

FY 2025-26 Performance Funding Reallocations

It is recommended that the UNC Board of Governors approve a \$30 million reallocation of funding to support the implementation of the performance funding model. This reallocation is authorized under G.S. 116-11(9)(c), which states:

“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.”

Performance Pool Investment: Each institution contributes to the \$30 million performance pool through a proportional, recurring reduction based on its FY2024 operating revenues and State appropriations (see Appendix A). This approach aligns the investment methodology with institutional capacity and ensures Systemwide participation in funding the performance pool.

Performance Funding Allocation: The performance pool is then reallocated annually based on the Board-approved performance funding model, which has two components (see Appendix B for FY 2026 performance allocation calculations):

- **Performance Change Component:** Institutions are eligible to earn up to their proportional share of the \$30 million pool (based on their share of systemwide FTE enrollment). Actual allocations are based on institutional performance scores, calculated relative to baseline and annual stretch goals across Board-approved performance metrics. Subject to funding availability for each metric, an institution can receive “extra credit” funding if it exceeds its stretch goal.
- **Impact Component:** Remaining funds in the pool are allocated based on the number of degree completers at each institution, rewarding institutions with significant gains in degree completion.

Table 1: FY 2025-26 Performance Funding Reallocations

Institution	Performance Pool Investment	FY26 Performance Allocation	Net Change
App State	(\$1,516,458)	\$1,838,634	\$322,176
ECU	(2,971,712)	3,204,882	\$233,170
ECSU	(196,291)	281,318	\$85,027
FSU	(342,900)	763,503	\$420,603
N.C. A&T	(1,057,207)	1,525,767	\$468,560
NCCU	(629,606)	708,002	\$78,396
NC State	(5,532,055)	5,648,191	\$116,136
UNCA	(284,254)	106,423	(\$177,831)
UNC-CH	(10,814,814)	3,928,055	(\$6,886,759)
UNCC	(2,244,828)	3,603,096	\$1,358,268
UNCG	(1,255,109)	2,934,860	\$1,679,751
UNCP	(419,711)	1,271,157	\$851,446
UNCW	(1,350,093)	2,305,275	\$955,182
UNCSA	(203,670)	127,776	(\$75,894)
WCU	(829,873)	1,654,870	\$824,997
WSSU	(351,419)	98,191	(\$253,228)
Total	(\$30,000,000)	\$30,000,000	\$0

Appendix A: Performance Pool Investments

Institution	FY24 Operating Revenues + State Appropriations*	Pro-Rata Share	Performance Pool Investments
App State	\$508,527,706	5%	(\$1,516,458)
ECU	\$996,531,262	10%	(\$2,971,712)
ECSU	\$65,824,132	1%	(\$196,291)
FSU	\$114,987,707	1%	(\$342,900)
N.C. A&T	\$354,522,827	4%	(\$1,057,207)
NCCU	\$211,131,356	2%	(\$629,606)
NC State	\$1,855,114,528	18%	(\$5,532,055)
UNCA	\$95,321,384	1%	(\$284,254)
UNC-CH	\$3,626,630,281	36%	(\$10,814,814)
UNCC	\$752,778,683	7%	(\$2,244,828)
UNCG	\$420,887,028	4%	(\$1,255,109)
UNCP	\$140,745,606	1%	(\$419,711)
UNCW	\$452,738,944	5%	(\$1,350,093)
UNCSA	\$68,298,369	1%	(\$203,670)
WCU	\$278,288,764	3%	(\$829,873)
WSSU	\$117,844,589	1%	(\$351,419)
Total	\$10,060,173,166	100%	(\$30,000,000)

*Per FY24 audited financial statements. Operating revenues primarily include tuition and fees, contract and grants, sales and services.

Appendix B: FY 2025-26 Performance Allocations

Institution	Performance Change Component					Impact Component		Total Performance Funding
	Eligible Funding	Composite Performance Score	Performance Change Funding	Extra Credit Funding	Total Performance Change Funding	FY23 Degree Completions	Impact Funding	
App State	2,738,782	40.6%	\$1,113,198	83,476	1,196,675	5,070	641,960	1,838,634
ECU	3,122,726	71.3%	2,225,751.29	84,439	2,310,190	7,066	894,692	3,204,882
ECSU	270,000	65.2%	176,059.99	53,470	229,530	409	51,787	281,318
FSU	826,526	67.3%	556,276.21	24,008	580,285	1,447	183,218	763,503
N.C. A&T	1,785,119	60.5%	1,079,836.46	117,987	1,197,823	2,590	327,944	1,525,767
NCCU	1,039,354	48.2%	501,066.43	293	501,359	1,632	206,643	708,002
NC State	4,654,371	82.2%	3,826,179.68	478,960	4,305,140	10,607	1,343,051	5,648,191
UNCA	385,277	5.7%	21,967.67	-	21,968	667	84,455	106,423
UNC-CH	3,998,827	65.4%	2,613,912.30	172,036	2,785,949	9,020	1,142,106	3,928,055
UNCC	3,768,141	67.1%	2,527,430.99	14,722	2,542,153	8,379	1,060,943	3,603,096
UNCG	2,139,878	88.5%	1,892,840.99	440,830	2,333,671	4,748	601,188	2,934,860
UNCP	849,181	80.3%	682,015.68	318,682	1,000,698	2,136	270,459	1,271,157
UNCW	2,257,553	66.3%	1,496,376.16	149,212	1,645,588	5,210	659,686	2,305,275
UNCSA	147,394	39.6%	58,326.10	15,004	73,330	430	54,446	127,776
WCU	1,413,703	75.3%	1,064,855.85	177,111	1,241,967	3,261	412,905	1,654,870
WSSU	603,169	-6.5%	(39,142.76)	78	(39,064)	1,084	137,255	98,191
Total	30,000,000	57.3%	\$19,796,951	2,130,310	21,927,261	63,756	\$ 8,072,739	\$ 30,000,000