSNC-System Office Integration:** To reduce overhead costs and duplicative work, staff are collaborating on strategies to better integrate PBSNC into the System Office's administrative processes in such areas as human resources, IT, accounting, purchasing, and sponsored programs.
- **Internal Audit:** An additional internal audit position has been added to enhance the internal audit services provided to requesting institutions and affiliates.
- **Information Security:** The System Office is working closely with campuses to improve our system's cybersecurity posture. We are launching a centralized vendor risk management program. As our institutions work with an increasing number of vendors that store or transact sensitive data, IT departments are required to evaluate each vendor to ensure that the appropriate security controls are in place. This critical work requires extensive man-hours at every organization, with many struggling to meet demand. This centralized approach will provide more consistent, timely evaluations and minimize duplicative work.
- **Sponsored Program Compliance:** Due to the significant increase in the amount grant activity led by the System Office, our limited overhead receipts have been used to augment our sponsored programs unit with an additional time-limited position. This team ensures appropriate sub-recipient monitoring and other federal compliance protocols are in place.

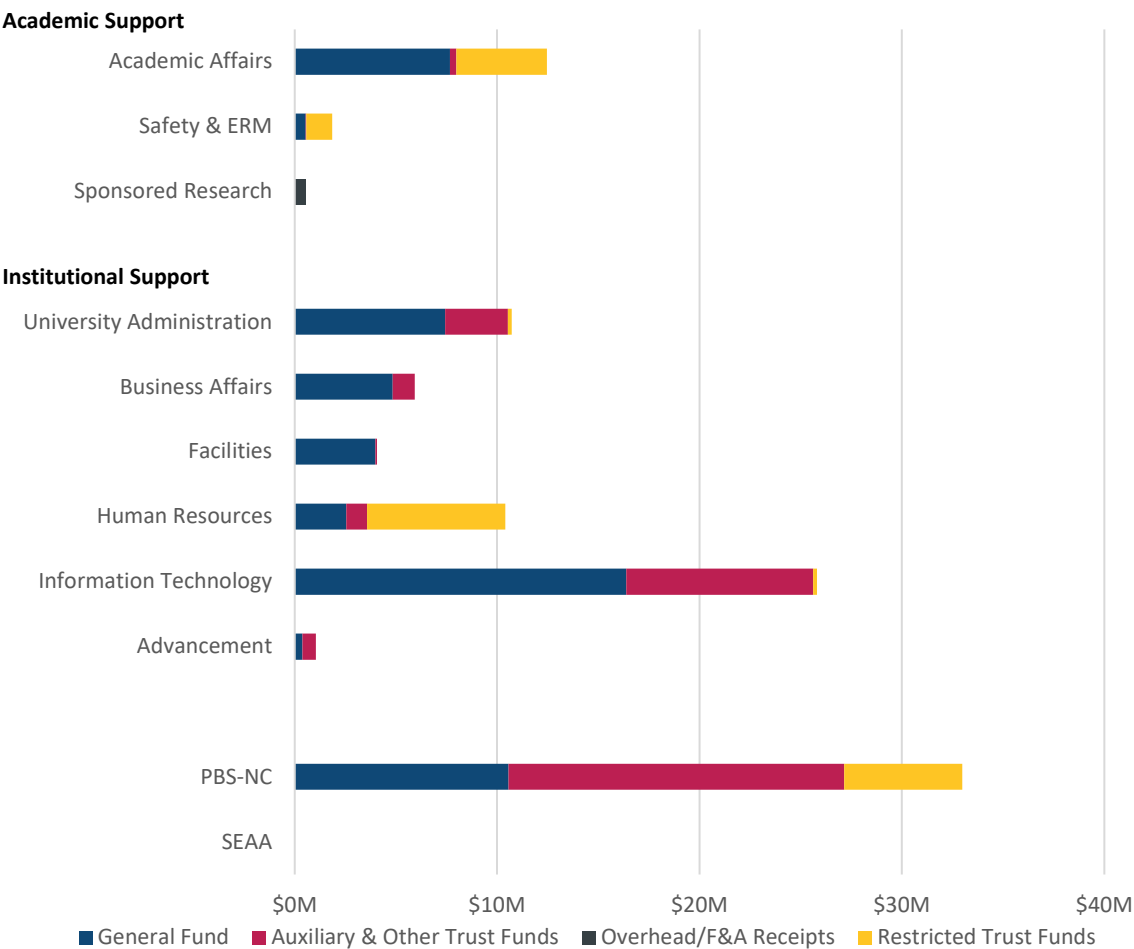
Budgeted Revenue (FY25)



Budgeted Expenses (FY25)



Operating Expenses by Unit



UNC System Office (including PBSNC)
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 49,053,000	\$ -	\$ -	\$ -	\$ 49,053,000
	Tuition & Fees	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Less Discounts and Allowances</i>	\$ -	\$ -	\$ -	\$ -	\$ -
	Sales & Services	\$ 39,000	\$ 8,413,000	\$ -	\$ 1,562,000	\$ 10,014,000
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ 500,000	\$ 225,000	\$ 6,327,000	\$ 7,052,000
	Gifts & Investments	\$ -	\$ 16,157,000	\$ -	\$ 8,000	\$ 16,165,000
	Other Revenues	\$ 3,970,000	\$ 8,020,000	\$ -	\$ 7,036,000	\$ 19,026,000
Revenues Total		\$ 53,062,000	\$ 33,090,000	\$ 225,000	\$ 14,933,000	\$ 101,310,000
Expenses	Salaries and Wages	\$ 28,426,000	\$ 11,499,000	\$ 376,000	\$ 2,878,000	\$ 43,179,000
	Staff Benefits	\$ 9,555,000	\$ 4,088,000	\$ 137,000	\$ 959,000	\$ 14,739,000
	Services, Supplies, Materials, & Equip.	\$ 11,040,000	\$ 12,533,000	\$ 35,000	\$ 9,070,000	\$ 32,678,000
	Scholarships & Fellowships	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Less Discounts and Allowances</i>	\$ -	\$ -	\$ -	\$ -	\$ -
	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
	Utilities	\$ 1,138,000	\$ 454,000	\$ -	\$ -	\$ 1,592,000
	Other Expenses	\$ 4,618,000	\$ 5,577,000	\$ -	\$ 5,463,000	\$ 15,658,000
Expenses Total		\$ 54,777,000	\$ 34,151,000	\$ 548,000	\$ 18,370,000	\$ 107,846,000
Net Transfers		\$ 1,716,000	\$ 269,000	\$ -	\$ 2,999,000	\$ 4,984,000
Change in Fund Balance			\$ (792,000)	\$ (323,000)	\$ (438,000)	\$ (1,553,000)

UNC System Office
FY 2024-25 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
SEAA		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriation, Tuition, & Fees	\$ 302,446,000.00	\$ -	\$ -	\$ -	\$ 302,446,000
	Sales & Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Patient Services	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts & Grants	\$ -	\$ -	\$ -	\$ 3,120,000.00	\$ 3,120,000
	Gifts & Investments	\$ -	\$ -	\$ -	\$ -	\$ -
	Other Revenues	\$ 406,731,000.00	\$ -	\$ -	\$ 7,424,000.00	\$ 414,155,000
Revenues Total		\$ 709,177,000	\$ -	\$ -	\$ 10,544,000	\$ 719,721,000
Expenses	Salaries and Wages	\$ -	\$ 174,000	\$ -	\$ 5,090,000	\$ 5,264,000
	Staff Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
	Services, Supplies, Materials, & Equip.	\$ -	\$ -	\$ -	\$ 39,243,000	\$ 39,243,000
	Scholarships & Fellowships	\$ -	\$ -	\$ -	\$ 672,087,000	\$ 672,087,000
	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
	Utilities	\$ -	\$ -	\$ -	\$ -	\$ -
	Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses Total		\$ -	\$ 174,000	\$ -	\$ 716,420,000	\$ 716,594,000
Net Transfers		\$ (709,177,000)	\$ 174,000	\$ -	\$ 709,177,000	\$ 174,000
Change in Fund Balance			\$ -	\$ -	\$ 3,301,000	\$ 3,301,000

AGENDA ITEM

A-4. FY 2023 UNC System Debt Capacity Study.....Jennifer Haygood

Situation: The University of North Carolina System Office is required to prepare and submit to the North Carolina General Assembly a Debt Capacity Study detailing the System's current debt load and capacity to borrow.

Background: G.S. 116D-56 requires the University of North Carolina Board of Governors to annually advise the General Assembly and the governor on the estimated debt capacity of the UNC System for the upcoming five years. The provision also requires each constituent institution to report current and anticipated debt levels, current bond rating and information about any changes to that rating, information about the institution's debt management policies, and comparisons to peer institutions.

Assessment: The System Office has prepared the 2023 UNC System Debt Capacity Study in compliance with G.S. 116D-56. The study finds that 15 institutions maintain or increase their debt capacity over the five-year study period, nine institutions have increased their debt capacity compared to last year, and all 16 institutions have maintained or improved at least one of their primary financial ratios since the 2022 study.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

UNC SYSTEM FY 2023 DEBT CAPACITY STUDY

BOG Committee on Budget and Finance

May 22, 2024

Overview of FY 2023 Debt Capacity Study

UNC System Report

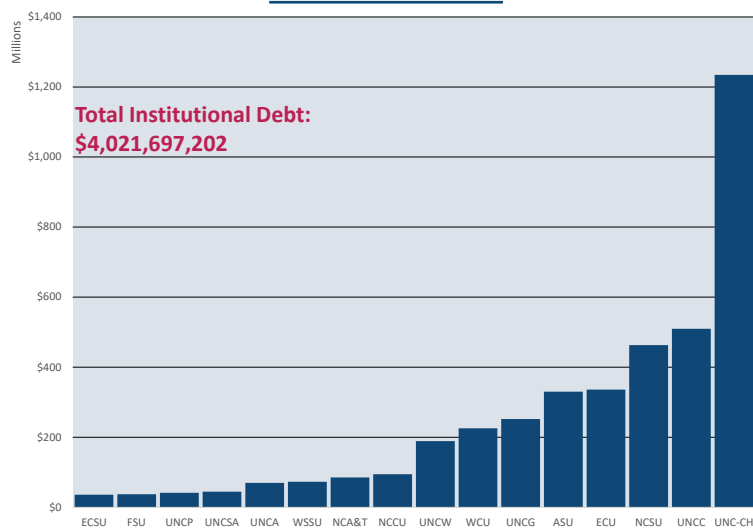
- G.S. 116D-56 requires the Board to advise stakeholders “on the **estimated debt capacity of The University of North Carolina for the upcoming five fiscal years.**”
- The Debt Capacity Study focuses on the following elements:
 - UNC System’s current approach to evaluating debt and the complexity of the credit rating process;
 - Assignment of each institution’s estimated debt capacity over a five-year period; and
 - Recommendations for the use of the Study and suggestions for future improvement.
- Debt capacity increases at 15 institutions over the five-year study period, 9 institutions have increased their debt capacity compared to last year, and all 16 institutions have improved at least one of their primary financial ratios since the 2022 study.

Overview of FY 2023 Debt Capacity Study

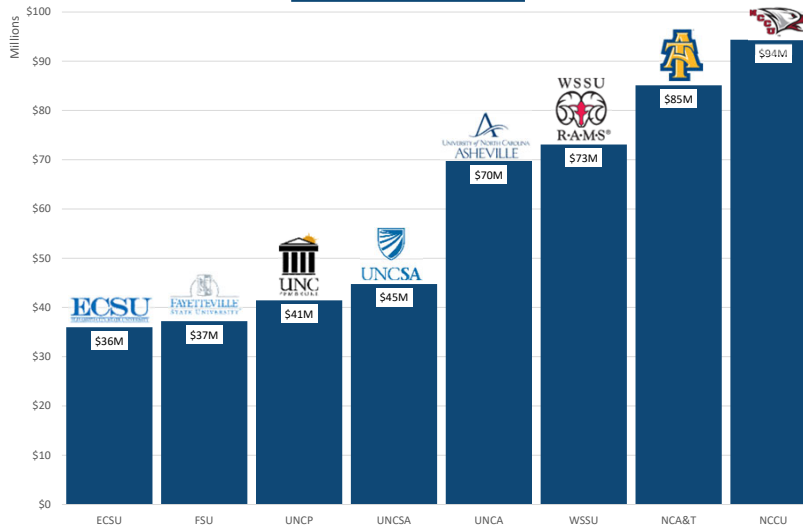
Campus Reports

- Each campus report provides context for the institution's financial model and addresses the legislative requirements.
- Campus reports contain the following components:
 - Overview of recent enrollment trends and other general performance metrics;
 - Explanation of factors considered in setting growth factors;
 - Summary of projected results for the financial model's three financial ratios;
 - Current debt and credit profiles, including details on financed projects, sources of repayment, and recommendations for maintaining or improving the institution's credit rating; and
 - Copy of any existing debt management policy.

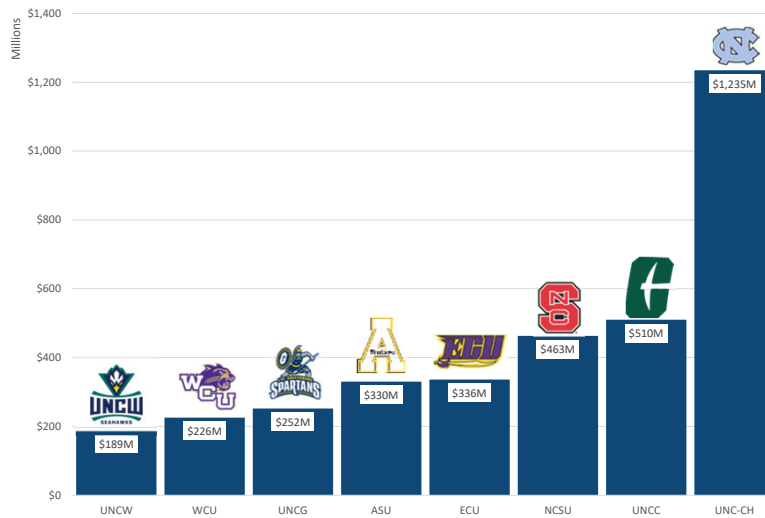
FY 2023 Total Debt by Institution



FY 2023 Total Debt by Institution with < \$100M in Total Debt



FY 2023 Total Debt by Institution with > \$100M in Total Debt



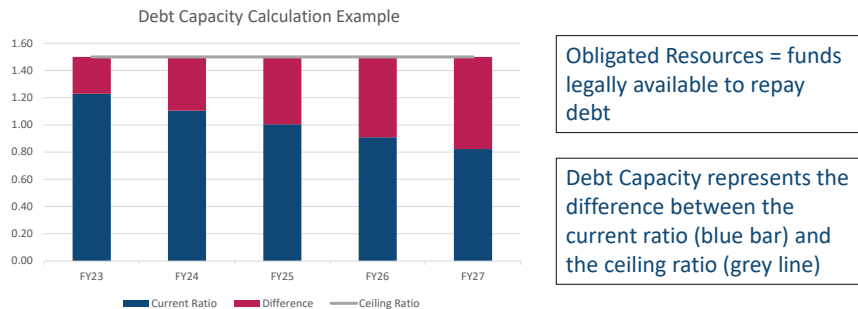
How is Debt Capacity Calculated?

Step 1: Total Debt / Obligated Resources = Current Ratio

ASU Example: $\$330,039,671 / \$268,451,531 = 1.23$

Step 2: (Ceiling Ratio – Current Ratio) * Obligated Resources = Debt Capacity

ASU Example: $(1.50 - 1.23) * \$268,451,531 = \$72,637,626$



What Causes Debt Capacity to Change?

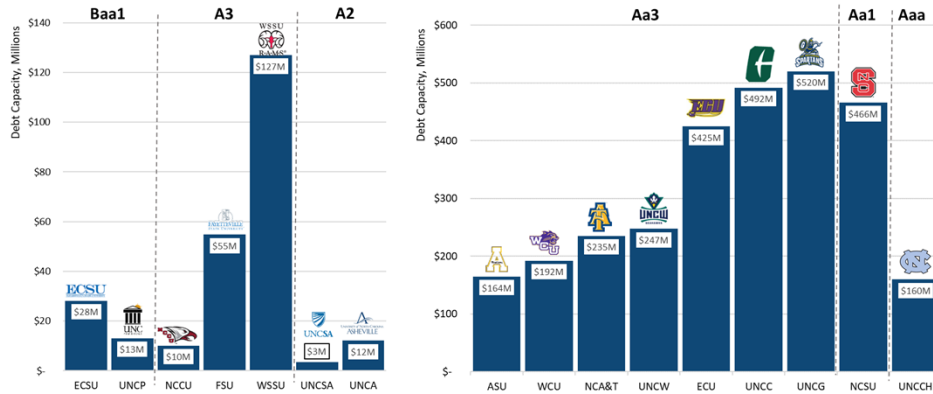
Increase

- Paying down existing debt
- Increase in “obligated resources”
 - Enrollment growth
 - Auxiliary revenue growth
 - Strong fundraising and investment returns
- Increase ceiling ratio
- Credit rating increase
- Refinancing at a lower interest rate

Decrease

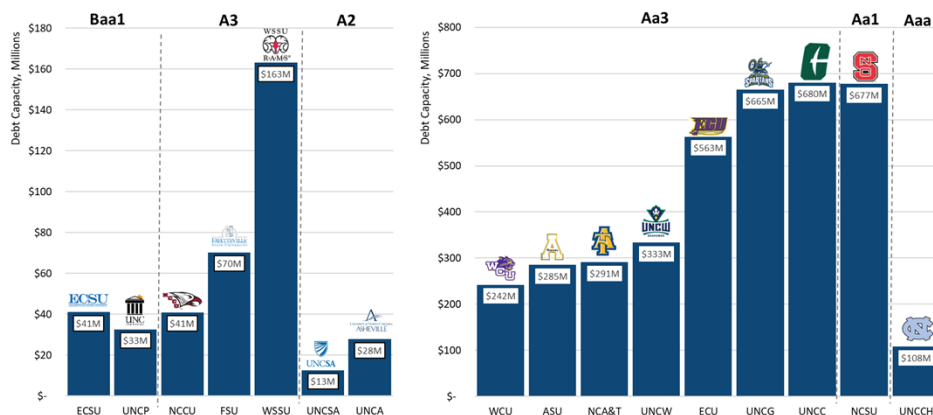
- Issuing new debt
- Decrease in “obligated resources”
 - Enrollment decline
 - Reduced auxiliary revenues
 - Lower investments returns
- Decrease ceiling ratio
- Credit rating decrease
- Higher interest rates

Debt Capacity in FY 2024



FSU is not currently rated by Moody's. FSU has been grouped based on its corresponding rating from Standard and Poor's. Standard and Poor's is no longer assigning a rating for UNCP. UNCP has been grouped based upon previous ratings.

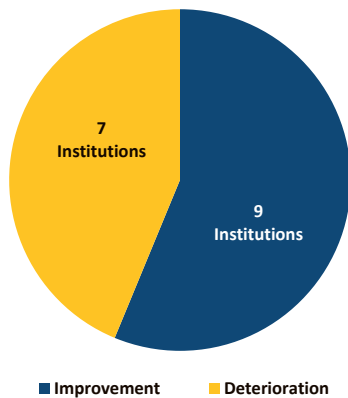
Projected Debt Capacity in FY 2028



FSU is not currently rated by Moody's. FSU has been grouped based on its corresponding rating from Standard and Poor's. Standard and Poor's is no longer assigning a rating for UNCP. UNCP has been grouped based upon previous ratings.

Campus Debt Capacity Trends

Debt Capacity vs. FY 2022 Study



Breakdown of Debt Capacity Decreases

- Debt capacity can change when institutions issue new debt for capital projects, obligated resources decline, or institutions change their policy ratios.
- Several institutions have decreased capacity due to planned debt issuances.
 - N.C. A&T: \$58.5M
 - NCSU: \$142M
 - UNCCH: \$330.5M
 - UNCP: \$7.9M
 - WCU: \$30M

Comparison of Campus Ratios: FY22 to FY23

Institution	Debt to Obligated Resources	5-Year Payout Ratio	Debt Service to Operating Expenses
ASU	0.99	26%	5.02%
ECU	0.54	24%	2.52%
ECSU	1.24	23%	3.00%
FSU	0.83	21%	1.76%
N.C. A&T	0.66	15%	1.42%
NCCU	1.80	29%	3.07%
NCSU	0.69	24%	2.15%
UNCA	1.69	23%	5.19%
UNCCH	0.44	16%	2.04%
UNCC	0.87	22%	5.21%
UNCG	0.78	34%	5.23%
UNCP	1.61	29%	2.28%
UNCW	0.74	29%	4.57%
UNCSA	1.39	12%	3.19%
WCU	1.06	20%	6.38%
WSSU	1.06	29%	3.86%

Improvement from prior year

Decline from prior year

No change from prior year

Observations

- Every institution improved in at least one category.
- 5 institutions improved in all three of the primary ratios.
- Debt Service to Operating Expenses saw the most improvements from FY 2022.

Campus Credit Ratings Used in the Study

Institution	Moody's	S&P	Fitch
ASU	Aa3		
ECSU	Baa1		
ECU	Aa3	AA-	
FSU		A-	A
NC A&T	Aa3		AA-
NCCU	A3		
NC State	Aa1	AA	
UNCA	A2		
UNC-CH	Aaa	AAA	AAA
UNCC	Aa3	A+	
UNCG	Aa3	A+	
UNCP			
UNCSA	A2		
UNCW	Aa3		
WCU	Aa3		
WSSU	A3	A-	

Observations





- Moody's upgraded NC A&T's credit rating in July 2023 from A1 to Aa3 with a stable outlook. Fitch affirmed NC A&T's AA- rating and positive outlook.
- Moody's affirmed ASU's Aa3 rating but revised the outlook from stable to negative.
- Moody's affirmed UNCA's A2 rating but revised the outlook from stable to negative.

Note: S&P is no longer providing a credit rating for UNCP's general revenue bonds. UNCP's most recent A- rating was in 2020 based on the institution's 2006B Pool Bonds that have since been retired.

Plans to Improve Future Debt Capacity Studies

- Moving emphasis towards debt affordability (vs. capacity)
 - What is the impact of an institution's existing debt on its operating budget?
 - What is the impact of proposed projects and the associated debt on an institution's operating budget?
- Looking at metrics over multiple years
 - Year-to-year financial fluctuations can cause single-year volatility.
- Streamlining report materials
 - Current study materials, including individual campus reports, exceeds 400 pages.
- Adjusting the timing of BOG presentation
 - Plan to present study as context for self-liquidating project requests

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**THE UNIVERSITY OF
NORTH CAROLINA SYSTEM**

FY 2023 UNC System Debt Capacity Study

May 22, 2024

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FY 2022-23 Debt Capacity Study

Purpose of the Study

S.L. 2015-97 added a new Article 5 to Chapter 116D of the General Statutes of North Carolina (the “**Act**”), requiring each constituent institution (collectively, the “**Institutions**”) of The University of North Carolina (the “**University**”) to provide the University of North Carolina Board of Governors (the “**Board**”) with an annual report on its current and anticipated debt levels. The Act requires that the University, in turn, submit to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the State Treasurer, and The University of North Carolina System (the “**UNC System Office**”) an annual study incorporating each Institution Report.

This report (the “**Study**”) has been developed to address the Act’s mandate to advise stakeholders “on the estimated debt capacity of The University of North Carolina for the upcoming five fiscal years” and establish “guidelines for evaluating the University’s debt burden.”

The Act also requires the Board to submit a uniform report from each institution regarding its debt burden and anticipated debt levels, in addition to other data and information related to each institution’s fiscal management. Those Institution Reports are attached to the Study as **Appendix D**.

Methodology Used

Since the Act defines “debt” for the purposes of the Study to exclude debt serviced with “funds appropriated from the General Fund of the State,” the Study primarily focuses on special obligation bonds issued under Article 3 of Chapter 116D (“**special obligation bonds**” or “**general revenue bonds**”), millennial campus bonds issued under Article 21B of Chapter 116, and other long-term debt issued on behalf of each institution to finance various capital facilities, including housing and other enterprise projects.

N.C. General Statute §116D-26(a) prohibits using the obligated resources of one institution to secure the debt of another institution, meaning the University has no debt capacity independent of its constituent institutions’ individual ability to issue debt. The Study does not, therefore, aggregate each institution’s individual debt levels and obligated resources to derive a Systemwide debt capacity metric. Instead, the Study offers a comprehensive review of each institution’s debt capacity using the guidelines presented in the Act, which the UNC System Office has presented in detail in the Institution Reports included as part of **Appendix D**.

The Act expressly requires the University to establish guidelines for two ratios — **debt to obligated resources** and a **five-year payout ratio**. The Study also includes a ratio that is more widely used to measure a public university’s debt burden — **debt service to operating expenses**. For more details on the ratios, see the information under the caption “Description of Ratios” on the following page.

The Study is based on a financial model that has been developed to measure three ratios on a pro forma basis over the next five years (the “**Study Period**”). Recognizing the wide diversity in enrollment, funding sources, and missions across each institution, the UNC System has worked with each institution to establish tailored and meaningful target policies for its respective ratios.

While an institution’s ultimate debt capacity is affected by numerous quantitative and qualitative factors, for the purposes of the Study, “estimated debt capacity” is defined as the maximum amount of debt each institution could issue without exceeding its ceiling ratio for debt to obligated resources in any single year of the study period.

Description of Ratios

The model considers the following three ratios:

Statutory Ratios

Ratio	Explanation	Commentary
Debt to Obligated Resources	Compares each institution's outstanding debt to the funds legally available to service its debt	<ul style="list-style-type: none"> Provides a general indication of an institution's ability to repay debt from wealth that can be accessed over time Tied to the statutory framework for institution debt, so ratio is not used outside the State
Five-Year Payout	Measures the percentage of each institution's debt to be retired within the subsequent five year period	<ul style="list-style-type: none"> Indicates how rapidly an institution's debt is amortizing and how much additional debt capacity may be created in the near term Five year horizon is not widely used

Supplementary Ratio

Ratio	Explanation	Commentary
Debt Service to Operations	Measures debt service burden as a percentage of each institution's total operating expenses	<ul style="list-style-type: none"> Indicates an institution's operating flexibility to finance existing requirements and new initiatives Uses expenses rather than revenues because expenses tend to be more stable year-over-year Permits comparison to peers outside the State

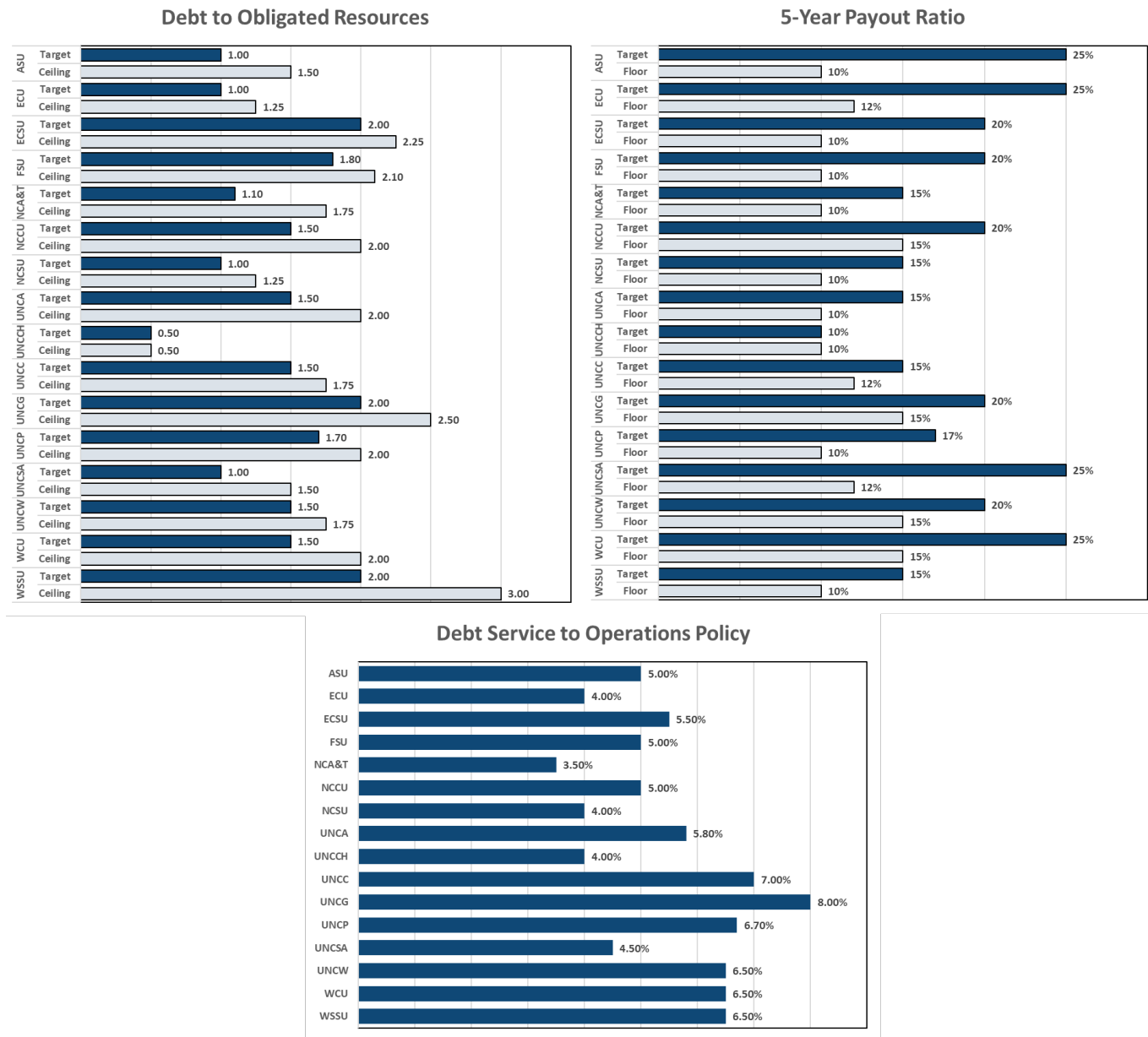
The first two ratios — **debt to obligated resources** and **five-year payout** — are mandated by the Act. While the ratios provide useful snapshots of each institution's debt profile and fiscal condition, the two ratios are not used outside of North Carolina. To provide additional data points and peer comparisons, the Study tracks an additional ratio — **debt service to operations**.

Note that the Study uses each institution's "Available Funds" as a proxy for its obligated resources. "Available Funds" is reported publicly by each institution with outstanding general revenue bond debt and reflects how Article 3's "obligated resources" concept has been translated into the bond documentation governing each institution's general revenue bonds. The two concepts are identical for most institutions, but to the extent there is any discrepancy, "Available Funds" will produce a lower, more conservative figure.

See **Appendix A** for more information on the ratios and the definitions for related terms.

Overview of Target and Policy Ratios

For the two statutorily required ratios — **debt to obligated resources** and the **five-year payout ratio** — each institution has set both a target ratio and a floor or ceiling policy, as applicable. The target and policy ratios are summarized below. See **Appendix C** for more information on the methodology each institution used in setting its target and policy ratios.

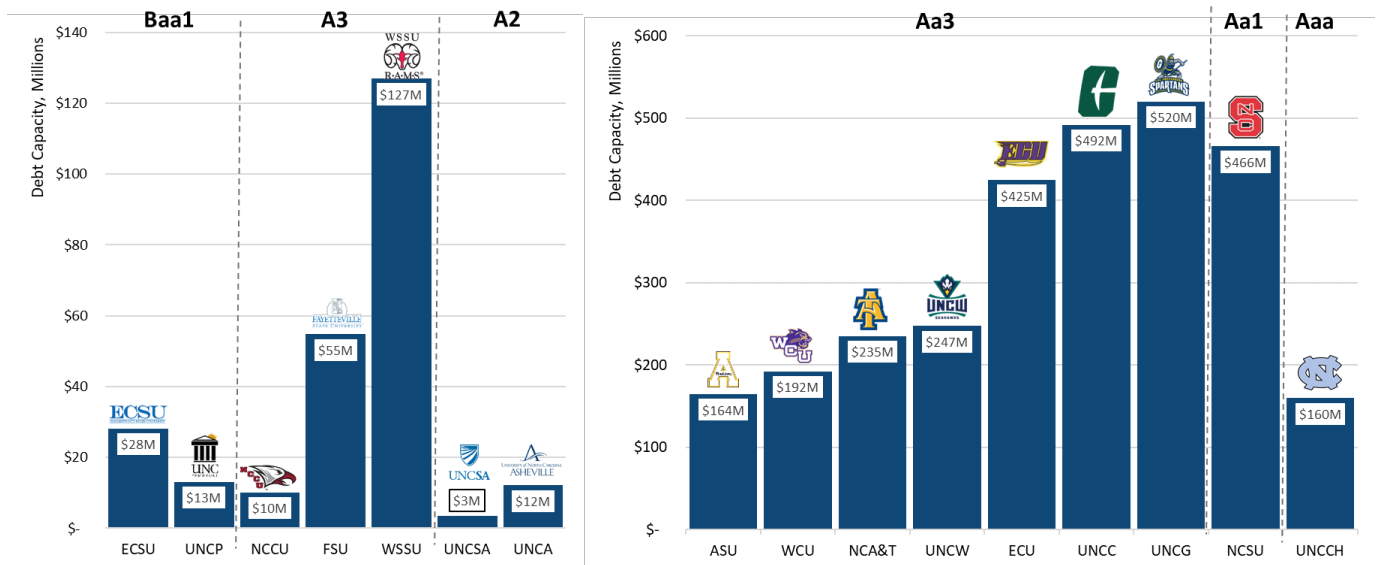


Conclusions

The following table summarizes the **current debt capacity** of each institution as defined for the purposes of the Study. The numbers in the table reflect **the maximum amount of debt each institution could issue in fiscal year 2024** without exceeding its ceiling ratio for **debt to obligated resources** during any year of the Study Period, after taking into account any approved future projects. The approved future projects for each institution, if any, are detailed in its report included as part of **Appendix D**. Fayetteville State University is not currently rated by Moody's.

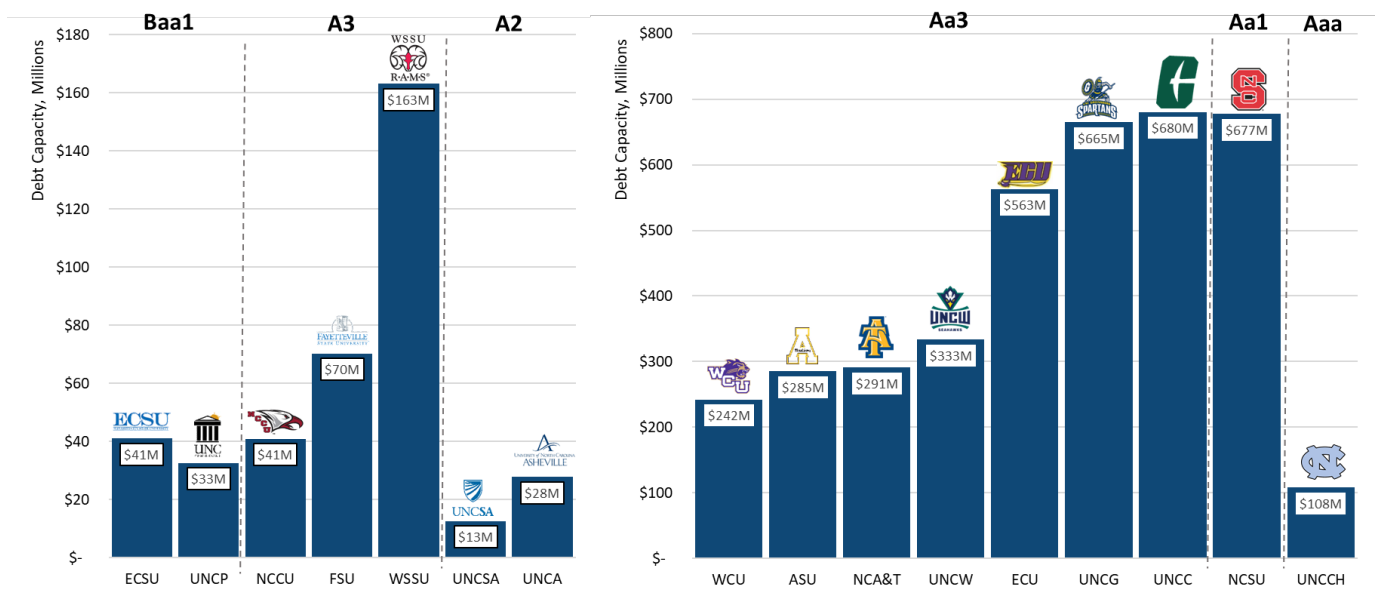
FSU has been grouped based on its corresponding rating from Standard and Poor's. Standard and Poor's is no longer assigning a rating for UNC Pembroke. UNCP has been grouped based upon previous ratings.

Current Debt Capacity Across the System (2024)



Generally, debt capacity for each institution will grow over the course of the Study Period as enrollment and obligated resources increase. The table below summarizes each institution's **projected debt capacity for fiscal year 2028**, assuming it issued no debt (other than debt to finance any approved future projects) until the last year of the Study Period.

Projected Debt Capacity Across the System (2028)



The range of capacities reflects the diversity among the institutions, each with its own strengths, challenges, and mission. The Study reflects the general health and proactive management of each institution's balance sheet, much of which is attributable to the State's history of strong support for the University and its institutions. The general

growth in capacity over the course of the Study Period indicates relatively rapid amortization rates for most institutions.

A small handful of institutions are facing significant headwinds in terms of enrollment and revenue growth. For those institutions, improving debt capacity alone may not be a priority; instead, their debt capacity will improve as they continue to work with the UNC System Office to implement new strategies and policies to meet their unique challenges. Due to the uncertain inflationary environment, the study uses the average Consumer Price Index over the past 12 months (3.4 percent) for the first out year of the study (FY23-24). For the remaining four out years (FY24-28), the study uses 2.5 percent, which is in line with economic forecasts and closer to the historical average inflation. Each institution was given the option, however, to adjust the growth factor for each of the model components based on its reasonable expectations for its performance over the Study Period. Any growth rate adjustment, along with the factors considered in making the adjustment, is described in the individual Institution Reports attached as **Appendix D**.

While the Study provides useful insight into the overall fiscal position and capital needs of each institution, policymakers and other stakeholders identify trends and challenges facing each institution and the University over time, the Study also underscores the unique nature of public higher education debt and the value of the UNC System's centralized support and oversight. **The Study's emphasis on aggregate debt and asset levels is valuable, but the current approval process, which is predicated on a collaborative, project-by-project analysis of tailored cost estimates and project-specific sources of repayment, should continue to drive decision-making with respect to any proposed project.**

Recommendations

Recommended Use of the Study

Since the Study is framed broadly to accommodate the complexity and diversity of each institution's mission, business model, size, and infrastructure needs, the Study should be used as a general assessment of each institution's overall fiscal position and to help institutions, policymakers, and other stakeholders identify trends and challenges facing each institution and the UNC System over time. Like any other management tool, the Study is not intended as a substitute for the considered judgment of institution leadership, the UNC System, the Board, or the General Assembly. An institution may be better served, for example, forgoing a project when it has significant debt capacity or pursuing a financing even if doing so would cause the institution to exceed one of its stated target ratios.

While the Study will help policymakers and stakeholders determine when additional scrutiny for a project may be warranted to ensure institutions are deploying debt prudently and strategically, institution debt policies and the University's debt approval process — which is predicated on a project-by-project analysis of tailored cost estimates and identified sources of repayment — should continue to drive decision-making with respect to any proposed project.

The graphic below summarizes how the Study is intended to be integrated into a comprehensive debt management framework that includes each institution's debt policy and the University's debt approval process.

Annual Debt Capacity Study

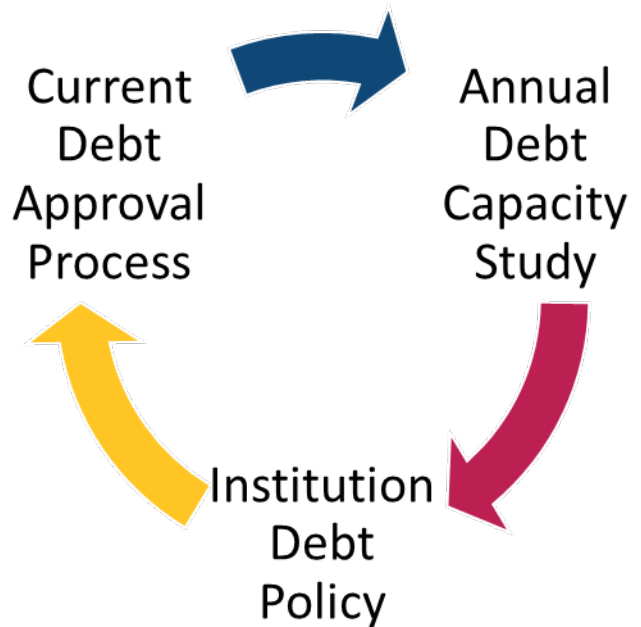
- Provides a snapshot of each institution's current estimated debt capacity
- May indicate when a proposed project requires heightened scrutiny
- Updated annually to reflect newly approved debt and the institution's latest financial results and projects

Institution Debt Policy

- Clarifies each institution's strategic approach to debt and its capital investment needs
- Establishes criteria for evaluating projects and approving debt, including benchmarks to measure prudent debt levels

Current Debt Approval Process

- Evaluates each proposed project's affordability based on identified sources of repayment and projected impact on student cost
- Uses estimated debt capacity results to assess strategic value of proposed projects in light of an institution's overall debt burden, mission, and needs

**Use and Impact of Project-Based Financing Structures**

Project-based financing structures — i.e., debt obligations payable solely or primarily from the financed project's revenues (collectively, "**Project Financings**") — have been used effectively throughout the State for many years. Institutions have structured their Project Financings using both their affiliate support organizations (collectively, "**Foundation Financings**") and unaffiliated, tax-exempt organizations (collectively, "**Privatized Financings**"). Many Project Financings have been structured with the support of master lease arrangements with the institutions (collectively, "**University-Supported Project Financings**"), while others have been structured so that the institutions have no obligation to repay any associated debt (collectively, "**Nonrecourse Project Financings**").

Since project revenues in Nonrecourse Project Financings accrue to the project owner and not the institution, Nonrecourse Project Financings are not payable from the obligated resources of an institution and have therefore been **excluded** from the Study's debt capacity calculations. Ratings agencies do consider these financings in their credit assessments, which can lead to a disconnect between the numbers in the Study and those published by the ratings agencies. By contrast, State-Supported Project Financings, which are supported by the institution's obligated resources, **are included** in the Study's debt capacity calculations.

Over the past couple years, several institutions have entered into (or have obtained approval to enter into) large-scale Project Financings for new, on-campus housing facilities. Each of those transactions has been structured as Nonrecourse Project Financings, so those debt instruments are **not** included in the Study's debt capacity calculations. The rating agencies have made it clear, however, that they will be more likely to include Nonrecourse Project Financings in their institution leverage metrics for on-campus housing, even if the institution has no legal

obligation to repay the debt. Thus, the use of Nonrecourse Project Financing structures may reduce the debt capacity of an institution in the eyes of the rating agencies.

The UNC System Office has developed guidelines for the prudent use of Project Financing structures and will continue to work with the institutions and other stakeholders in State government to ensure Project Financing structures are used strategically and in keeping with the UNC System's mandate to provide access to the benefits of the University at the lowest practicable cost.

2024 Moody's Outlook for Higher Education

Moody's revised its outlook for the higher education sector from negative to stable in its December 2023 report. The sector outlook "reflects (Moody's) view of credit fundamentals in the US higher education sector over the next 12 months." Moody's cites revenue gains due to the easing pandemic and moderation of expense growth as inflation cools as reasons for the outlook improvement.

Since January 1, 2023, Moody's upgraded N.C. A&T's general revenue bonds from A1 to Aa3 with a stable outlook. Fitch affirmed N.C. A&T's AA- rating and positive outlook. Moody's affirmed App State's Aa3 rating and UNCA's A2 rating but revised both institutions' outlook to negative from stable. Moody's, S&P, and/or Fitch affirmed ratings or outlooks for ECU, NCCU, NCSU, UNC-CH, UNCG, UNCSA, WCU, and WSSU.

Appendix A: Key Definitions

Debt: Debt incurred under Chapter 116D or Article 21B of Chapter 116 of the North Carolina General Statutes or any other debt that will be serviced with funds available to the institutions from gifts, grants, receipts, Medicare reimbursements for education costs, hospital receipts from patient care, or other funds, or any combination of these funds, but not including debt that will be serviced with funds from the General Fund of the State. "Debt" does not include project-based financing structures that are nonrecourse to the institutions.

Obligated Resources: Any sources of income or receipts of the Board of Governors or the institution at which a special obligation bond project is or will be located that are designated by the Board as the security and source of payment for bonds issued under this Article to finance a special obligation bond project, including, without limitation, any of the following:

- a. Rents, charges, or fees to be derived by the Board of Governors or the institution from any activities conducted at the institution.
- b. Earnings on the investment of the endowment fund of the institution at which a special obligation project will be located, to the extent that the use of the earnings will not violate any lawful condition placed by the donor upon the part of the endowment fund that generates the investment earnings.
- c. Funds to be received under a contract or a grant agreement, including "overhead costs reimbursement" under a grant agreement, entered into by the Board of Governors or the institution to the extent the use of the funds is not restricted by the terms of the contract or grant agreement, or the use of the funds as provided in this Article does not violate the restriction.
- d. Funds appropriated from the General Fund to the Board of Governors on behalf of a constituent institution for utilities of the institution that constitute energy savings as that term is defined in G.S. 143-64.17.

Generally, obligated resources do not include funds appropriated to the Board of Governors or the institution from the General Fund by the General Assembly from funds derived from general tax and other revenues of the State, and obligated resources do not include tuition payment by students.

5-Year Payout Ratio: Percentage of each institution's long-term debt scheduled to be retired during the succeeding five-year period.

Debt Service to Operations: Ratio that measures an institution's debt service burden as a percentage of its total expenses. Ratio uses aggregate operating expenses as opposed to operating revenues since expenses are generally more stable. Operating expenses also include an adjustment for any non-cash charge relating to the implementation of GASB 68 and 75.

Debt Service to Operations = (Annual Debt Service) / (Total Operating Expenses)

Appendix B: Overview of UNC System Debt

Most debt within the scope of the Study is comprised of special obligation bonds issued by the Board on behalf of each institution in accordance with Article 3 of Chapter 116D of the General Statutes of North Carolina, as amended (“**Article 3**”). Institutions may use special obligation bonds (or “**general revenue bonds**,” as they are commonly called) to finance any capital facility located at the campus that supports the institution’s mission, but only if the Board has specifically designated the project as a “special obligation bond project” in accordance with Article 3.

Article 3 contains procedural safeguards to ensure the thoughtful use of special obligation bonds. For example, before any general revenue bonds are issued, Article 3 requires the approval of the institution’s Board of Trustees, the Board of Governors, the General Assembly, and the Director of the Budget (in consultation, if necessary, with the Joint Legislative Commission on Governmental Operations).

As part of its approval, the Board of Governors must (1) designate the proposed project as a “special obligation bond project” and the obligated resources that will serve as the source of repayment for the proposed bonds and (2) establish that sufficient obligated resources are reasonably expected to be available to service the proposed bonds. In its report to the General Assembly seeking approval for a proposed Article 3 project, the Board must provide details regarding the project need, expected project costs, expected increases in operating costs following completion (including any contemplated impact on student costs), estimated debt service, and the sources and amounts of obligated resources to be used to repay the debt.

Although Article 3 focuses on an institution’s obligated resources in the aggregate, as a practical matter, the plan of finance for each proposed project is evaluated on a standalone basis. **If an institution is unable to demonstrate that existing or future revenues associated with a project are sufficient to service the proposed debt, then the financing will generally not move forward unless the project is redesigned to a sustainable and appropriate scale.** Those project-specific revenues may take the form of enterprise system revenues (such as dormitory or dining system revenues) or other dedicated revenue sources (such as capital campaign donations or student fees). Institution debt issued under other legislative authority, including student housing revenue bonds under Article 19 of Chapter 116D, is also subject to procedural safeguards and is evaluated on a project-by-project basis.

This slight disconnect between the statutory framework for evaluating debt capacity — **with its focus on affordability relative to each institution’s aggregate obligated resources** — and the practical manner in which projects are evaluated and approved — **with its focus on an individual project’s affordability based on a specific source of repayment** — means that the Study presents an inherently conservative picture of each institution’s debt capacity. While the model’s inherent conservatism encourages prudent planning, the Study’s limitations in evaluating the affordability of any single campus project should be noted.

Unlike the State of North Carolina’s debt capacity study, for example, where future debt service is paid out of well-defined and relatively predictable revenue streams, campus projects may be financed through a variety of revenue sources, none of which is easily modeled on a pro forma basis at the aggregate obligated resources level. In addition, the Act establishes a target ratio that compares aggregate debt (which will increase immediately by the full amount of the debt once issued) to obligated resources (which will increase incrementally over time). This means that any new financing will generally reduce the institution’s debt capacity as reflected in the Study, even if the new project would be entirely supported by new revenues that would not exist but for the project.

None of the institution debt included in the Study affects the State of North Carolina’s debt capacity or credit rating. Such obligations are payable only from the applicable institution’s obligated resources (or other pledged revenues) and do not constitute a debt or liability of the State or a pledge of the State’s full faith and credit.

Appendix C: Study Methodology and Background

Overview of Strategic Debt Management and Credit Assessment

The prudent use of debt, in service of each institution's mission, provides several strategic benefits:

- **Achieving intergenerational equity** – Most capital projects will benefit students for decades. Financing a portion of each institution's planned capital investments enables each institution to better align the benefits and financial burdens across multiple generations.
- **Enhancing effectiveness** – An institution may use debt to invest in transformative projects on an accelerated schedule, permitting the institution to leverage its resources to better scale its programs, serve its stakeholders, and meet its mandated mission.
- **Imposing discipline** – Debt can be used to clarify priorities and reduce other spending that may crowd out investments necessary for the institution's long-term health.

Burdensome debt levels, however, can undermine an institution's effectiveness and viability. Debt may diminish the future operational flexibility of an institution and may limit its ability to adapt to developments and trends in the marketplace. In the worst instances, debt levels may hasten the decline of an institution, creating a downward spiral that exerts ever-increasing pressure on its balance sheet.

Each institution's credit rating (for those with rated debt) serves as a general barometer of how the rating agencies view the institution's financial strength and its debt management practices, which, in turn, informs the institution's reputation in the capital markets. In assessing a public university's creditworthiness, rating agencies generally consider broad categories of factors. In August 2021, Moody's Investors Service ("**Moody's**") updated its rating methodology and approach to assess credit risks of public and private universities. The table below summarizes the updated factors that Moody's considers as part of its "scorecard," which guides its credit profile analysis in the higher education sector:

Primary Factors					
Scale	Market Profile	Operating Performance	Financial Resources and Liquidity	Leverage and Coverage	Financial Policy
15%	20%	10%	25%	20%	10%
Sub-factors					
<i>Adjusted Operating Revenue</i> 15%	<i>Brand and Strategic Positioning</i> 10% <i>Operating Environment</i> 10%	<i>Earnings Before Interest, Depreciation, and Amortization (EBIDA) Margin</i> 10%	<i>Total Cash and Investments</i> 10% <i>Total Cash and Investments / Operating Expenses</i> 15%	<i>Total Cash and Investments / Total Adjusted Debt</i> 10% <i>Annual Debt Service Coverage</i> 10%	N/A
+					
Other Considerations		Instrument Considerations		Cross-Sector Methodologies	
=					
Assigned Ratings					

The Study focuses on Moody's methodology, as it rates nearly all of the institutions.

As part of their criteria, the rating agencies give significant weight to various qualitative factors, such as the strength of the institution's leadership, the quality and responsiveness of its long-range planning, and the role of any centralized oversight. In a rating report issued in February 2016 in connection with an institution bond offering, for example, Moody's noted that the institution **"benefits from being part of the UNC System, which has a demonstrated history of strong oversight of member institutions"** and listed the institution's **"generous operating and capital support from the State of North Carolina"** as a primary credit strength.

For several reasons, the Study has not attempted to tie "debt capacity" to the predicted impact any new debt may have on an institution's credit rating. First, each institution's mission and strategic planning should drive its debt management decisions, not the rating agencies' outside assessment of the institution's credit profile. Managing an institution's operations solely to achieve a certain credit rating may distort strategic objectives and lead to unintended consequences. As Moody's states in its current Rating Methodology for Global Higher Education (dated November 23, 2015):

"Strategic positioning depends on effective short- and long-range planning, consistent self-assessment and benchmarking, and ongoing monitoring and accountability. ... Determining the appropriate level of investment is a significant challenge, as too little investment can result in a gradual loss of student demand, research funding, or philanthropy if donors feel that the university is in decline. Overinvesting can saddle a college with an unsustainable business model, with revenue unable to support high fixed costs, including debt service."

Second, projecting the exact amount of debt an institution could issue during the Study Period without negatively impacting its credit rating is difficult. Any single financial ratio makes up only a fraction of the overall credit analysis, and weak ratios may be ignored or deemphasized in a particular situation based on multiyear trends, projections, and other qualitative factors. Further, while the financial performance of its institutions has no impact on the State's credit rating, each institution's credit rating has historically benefited from the State's strong support and overall financial health. As a result, many institutions "underperform" relative to the national median ratios for their rating category, making comparisons to median ratios challenging. Finally, because median ratios are not perfectly correlated to rating outcomes, a model that attempts to draw a linear relationship between any single ratio and a projected rating outcome would have limited predictive value.

In this context, **it is important to distinguish "debt capacity" from "debt affordability."** Debt capacity provides a general indication of each institution's ability to absorb debt on its balance sheet during the Study Period. Debt affordability, on the other hand, evaluates the merits of a specific financing (or a specific amount of debt), taking into account a number of quantitative and qualitative factors related to the projects under consideration, including project revenues and expenses, cost of funds, competing strategic priorities, and the "hidden" costs of forgoing the projects entirely.

Development of the Financial Model

To support the Study, a financial model has been developed to analyze four financial ratios for each institution on a pro forma basis over the course of the Study Period. Since Article 3 does not permit the institutions to pool their obligated resources to form a common source of funds to support all institution project financings, the Study focuses on the individual institution data and does not attempt to aggregate each institution's capacity to derive a University-wide measure of "debt capacity." The other components of the model are designed to assist each institution in establishing guidelines for maintaining prudent debt levels and for evaluating capital investment priorities in light of fiscal constraints.

Each institution's debt capacity reflects the amount of debt each institution could issue during the Study Period without exceeding its ceiling ratio for **debt to obligated resources**. Each institution has developed its own target policy for each ratio in consultation with the UNC System Office to ensure the ratio is tailored and meaningful for that institution's size, mission, resources, and average age of plant.

Methodology for Setting Target Ratios

Since there are differences in each institution's mission, enrollment, resources, and capital needs, imposing a single set of target policies across all institutions would distort the information produced by the Study — either by generating too much capacity for the larger institutions or by holding smaller institutions to unrealistic benchmarks relative to their size and scale. To produce a more meaningful model for each institution, the institutions, in consultation with the UNC System, have set their own target policies for the model ratios.

In setting its target policies, each institution considered many quantitative and qualitative factors, including comparisons to its designated peer institutions, its strategic initiatives, its historical results, its average age of plant, its recent and projected growth, and any existing debt policies. As discussed above, the credit ratings of the institutions are bolstered by several favorable qualitative factors, including, most importantly, the State's long history of support. Since the institutions benefit from those qualitative factors, it follows that many quantitative measures are weaker than the median ratios for their assigned rating category. Institutions were not forced, therefore, to set their target ratios directly in line with those median ratios, as that approach would invite quantitative comparisons to larger, wealthier peers. Institutions used median ratios as an important benchmark in setting their policy ratios.

Other Assumptions and Factors Affecting the Model

The financial model is based on each institution's financial results as of **June 30, 2023** — the most recent period for which audited financials are available. The model includes debt issued to finance new projects since June 30, 2023, but the model excludes any refinancing, redemption or other debt payments that have occurred during the current fiscal year, building an additional element of conservatism into the model.

The financial model also takes into account any legislatively approved project that an institution plans to finance during the Study Period. Interest rate assumptions for any pro forma debt are based on conservative, fixed rate projections and are adjusted to account for each institution's credit rating and the expected term of the financing.

The financial model adds back to each institution's unrestricted and restricted expendable net assets any noncash charge taken in connection with the implementation of GASB 68 and GASB 75 and will make similar adjustments for the implementation of related accounting policies in the future. While GASB 68 impacts an institution's unrestricted net assets and not restricted expendable net assets, GASB 75 impacts both figures. This is relevant as the calculation of Available Funds incorporates unrestricted net assets but not restricted expendable net assets, while the calculation of Expendable Financial Resources includes both figures. Therefore, the GASB 75 adjustment made to Available Funds and Expendable Financial Resources will not match. The Debt Capacity Study focuses on special obligation bonds and excludes liabilities or leases pursuant to GASB 87.

Appendix D: Reports from Constituent Institutions

AGENDA ITEM

A-5. Revision to Sale of Special Obligation Bonds – NC State UniversityJennifer Haygood

Situation: On April 18, 2024, the University of North Carolina Board of Governors approved the issuance of the 2024B Bonds for NC State University in the amount of \$90 million on a taxable basis for the Integrative Sciences Building (“2024 Project”). NC State is requesting a revision to the previously approved sale of special obligation bond to issue the bonds on a tax-exempt basis.

Background: The Board is authorized to issue special obligation bonds for capital improvement projects that have been approved by the North Carolina General Assembly. The General Assembly authorized funding for the 2024B Project under S.L. 2022-15. On April 18, 2024, the Board approved the sale of special obligation bonds on a taxable basis in an aggregate principal amount not to exceed \$90 million, plus an additional amount not to exceed five percent of such principal amount. The 2024B Bonds will finance (i) the construction costs for an academic building known as the Integrative Sciences Building (“2024B Project”), and (ii) pay certain costs incurred in connection with the issuance of the 2024B Bonds. Upon further analysis, it was determined the 2024 Project meets the criteria for issuing the 2024 Bonds on a tax-exempt basis, which would result in debt service savings for NC State. The expected tax-exempt cost of funds for the 2024B Bonds is approximately 4.1 percent, which will be competitively sold on a tax-exempt basis in the public market.

Assessment: The revision from a taxable to a tax-exempt basis will not impact the aggregate principal amount, and the transaction is expected to have no impact on NC State’s credit ratings. Approval to issue 2024 Bonds on a tax-exempt basis supersedes the Board’s previous approval for issuance of taxable 2024 Bonds.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Revision to Sale of Special Obligation Bonds – NC State University

ISSUE OVERVIEW

The University of North Carolina Board of Governors is authorized to issue special obligation bonds for capital improvements projects that have been approved by the North Carolina General Assembly. Although a specific source of funding is used by a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, State appropriations, and restricted reserves.

On April 18, 2024, the Board approved the issuance of the 2024B Bonds for NC State University in the amount of \$90 million on a taxable basis for the Integrative Sciences Building (“2024 Project”). NC State is requesting a revision to the previously approved sale of special obligation bond to issue the bonds on a tax-exempt basis. Approval for issuing 2024 Bonds on a tax-exempt basis supersedes the issuance of taxable 2024 Bonds.

NC State previously requested approval from the Board to issue special obligation bonds (the “2024B Bonds”) in an amount not to exceed \$90 million plus an additional amount not to exceed five percent of such principal amount. The proceeds of the 2024B Bonds will be used to finance the construction costs of an academic building known as the Integrative Sciences Building (“2024B Project”) and pay certain costs incurred in connection with the issuance of the 2024B Bonds. The Integrated Sciences Building (S.T.E.M.) is a new, 165,000 gross-square-foot teaching and research space to promote creativity and collaboration, and transform the sciences. The General Assembly authorized the 2024B Project under S.L. 2022-15 including project funding of \$90 million in state appropriations to be matched by \$90 million funded by 2024B Bonds. Upon further analysis, it was determined the 2024 Project meets the criteria for issuing the 2024 Bonds on a tax-exempt basis, which would result in debt service savings for NC State. The expected tax-exempt cost of funds of the 2024B Bonds is approximately 4.1 percent, and the 2024B Bonds will be competitively sold on a tax-exempt basis in the public market.

NC State has an issuer credit rating of “Aa1” with a stable outlook from Moody’s Investors Service and an issuer credit rating of “AA” with a stable outlook from S&P Global Ratings. NC State is currently not rated by Fitch Ratings. This revision to the transaction is expected to have no impact on NC State’s credit ratings.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon Advisors LLC is the financial advisor.

RECOMMENDATION

It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bonds as tax-exempt through the attached resolution.

**RESOLUTION OF THE UNIVERSITY OF NORTH CAROLINA BOARD OF GOVERNORS
AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS
TO FINANCE SPECIAL OBLIGATION BOND PROJECTS
FOR NORTH CAROLINA STATE UNIVERSITY**

WHEREAS, pursuant to Chapter 116 of the General Statutes of North Carolina, the University of North Carolina Board of Governors (the “Board”) is vested with general control and supervision of the constituent institutions of the University of North Carolina System (the “UNC System”); and

WHEREAS, the Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “Act”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects, and (2) refunding bonds for the purpose of refunding any bonds by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS, North Carolina State University (“NC State”) has requested that the Board issue special obligation bonds, the proceeds of which are to be used by NC State to finance the construction of the Integrative Sciences (S.T.E.M.) Building as authorized by S.L. 2022-15 of the 2021 Session of the North Carolina General Assembly (collectively, the “Special Obligation Bond Project”);

WHEREAS, pursuant to a resolution adopted by the Board on April 18, 2024 (the “Prior Resolution”), the Board has determined to issue North Carolina State University at Raleigh General Revenue Bonds (with appropriate descriptions and series designations) (the “Bonds”) to (1) finance the Special Obligation Bond Project, and (2) pay the costs of issuing the Bonds; and

WHEREAS, in the Prior Resolution the Board indicated that the Bonds were going to be issued on a federally taxable basis, but upon further analysis, it was determined the 2024 Project meets the criteria for issuing the 2024 Bonds on a tax-exempt basis, which would result in debt service savings for NC State; and

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of October 1, 2001 (the “General Indenture”) and a series indenture (the “Series Indenture”), each between the Board and U.S. Bank Trust Company, National Association, as trustee; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any funds of NC State or the Board (held for NC State) in each Fiscal Year remaining after satisfying obligations of NC State or the Board under a trust indenture, trust agreement, or bond resolution providing for the issuance of debt as of the date of the NC State General Indenture with respect to NC State, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by NC State students, (3) funds whose purpose has been restricted by the gift, grant, or payee thereof, (4) revenues generated by Special Facilities (as defined in the NC State General Indenture) and (5) funds restricted by law (the “Available Funds”);

WHEREAS, the Board proposes to sell the Bonds through a competitive sale to the bidder or bidders whose bid or bids result in the lowest true interest cost to NC State; and

WHEREAS, there have been made available to the Board forms of the following documents (the “Board Documents”) which the Board proposes to approve, ratify, execute, and deliver, as applicable, to effectuate the financing:

1. the Series Indenture;
2. the Preliminary Official Statement (the “Preliminary Official Statement”) relating to the Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “Official Statement”) relating to the Bonds;
3. the Notice of Sale for the Bonds (the “Notice of Sale”); and
4. the Bonds in the form set forth in the Series Indenture; and

WHEREAS, the issuance of the Bonds does not directly, indirectly, or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the Bonds in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. **Authorization of Bonds.** The Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$90,000,000, plus up to an additional five percent of such amount to pay issuance expenses and other related additional costs, under the General Indenture and the Series Indenture to pay the costs of financing the Special Obligation Bond Project and costs incurred in connection with the issuance of the Bonds. The Bonds will be issued on a tax-exempt basis and may be issued in one or more series of bonds as the Senior Vice President for Finance and Administration and CFO of the UNC System (the “SVP-Finance”), or her designee, in consultation with the appropriate officers at NC State, determines to be in NC State’s best interest.

Section 2. **Sufficiency of Available Funds.** The Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds and to provide for the maintenance and operation of the facilities at NC State to the extent required under the General Indenture.

Section 3. **Selection of Financing Team Members.** The Board authorizes the SVP-Finance and the Executive Vice Chancellor for Finance and Administration of NC State, and their respective designees, to select the professionals necessary to undertake the financing as contemplated in this Resolution.

Section 4. **Authorization of Board Documents.** The form and content of the Board Documents are in all respects authorized, approved, and confirmed, and the Chair of the Board, the President of the UNC System, the SVP-Finance, the Secretary and the Assistant Secretary of the Board, and the Secretary of the UNC System, or anyone acting in an interim capacity, and their respective designees, individually and collectively (the “Authorized Officers”), are each authorized, empowered, and directed to execute and deliver, as applicable, the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions, or deletions therein as to them seem necessary, desirable, or appropriate, their execution thereof to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions, or deletions therein. From and after the execution and delivery of the Board

Documents, as applicable, the Authorized Officers are each hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 5. ***Authorization of Competitive Sale of Bonds.*** That the Chair of the Board, the President of the UNC System, the SVP-Finance, and the Executive Vice Chancellor for Finance and Administration of NC State, or their respective designees, individually or collectively, be and they hereby are each authorized, empowered, and directed to sell the Bonds through a competitive sale to the bidder or bidders whose bid or bids result in the lowest true interest cost to NC State and the Authorized Officers and the Executive Vice Chancellor for Finance and Administration of NC State, or their respective designees, individually or collectively, are each hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out such sale of the Bonds.

Section 6. ***Authorization of Preliminary Official Statement and Official Statement.*** The form, terms, and content of the Preliminary Official Statement are in all respects authorized, approved, and confirmed, and the use of the Preliminary Official Statement in connection with the sale of the Bonds is hereby in all respects authorized, approved, ratified, and confirmed. The President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, are each authorized, empowered, and directed to deliver the Official Statement for and on behalf of the Board in the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions, or deletions therein as to them seem necessary, desirable, or appropriate, the sale of the Bonds in accordance with the Notice of Sale to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions, or deletions therein.

Section 7. ***General Authority.*** From and after the execution and delivery of the Board Documents, as applicable, the Authorized Officers are each hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Executive Vice Chancellor for Finance and Administration of NC State, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bonds on behalf of NC State.

Section 8. ***Conflicting Provisions.*** This resolution supersedes the Prior Resolution. All other resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 9. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 23rd day of May, 2024.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

COUNTY OF WAKE

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I, Meredith R. McCullen, Associate Vice President and Secretary of the University of North Carolina System, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the University of North Carolina Board of Governors (the "Board of Governors") at its meeting on May 23, 2024 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on May 23, 2024 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on May 23, 2024 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of _____, 2024.

[SEAL]

Meredith R. McCullen, Associate Vice President and
Secretary of the University of North Carolina System

AGENDA ITEM

- A-6. Amendments to Use and Management Agreements –
University of North Carolina at PembrokeJennifer Haygood

Situation: The University of North Carolina at Pembroke (“UNCP”) requests that the University of North Carolina Board of Governors authorize amendments to a previously approved use agreement and management agreement, both related to the financing of the University Courtyard Apartments student housing facilities (“Courtyard”). Courtyard’s two-phase construction was financed through the UNCP University Foundation, LLC (the “Foundation”), a nonprofit entity.

Approval by the Board to amend the use agreement and management agreement will facilitate the purchase of existing Foundation indebtedness (the “2019AB Bonds”) by DNT Asset Trust, a wholly owned subsidiary of JP Morgan Chase Bank, N.A. (“JP Morgan”), prior to the 2019AB Bonds mandatory tender date of June 1, 2024. The aggregate principal amount of approximately \$16.5 million will be purchased by JP Morgan.

Background: In May 2019, the Foundation issued the 2019AB Bonds through the Public Finance Authority on a tax-exempt basis to refinance an interim loan whose proceeds (1) refinanced the Foundation’s 2001A Bonds, which financed the construction of Courtyard Phase I, and (2) financed the construction of Courtyard Phase II. PNC Bank, N.A. (“PNC”) purchased the 2019AB Bonds, providing a fixed rate that expires on June 1, 2024. UNCP and the Foundation solicited bids from leading financial institutions, including PNC, to provide a new fixed rate commitment on the 2019AB Bonds. Upon review, they determined that JP Morgan offered the most favorable combination of both rate and terms.

Assessment: Amending the use and management agreements will facilitate JP Morgan’s purchase of the 2019AB Bonds from PNC prior to June 1, 2024, and for a new five-year term. After the purchase, the 2019AB Bonds cost of debt will be approximately 4.38 percent. No other terms of the 2019AB Bonds will change in connection with the purchase.

Neither UNCP nor the Foundation carries a public credit rating. The 2019AB Bonds do not currently have a public credit rating and will continue not to have a public credit rating after purchase by JP Morgan.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Amendments to Use and Management Agreements – University of North Carolina at Pembroke

ISSUE OVERVIEW

The University of North Carolina at Pembroke (“UNCP”) requests that the University of North Carolina Board of Governors authorize amendments to a previously approved use agreement and management agreement, both related to the financing of the University Courtyard Apartments student housing facilities (“Courtyard”). Courtyard’s two-phase construction was financed through the UNCP University Foundation, LLC (the “Foundation”), a Foundation nonprofit entity.

Approval by the Board to amend the use agreement and management agreement will facilitate the purchase of existing Foundation indebtedness (the “2019AB Bonds”) by DNT Asset Trust, a wholly owned subsidiary of JP Morgan Chase Bank, N.A. (“JP Morgan”), from PNC Bank, N.A. (“PNC”) prior to the 2019AB Bonds mandatory tender date of June 1, 2024. The aggregate principal amount of approximately \$16.5 million will be purchased by JP Morgan. The purchase will not affect that outstanding par amount or the financing terms of the 2019AB Bonds. The existing rate of the 2019AB Bonds with PNC is 3.42 percent, which will expire on the mandatory tender date.

In May 2019, the Foundation issued the 2019AB Bonds through the Public Finance Authority on a tax-exempt basis to refinance an interim loan whose proceeds (1) refinanced the Foundation’s 2001A Bonds, which financed the construction of Courtyard Phase I, and (2) financed the construction of Courtyard Phase II. PNC Bank, N.A. (“PNC”) purchased the 2019AB Bonds, providing a fixed rate that expires on June 1, 2024. UNCP and the Foundation solicited bids from leading financial institutions, including PNC, to provide a new fixed rate commitment on the 2019AB Bonds. Upon review, they determined that JP Morgan offered the most favorable combination of both rate and terms.

Amending the use and management agreements will facilitate JP Morgan’s purchase of the 2019AB Bonds from PNC prior to June 1, 2024, and for a new five-year term. After the purchase, the 2019AB Bonds cost of debt will be approximately 4.38 percent. No other terms of the 2019AB Bonds will change in connection with the purchase.

Neither UNCP nor the Foundation carries a public credit rating. The 2019AB Bonds do not currently have a public credit rating and will continue not to have a public credit rating after purchase by JP Morgan.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon Advisors is the financial advisor to UNCP.

RECOMENDATION

It is recommended that the president of the University, or his designee, be authorized to amend the use and management agreements as set out in the attached resolution.

**A RESOLUTION OF THE UNIVERSITY OF NORTH CAROLINA BOARD OF
GOVERNORS AUTHORIZING AGREEMENTS RELATED TO THE
REFINANCING OF RENTALS RELATED TO THE PRIVATE HOUSING
FACILITIES ON THE CAMPUS OF
THE UNIVERSITY OF NORTH CAROLINA AT PEMBROKE**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the University of North Carolina Board of Governors (the “Board”) of is vested with general control and supervision of the constituent institutions of the University of North Carolina System (“the UNC System”); and

WHEREAS, The UNCP University Foundation, LLC (the “Foundation”) is a North Carolina limited liability company;

WHEREAS, the Public Finance Authority issued its Student Housing Revenue Bonds (the UNCP University Foundation, LLC Project), Series 2019A (the “2019A Bonds”) pursuant to the terms of a Bond Purchase and Loan Agreement (the “BPLA”) among the Public Finance Authority (the “Issuer”), the Foundation and PNC Bank, National Association dated as of May 1, 2019, in order to refinance certain indebtedness used to finance the construction of the project known as University Courtyard Apartments (the “2001 Project”);

WHEREAS, the Issuer issued its Student Housing Revenue Bonds (the UNCP University Foundation, LLC Project), Series 2019B (the “2019B Bonds” together with the 2019A Bonds, the “2019 AB Bonds”) pursuant to the terms of the BPLA in order to provide funds to finance and refinance the costs of the construction of a student housing facility consisting of approximately 196 beds located adjacent to the 2001 Project (the “2019 Project” together with the 2001 Project, the “Project”);

WHEREAS, the 2019AB Bonds are subject to mandatory tender for purchase on June 1, 2024, (the “Tender Date”);

WHEREAS, in conjunction with the 2019 Project, the University of North Carolina at Pembroke (“UNC Pembroke”) has utilized the expertise of its Residential Life Office for the purpose of managing the 2019 Project in accordance with its residential life programs, policies, and procedures pursuant to the terms and conditions of a Management Agreement among the University and the Foundation dated as of May 23, 2019 (the “Management Agreement”); which UNC Pembroke and the Foundation wish to amend to reflect certain modifications with respect to the purchase of the Bonds by the Purchaser on the Tender Date pursuant to a First Amendment to Management Agreement (the “First Amendment to Management Agreement”) to be dated on or prior to the Tender Date;

WHEREAS, UNC Pembroke also desires to amend the Use Agreement between itself and the Foundation dated as of June 21, 2017, by entering into a Second Amendment to Use Agreement (as amended from time to time, the “Second Amendment to Use Agreement” together with the First Amendment to Management Agreement, the First Amendment to BPLA, and any rate lock agreement to be executed between the Foundation and the Purchaser, the “Transaction Documents”) to reflect certain modifications with respect to the purchase of the Bonds by the Purchaser on the Tender Date;

WHEREAS, in order to have the First Amendment to Management Agreement and Second Amendment to Use Agreement executed and delivered by UNC Pembroke, the prior approval of the Board of Trustees of UNC Pembroke, and of the Board of Governors of the University of North Carolina is being

requested;

WHEREAS, there has been presented to the Board forms of the Second Amendment and the Fourth Supplement which the Board proposes to approve and authorize UNC Pembroke to execute and deliver.

NOW, THEREFORE, THE UNIVERSITY OF NORTH CAROLINA BOARD OF GOVERNORS DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. Authorization of Second Amendment to Use Agreement and the First Amendment to Management Agreement. That the form and content of the Second Amendment to Use Agreement and the First Amendment to Management Agreement be and the same hereby are in all respects authorized, approved, and confirmed, and the Chancellor or Vice Chancellor for Finance and Administration of UNC Pembroke and the President, Senior Vice President and Chief Operating Officer, and the Senior Vice President for Finance and Budget of the University be and they hereby are authorized, empowered, and directed to execute, approve, and deliver the Second Amendment to Use Agreement and the First Amendment to Management Agreement, as applicable, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions, or deletions therein as to them seem necessary, desirable, or appropriate, their execution thereof to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions, or deletions therein, and that from and after the execution and delivery of the Second Amendment to Use Agreement and the First Amendment to Management Agreement, the Chancellor or Vice Chancellor for Finance and Administration of UNC Pembroke and the President, Senior Vice President and Chief Operating Officer, and the Senior Vice President for Finance and Budget of the University are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Second Amendment to Use Agreement and the First Amendment to Management Agreement as executed.

Section 2. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the Chairman, President, Senior Vice President and Chief Operating Officer, the Senior Vice President for Finance and Budget, the Secretary and the Assistant Secretary of the Board, and the Chancellor or Vice Chancellor for Finance and Administration of UNC Pembroke are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to complete the transaction contemplated by the Second Amendment to Use Agreement and the First Amendment to Management Agreement.

Section 3. Conflicting Provisions. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 4. Effective Date. This Resolution is effective on its adoption.

PASSED, ADOPTED, AND APPROVED this 23rd day of May, 2024.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

COUNTY OF WAKE

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I, Meredith R. McCullen, Associate Vice President and Secretary of the University of North Carolina System, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the University of North Carolina Board of Governors (the "Board of Governors") at its meeting on May 23, 2024 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on May 23, 2024 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on May 23, 2024 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of _____, 2024.

[SEAL]

Meredith R. McCullen, Associate Vice President and
Secretary of the University of North Carolina System

AGENDA ITEM

A-7. Amendment to Use Agreement – Winston-Salem State UniversityJennifer Haygood

Situation: Winston-Salem State University (“WSSU”) requests that the University of North Carolina Board of Governors authorize amendments to a previously approved use agreement related to the financing of approximately 848 beds across two student housing facilities (the “Facilities”) that were financed through the Winston-Salem State University Housing Foundation, LLC (the “Foundation”), a WSSU-created nonprofit entity.

Approval by the Board to amend the use agreement will allow the Foundation to issue refunding limited obligation bonds (the “2024 Bonds”) in an aggregate principal amount of approximately \$16.5 million for the purpose of (1) refunding the callable maturities of the Foundation’s Refunding Limited Obligation Bonds, Series 2014 (the “2014 Bonds”), and (2) paying costs of issuance related to the 2024 Bonds.

Background: To finance the Facilities, the Foundation previously executed and delivered (1) Certificates of Participation (Winston-Salem State University Student Housing Project), Series 2004 (the “2004 Certificates”), and (2) the 2014 Bonds which refinanced the 2004 Certificates. WSSU currently operates the Facilities as university housing under the terms of a lease between the WSSU and the Foundation and a use agreement among the Board, WSSU, and the Foundation.

Assessment: Due to the favorable interest rate environment, the Foundation may refinance the 2014 Bonds for debt service savings. WSSU estimates that the refinancing will reduce its payment obligations under the related lease and use agreements by approximately \$1 million on a net present value basis, representing roughly 5.8 percent of the par amount refunded. Refinancing the 2014 Bonds will require an amendment to the use agreement to reflect WSSU’s lower payment obligations with respect to the 2024 Bonds.

WSSU currently has an issuer credit rating of “A2” with a “Stable” outlook from Moody’s Ratings. S&P Global has assigned a credit rating of “A-” with a “Positive” outlook for WSSU, and assigned a rating of “BBB+” with a “Positive” outlook to the 2014 Bonds. This transaction is expected to have no impact on any of these credit ratings.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Amendment to Use Agreement – Winston-Salem State University

ISSUE OVERVIEW

Winston-Salem State University (“WSSU”) requests that the University of North Carolina Board of Governors authorize an amendment to a previously approved use agreement related to the financing of approximately 848 beds across two student housing facilities (the “Facilities”) that were financed through the Winston-Salem State University Housing Foundation, LLC (the “Foundation”), a WSSU-created nonprofit entity.

Approval by the Board to amend the use agreement will allow the Foundation to issue refunding limited obligation bonds (the “2024 Bonds”) in an aggregate principal amount of approximately \$16.5 million for the purpose of (1) refunding the callable maturities of the Foundation’s Refunding Limited Obligation Bonds, Series 2014 (the “2014 Bonds”), and (2) paying costs of issuance related to the 2024 Bonds.

To finance the Facilities, the Foundation executed and delivered (1) Certificates of Participation (Winston-Salem State University Student Housing Project), Series 2004 (the “2004 Certificates”), and (2) the 2014 Bonds which refinanced the 2004 Certificates. WSSU currently operates the Facilities as university housing under the terms of a lease between WSSU and the Foundation and a use agreement among the Board, WSSU, and the Foundation.

The Foundation executed and delivered (1) Certificates of Participation (Winston-Salem State University Student Housing Project), Series 2006 (the “2006 Certificates”), to construct, finance, and equip a 316-bed student housing facility and related parking facility (the “2006 Project”), and (2) Refunding Limited Obligation Bonds, (Winston-Salem State University Student Housing Project), Series 2016 (the “2016 Bonds”), to refinance the outstanding 2006 Certificates. WSSU currently operates the 2006 Project under the terms of the same lease between WSSU and the Foundation that governs WSSU’s operation of the Facilities. The 2014 Bonds and 2016 Bonds are parity obligations and share common security and cash flows for the purposes of calculating financial covenants.

Refinancing the 2014 Bonds will require an amendment to the use agreement to reflect WSSU’s lower payment obligations with respect to the 2024 Bonds and to memorialize the terms of the refinancing. The amendment to the use agreement will not affect WSSU’s payment obligations with respect to the 2016 Bonds.

The 2024 Bonds will be issued on a tax-exempt basis and sold via negotiated public sale by RBC Capital Markets, which was selected through a competitive RFP process. The 2024 Bonds are expected to be delivered for settlement in June 2024.

WSSU currently has an issuer credit rating of “A2” with a “Stable” outlook from Moody’s Ratings. S&P Global has assigned an issuer credit rating of “A-” with a “Positive” outlook for WSSU, and assigned a rating of “BBB+” with a “Positive” outlook to the 2014 Bonds. This transaction is expected to have no impact on any of these credit ratings.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon Advisors is the financial advisor to WSSU.

RECOMENDATION

It is recommended that that the president of the University, or his designee, be authorized to amend the use agreement through the attached resolution.

**A RESOLUTION OF THE UNIVERSITY OF NORTH CAROLINA BOARD OF
GOVERNORS AUTHORIZING AGREEMENTS
RELATED TO THE REFINANCING OF RENTALS
RELATED TO THE PRIVATE HOUSING FACILITIES
ON THE CAMPUS OF WINSTON-SALEM STATE UNIVERSITY**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the University of North Carolina Board of Governors (the “Board”) is vested with general control and supervision of the constituent institutions of the University of North Carolina System (“the UNC System”); and

WHEREAS, Winston-Salem State University Housing Foundation, LLC (the “Foundation”) executed and delivered its Certificates of Participation (Winston-Salem State University Student Housing Project), Series 2004 (the “2004 Certificates”), the proceeds of which were used to refinance the debt associated with a 448-bed residential student housing facilities currently located on the campus of WSSU and related community center consisting of approximately 5,132 square feet (the “2001 Project”), and finance the construction of an approximately 400-bed residential student housing facility on the campus of WSSU and related parking facility constructed thereon (the “2004 Project”); and

WHEREAS, the Foundation executed and delivered its Certificates of Participation (Winston-Salem State University Student Housing Project), Series 2006 (the “2006 Certificates”), the proceeds of which were used to construct, acquire, and equip an approximately 316-bed residential student housing facility and related parking facility (the “2006 Project” and together with the 2001 Project and 2004 Project, the “Project”); and

WHEREAS, the Foundation executed and delivered its Refunding Limited Obligation Bonds (Winston-Salem State University Student Housing Project), Series 2014 (the “2014 Bonds”), the proceeds of which were used to refinance the 2004 Certificates; and

WHEREAS, the Foundation executed and delivered its Refunding Limited Obligation Bonds (Winston-Salem State University Student Housing Project), Series 2016 (the “2016 Bonds”), the proceeds of which were used to refinance the 2006 Certificates; and

WHEREAS, Winston-Salem State University (“WSSU”) has determined that it is in its best interests to prepay the 2014 Bonds in advance of their maturities; and

WHEREAS, pursuant to Supplemental Indenture, Number 4 dated as of June 1, 2024 (the “Fourth Supplement” and together with the Indenture of Trust dated as of September 1, 2004, as previously supplemented, the “Indenture”), between the Foundation and U.S. Bank Trust Company, National Association (as successor to Branch Banking & Trust Company and U.S. Bank National Association, the “Trustee”), the Foundation will execute and deliver Refunding Limited Obligation Bonds (Winston-Salem State University Student Housing Project), Series 2024 (the “2024 Bonds” and together with the 2016 Bonds, the “Bonds”), to prepay the 2014 Bonds in advance of their maturities; and

WHEREAS, the Foundation and WSSU entered into a Second Amended and Restated Use Agreement dated as of April 30, 2014 (the “2014 Use Agreement”), whereby WSSU assumed the obligations of the State under the Lease and is obligated to pay Base Rentals and Additional Rentals to the Foundation; and

WHEREAS, the Foundation will execute and deliver the 2024 Bonds evidencing proportionate undivided interests in the Base Rentals with respect to the Project paid by WSSU under the Lease in order to prepay the 2014 Bonds. The Base Rentals will be in an amount not less than the payments on the 2016 Bonds and the 2024 Bonds, and the Foundation has assigned its rights to receive such Base Rentals under the Lease to the Trustee for the benefit of the holders of the Bonds Outstanding under the Indenture; and

WHEREAS, in connection with execution and delivery of the 2024 Bonds, the Foundation and WSSU will execute and deliver the Second Amendment to the 2014 Use Agreement dated as of June 1, 2024 (the "Second Amendment" and collectively with the 2014 Use Agreement, as amended and supplemented, the "Use Agreement"), to reduce the Base Rentals under the Use Agreement; and

WHEREAS, the 2024 Bonds are not and will not be an obligation of the Board or WSSU, but will be secured solely from the Base Rentals paid by WSSU under the Lease; Base Rentals are to be paid from (1) net revenues of the Project and (2) to the extent such revenues are insufficient therefor, revenues received by WSSU from its dormitory system after payment of the existing general revenue obligations of WSSU specified in the Use Agreement; and

WHEREAS, there has been presented to the Board forms of the Second Amendment and the Fourth Supplement which the Board proposes to approve and authorize WSSU to execute and deliver.

NOW, THEREFORE, THE UNIVERSITY OF NORTH CAROLINA BOARD OF GOVERNORS DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Authorization of Second Amendment and Fourth Supplement. That the form and content of the Second Amendment and the Fourth Supplement be and the same hereby are in all respects authorized, approved, and confirmed, and the Chancellor and Vice Chancellor for Administration and Finance of WSSU and the President, Senior Vice President and Chief Operating Officer, and the Senior Vice President for Finance and Budget of the University be and they hereby are authorized, empowered, and directed to execute, approve, and deliver the Second Amendment and the Fourth Supplement, as applicable, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions, or deletions therein as to them seem necessary, desirable, or appropriate, their execution thereof to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions, or deletions therein, and that from and after the execution and delivery of the Second Amendment and the Fourth Supplement, the Chancellor and Vice Chancellor for Administration and Finance of WSSU and the President, Senior Vice President and Chief Operating Officer, and the Senior Vice President for Finance and Budget of the University are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Second Amendment and the Fourth Supplement as executed.

Section 2. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the Chairman, President, Senior Vice President and Chief Operating Officer, and the Senior Vice President for Finance and Budget, the Secretary and the Assistant Secretary of the Board, and the Chancellor and Vice Chancellor for Administration and Finance of WSSU are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may

be necessary to complete the transaction contemplated by the Second Amendment and the Fourth Supplement and the execution and delivery of the 2024 Bonds.

Section 3. *Conflicting Provisions.* All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 4. *Effective Date.* This Resolution is effective on its adoption.

PASSED, ADOPTED, AND APPROVED this 23rd day of May, 2024.

STATE OF NORTH CAROLINA

)

SECRETARY'S CERTIFICATE

)

SS:

OF AUTHENTICATION

COUNTY OF WAKE

)

I, Meredith R. McCullen, Associate Vice President and Secretary of the University of North Carolina System, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the University of North Carolina Board of Governors (the "Board of Governors") at its meeting on May 23, 2024 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on May 23, 2024 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on May 23, 2024 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of _____, 2024.

[SEAL]

Meredith R. McCullen, Associate Vice President and
Secretary of the University of North Carolina System

AGENDA ITEM

A-8. Capital Improvement Projects..... Katherine Lynn

- Situation:** University of North Carolina at Greensboro and Western Carolina University have requested two new capital improvement projects, and Fayetteville State University, University of North Carolina at Greensboro, and Western Carolina University have requested increased authorization for four capital improvement projects.
- Background:** The University of North Carolina Board of Governors may authorize capital construction projects at University of North Carolina System institutions using available funds.
- Assessment:** FSU, UNCG, and WCU are requesting projects that meet statutory requirements. It is recommended that the Board approve the projects and the method of funding. It is further recommended that these projects be reported to the North Carolina Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Capital Improvement Projects – Fayetteville State University, University of North Carolina at Greensboro, and Western Carolina University

ISSUE OVERVIEW

University of North Carolina System institutions are required to request authority from the University of North Carolina Board of Governors to proceed with non-appropriated projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

Three UNC System institutions have requested six capital improvement projects: two new projects and four projects for increased authorization.

I. NEW PROJECTS

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
University of North Carolina at Greensboro					
1.	Weatherspoon Art Museum - Center for Art & Human Understanding	\$1,700,000	\$0	\$1,700,000	Donations & Gifts
<i>UNCG Subtotal</i>		<i>\$1,700,000</i>	<i>\$0</i>	<i>\$1,700,000</i>	
Western Carolina University					
2.	Bookstore Improvements	\$1,950,000	\$0	\$1,950,000	Trust Funds
<i>WCU Subtotal</i>		<i>\$1,950,000</i>	<i>\$0</i>	<i>\$1,950,000</i>	
Grand Total		\$3,650,000	\$0	\$3,650,000	

II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
Fayetteville State University					
3.	Butler Renovation (HVAC, Building Envelope, Fire Alarm)	\$3,845,000	\$3,745,000	\$100,000	SCIF Appropriation (90%)/ Carry-forward (8%)/ Grant (2%)
4.	Campus-Wide Exterior Lighting Retrofit & Brick Paver/Concrete Walk Repairs	\$2,929,000	\$1,779,000	\$1,150,000	SCIF R&R (51%)/ Carry-forward (10%)/ Grant (39%)
<i>FSU Subtotal</i>		<i>\$6,774,000</i>	<i>\$5,524,000</i>	<i>\$1,250,000</i>	
University of North Carolina at Greensboro					
5.	Taylor Theater Infrastructure Renovation	\$14,504,664	\$10,504,664	\$4,000,000	Carry-forward (72%)/ Trust Funds (28%)
<i>UNCG Subtotal</i>		<i>\$14,504,664</i>	<i>\$10,504,664</i>	<i>\$4,000,000</i>	

II. INCREASED AUTHORIZATION cont.

Western Carolina University					
6.	Abutment Repairs - Cullowhee Dam	\$998,000	\$498,000	\$500,000	Carry-forward
WCU Subtotal		\$998,000	\$498,000	\$500,000	
Grand Total		\$22,276,664	\$16,526,664	\$5,750,000	

RECOMMENDATION

All projects and associated funding sources are in compliance with G.S. 143C-8-12 (State Budget Act).

It is recommended that these projects be authorized and reported to the North Carolina Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.

III. REPORTING

The following projects are being reported to the Board of Governors and Fiscal Research Division in compliance with GS 143C-8-13 (d) which permits chancellors to authorize Repairs and Renovation projects less than \$600,000 in 13 allowable categories.

Institution/Project Title		Amount	Fund Source	R&R Category
East Carolina University				
1.	College Hill Drive/Haskett Way Repair and Repave	\$414,042	Carry-forward	(11) Improvements to roads, walks, drives, and utilities infrastructure

AGENDA ITEM

A-9. Approval of the Selection of the Design-Build Firm – PBS North Carolina..... Katherine Lynn

Situation: The University of North Carolina Board of Governors has the authority to approve the final selection of design-build firms that are selected using a qualifications-based selection process for the University of North Carolina's affiliates.

Background: The Current Operations Appropriations Act of 2023 (S.L. 2023-134) authorized \$49.5 million from the State Capital and Infrastructure Fund (SCIF) for public safety communications upgrades for PBS North Carolina. PBS NC has identified the upgrades to the emergency power systems as the highest priority with a total estimated project cost of \$39.5 million. The project scope includes replacing the existing backup generator with two new parallel generators and a flywheel uninterruptable power supply (UPS) to ensure broadcast stations maintain full operation during power outages.

The design-build project delivery method was chosen given the highly specialized and technical nature of the project. PBS NC advertised a Request for Qualifications (RFQ) on the University of North Carolina System's website and through the State of North Carolina's electronic Vendor Portal (eVP) and received responses from nine firms. After reviewing the submittals, three firms were interviewed and ranked in priority order. The selection committee included representatives from PBS NC and the UNC System Office.

LeChase Construction Services, LLC, with their design partner, Salas O'Brien, is recommended as the selected firm based on their experience, their understanding of the project requirements, and the strength and expertise of the electrical engineering team. LeChase Construction Services, LLC, is located in Durham, North Carolina.

Assessment: It is recommended that the Board of Governors approve the selection of LeChase Construction Services, LLC, as the design-build firm for the Emergency Power Systems Upgrades project.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Approval of the Selection of the Design-Build Firm – PBS North Carolina

ISSUE OVERVIEW

The University of North Carolina Board of Governors has the authority to approve the final selection of design-build firms that are selected using a qualifications-based selection process for the University of North Carolina's affiliates.

The Current Operations Appropriations Act of 2023 (S.L. 2023-134) authorized \$49.5 million from the State Capital and Infrastructure Fund (SCIF) for public safety communications upgrades for PBS North Carolina. PBS NC has identified the upgrades to the emergency power systems as the highest priority with a total estimated project cost of \$39.5 million. The project scope includes replacing the existing backup generator with two new parallel generators and a flywheel uninterruptable power supply (UPS) at 14 locations to ensure the broadcast stations can maintain full operation during power outages.

The design-build project delivery method was chosen given the highly specialized and technical nature of the project. PBS NC advertised a Request for Qualifications (RFQ) on the University of North Carolina System's website, which was also posted on the North Carolina electronic Vendor Portal (eVP). The advertisement was posted on February 26, 2024, and closed on March 28, 2024. PBS NC received nine submittals in response to the RFQ. The selection committee included (1) Fred Engel, chief technology officer, (2) Casey Jennings, director of field operations, (3) Donald Smith, director of new technologies, compliance, and planning, and (4) Sarah Towles, P.E., SCIF capital projects manager at the UNC System Office. After reviewing all submittals for their qualifications, the selection committee shortlisted three firms to be interviewed.

The selection committee ranked the interviewed firms in priority order: (1) LeChase Construction Services, LLC; (2) Balfour Beatty; and (3) J.M. Thompson Company. The selection committee recommends award to LeChase Construction Services, LLC, as the selected firm based on the following:

- LeChase Construction Services, LLC's design partner, Salas O'Brien, provided the most experienced and largest electrical engineering team.
- LeChase Construction Services, LLC, demonstrated the strongest project approach including a strong understanding of early procurement strategies for equipment, site and permitting challenges, approach to minimizing of power outages, and consideration of operating and maintenance requirements after construction.
- LeChase Construction Services, LLC, presented steps to maximize opportunities for HUB participation.

PBS NC requests the Board's approval of the selection committee's recommended firm, LeChase Construction Services, LLC, for the project. Approval is required to proceed with negotiation and award of the design-build contract.

RECOMMENDATION

It is recommended that the Board of Governors approve the selection of the design-build firm, LeChase Construction Services, LLC, for the Emergency Power Systems Upgrades project.