

FY 2025-26 Enrollment Funding Reallocations

University of North Carolina System Enrollment Funding Formula

The annual enrollment change budget adjustment is calculated based on the incremental change in student credit hours (SCHs) from one calendar year to the next. Funding is received during the fiscal year that immediately follows the period of change. The model adjusts funding to reflect changes in **actual resident student credit hours** delivered from calendar year 2023 to 2024. Systemwide, resident student credit hours increased by 1.6 percent from calendar year 2023 to 2024. In addition, since the model categorizes resident student credit hours based on the area of instruction, the increase also reflects an increase in total resident student credit hours by students taking more credit hours in disciplines with higher funding rates such as STEM fields.

In February 2025 the University of North Carolina Board of Governors approved the FY 2025-26 budget priorities that included a request for \$46.3 million in recurring General Fund appropriations for 2024 changes in actual resident student credit hours delivered. To date, the North Carolina General Assembly has not enacted legislation for the FY 2025-27 biennial State budget. It is likely the General Assembly will not consider further action on the State budget until legislators reconvene in the fall and institutions will begin FY 2025-26 under the procedure for budget continuation provisions set out in G.S. 143C-5-4.

2024 Enrollment Change

Based on the enrollment model described above, 14 institutions produced increased resident student credit hours for an increased enrollment subsidy of \$51.7 million, and three institutions produced decreased resident student credit hours for a decreased subsidy of \$5.3 million, creating a net change in resident student credit hours of \$46,375,508.

The \$5.3 million decreased enrollment subsidy only reflects approximately 10 percent of the total budget adjustments associated with enrollment changes. In reallocating enrollment-based funding, we have prioritized institutions with fewer than 8,000 students, which are most reliant on state General Fund appropriations. These institutions often face limited economies of scale, greater per-student costs, and fewer opportunities to offset enrollment fluctuations through other funding sources. By concentrating realignment resources where financial resilience is most vulnerable, we aim to support institutional stability, safeguard student access, and ensure the sustainability of mission-critical academic programs across the UNC System. This reallocation can be accomplished under the University of North Carolina Board of Governors' existing statutory authority. Per G.S. 116-11(9)(c):

“The Director of the Budget may, on recommendation of the Board, authorize transfer of appropriated funds from one institution to another to provide adjustments for over or under enrollment or may make any other adjustments among institutions that would provide for the orderly and efficient operation of the institutions.”

Table 1 below breaks down the enrollment changes by institution. For the seven institutions with an increased enrollment change and FTE below 8,000, the budget adjustment increase is prorated to fund 51 percent of their full amount. The additional 49 percent for the seven institutions, as well as the full increased funding for the remaining institutions above 8,000 FTE, is contingent upon passage of legislation appropriating the additional \$46,375,508.

Table 1: 2024 Enrollment Change Reallocation by Institution

Institution	FTE	2024 Enrollment Change Reallocation	Additional Contingent Allocation*	Total
App State	20,633	\$ -	\$ 4,399,924	\$ 4,399,924
ECU	23,642	(4,129,746)	-	(4,129,746)
ECSU	2,024	290,595	275,295	565,890
FSU	6,230	1,282,173	1,214,664	2,496,837
N.C. A&T	13,385	(778,165)	-	(778,165)
NCCU	7,893	2,420,503	2,293,058	4,713,562
NC State	34,928	-	14,048,265	14,048,265
UNC Asheville	2,891	426,955	404,474	831,429
UNC-Chapel Hill	30,006	-	2,443,372	2,443,372
UNC Charlotte	28,572	-	8,588,565	8,588,565
UNC Greensboro	16,030	-	6,399,830	6,399,830
UNC Pembroke	6,423	449,453	425,788	875,241
UNC Wilmington	16,940	-	5,244,133	5,244,133
UNCSA	1,106	474,313	449,339	923,652
WCU	10,605	-	143,610	143,610
WSSU	4,529	(483,783)	-	(483,783)
NCSSM	980	47,702	45,190	92,892
Total	226,817	\$ 0	\$ 46,375,508	\$ 46,375,508

**Note: The additional contingent allocation would only be allocated if legislation is enacted to appropriate the \$46,375,508 needed.*

With no enactment of the FY 2025-27 biennial State budget expected in the near future, delaying all enrollment-related budget adjustments poses financial management risks, particularly for the campuses with reduced enrollment adjustments. The Board of Governors should (1) use its statutory authority to adjust budgets for enrollment changes as proposed in Table 1 and (2) approve the allocation of additional amounts **contingent** on enacted legislation appropriating the additional \$46,375,508.