

2025-26 Operating Budget Allocations

This document includes actions taken by the North Carolina General Assembly for the University of North Carolina System in Session Law 2025-89, Continuing Budget Operations. A comparison of the long session 2025-27 budget adjustments to the University of North Carolina Board of Governors budget priorities can be found in Appendix A.

It is recommended that the following proposed allocations for FY 2025-26 be approved, and that the president be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the president be authorized to seek such concurrence as may be required of the director of the budget in the allocation of budget priorities.

A. Recommended Allocations for Items Requiring Board Approval

1. UNC Building Reserves

The General Assembly appropriated \$2,867,222 in recurring funds and \$516,664 in nonrecurring funds to operate and maintain the Apiculture Facility at NC State University, the School of Business Addition at the University of North Carolina at Chapel Hill, and the Morganton Campus Student Wellness Center at the North Carolina School of Science and Mathematics. The allocation is based on the UNC System building reserve model. Consistent with Section 2A.13 of S.L. 2025-89 it is recommended that the funds be allocated as shown in Table 1.

Table 1: 2025-26 UNC Building Reserves

Institution	Recurring	Nonrecurring
NC State	\$65,459	\$57,951
UNC-CH	2,321,169	397,927
NCSSM	480,594	60,786
Total	\$2,867,222	\$516,664

2. Employee Benefit Rate Changes

The General Assembly appropriated \$29,004,662 in recurring funds for the costs associated with employee benefits. The benefit rate for the Teachers and State Employees Retirement System (TSERS) increased by 0.63 percent, the benefit rate for the Optional Retirement Program (ORP) went up by 0.28 percent, and the health plan amount increased by \$405. Funds are allocated to the institutions based on the appropriated salary base for employees in TSERS and ORP, as well as the total number of appropriated employees for the health plan increase.

Table 2: Employee Benefit Rate Changes

Institution	Benefit Allocation Recurring
App State	\$2,031,295
ECU	2,966,816
ECSU	289,130
FSU	640,322
N.C. A&T	1,430,168
NCCU	874,692
NC State	5,861,753
UNCA	412,078
UNC-CH	5,049,402
UNCC	2,763,616
UNCG	1,729,494
UNCP	648,554
UNCSA	349,540
UNCW	1,798,738
WCU	1,086,043
WSSU	543,129
NCSSM	281,497
UNCSO	248,394
Total	\$29,004,662

3. Nonresident Graduate Tuition Waiver

The General Assembly reduced the appropriation for graduate tuition waivers by \$3,500,000, in recurring funds. The reduction will be allocated pro rata based on each institution's General Fund nonresident graduate assistant waiver expenditures.

Table 1: Nonresident Graduate Tuition Waiver Reduction

Institution	FY24 Nonresident Graduate Tuition Waiver Amount	% of Total Amount	Pro-Rata Share of Reduction
App State	\$326,090	0.7%	(\$23,530)
ECU	1,872,004	3.9%	(135,080)
N.C. A&T	677,944	1.4%	(48,919)
NCCU	723,578	1.5%	(52,212)
NC State	14,209,946	29.3%	(1,025,363)
UNC-CH	19,481,996	40.2%	(1,405,784)
UNCC	5,141,240	10.6%	(370,982)
UNCG	3,799,272	7.8%	(274,148)
UNCP	54,000	0.1%	(3,896)
UNCSA	279,357	0.6%	(20,158)
UNCW	1,586,538	3.3%	(114,482)
WCU	352,636	0.7%	(25,446)
Total	\$48,504,603	100%	(\$3,500,000)

B. Budget Allocations Delegated to the President

1. NC Promise Tuition Plan

The General Assembly appropriated \$9,500,000 recurring for the NC Promise Tuition Plan, which sets undergraduate tuition at \$500 per semester for NC residents and \$2,500 per semester for nonresidents at Elizabeth City State University, Fayetteville State University, University of North Carolina at Pembroke, and Western Carolina University. Funds will be used to support increased enrollment at the institutions.

Funds will be allocated based upon enrollment to the four NC Promise institutions after the fall census and adjusted after the spring census. It is recommended that the president be authorized to make allocations for 2025-26 and 2026-27 as enrollment data becomes available.

C. Appropriated Directly to the North Carolina State Education Assistance Authority (NCSEAA)

The General Assembly made several budget changes to the NCSEAA, which do not require Board allocation. These are described below, for information only.

1. Longleaf Commitment Community College Grant Program

The General Assembly reduced the General Fund appropriation by \$125,000 in recurring funds and eliminated the grant program. The General Assembly also reduced the budgeted receipts from the Escheat Fund by \$12,375,000 in recurring funds. The program provided need-based grants to community college students who graduated high school during the 2022-23 school year. There are no students eligible for the program in the 2025-27 fiscal biennium.

2. Need-Based Scholarship for Public Colleges and Universities

The General Assembly adjusted how the scholarship is funded. The appropriation from the Education Lottery Fund was reduced by \$23,445,964. The General Fund appropriation of \$74,972,548 in recurring funds was eliminated. Receipts from the Escheats Fund were increased by \$98,418,512 in recurring funds. The total budget for the program is unchanged.

3. Scholarship for Children of Wartime Veterans

The General Assembly reduced funding for the scholarship program by \$11,070,964 in recurring Escheat Fund receipts and increased funding for the program by \$11,070,964 in recurring receipts from the Education Lottery Fund. The total budget for the program is unchanged.

FY 2025-27 Operating Budget Comparison

	UNC Budget Priorities		Conference Mini Budget	
	FY 2025-26	FY 2026-27	FY 2025-26	FY 2026-27
UNC Base Budget	3,734,978,720	3,735,382,901	3,734,978,720	3,735,382,901
UNC System Priorities				
UNC Enrollment Change	46,375,508	66,375,508	-	-
Performance Funding Pool	30,000,000	30,000,000	-	-
Building Reserves	2,867,222 ¹	3,731,400	2,867,222	2,867,222
	516,664 NR	-	516,664 NR	
NC Promise	9,500,000	13,000,000	9,500,000	9,500,000
Total UNC System Priorities	89,259,394	113,106,908	12,883,886	12,367,222
Faculty and Staff Salaries				
Faculty and Staff Salary Increases	UNC System requests equity with State agencies and strongly supports Labor Market Adjustment Reserve funding.		-	-
Employee Benefit Rate Changes	-	-	29,004,662	29,004,662
Other UNC System Items (Not Requested)				
Graduate Tuition Waiver	-	-	(3,500,000)	(3,500,000)
Total Recurring Operating Changes	88,742,730	113,106,908	37,871,884	37,871,884
Total Nonrecurring Operating Changes	516,664	-	516,664	-
Total Recommended FY 25-27 UNC Budget	3,824,238,114	3,848,489,809	3,773,367,268	3,773,254,785
Total Percent Change	2.4%	3.0%	1.0%	1.0%

Note: All items are recurring unless specified as nonrecurring.

	UNC Budget Priorities		Conference Mini Budget	
	FY 2025-26	FY 2026-27	FY 2025-26	FY 2026-27
SEAA & Aid to Private Institutions Base Budget (Budget Codes 16012 & 16015)	935,785,439	986,785,439	935,785,439	986,785,439
Longleaf Commitment Comm. Coll. Grant Program	-	-	(125,000) (\$12,375,000) in recurring receipts	(125,000) (\$12,375,000) in recurring receipts
Need-Based Scholarship for Public Colleges and Universities	-	-	(74,972,548)	(74,972,548)
Need-Based Scholarship for Public Colleges and Universities Escheat Funding	-	-	\$98,418,512 in recurring receipts	\$98,418,512 in recurring receipts
Scholarship for Children of Wartime Veterans Funding Change	-	-	(\$11,070,964) Escheat \$11,070,964 Lottery in recurring receipts	(\$11,070,964) Escheat \$11,070,964 Lottery in recurring receipts
Total SEAA and Aid to Private Institutions	935,785,439	986,785,439	860,687,891	911,687,891

¹ Revised in June 2025 to reflect expected project completions dates. Original request was 3,187,530.