THE UNIVERSITY OF NORTH CAROLINA SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

July 23, 2026 at 9 a.m.
Via Videoconference and PBS North Carolina Livestream

AGENDA

OPEN SESSION

A-1. Approval of the Open Session Minutes of May 20, 2026 .... Kirk Bradley

A-2. Short Session State Budget Update .... Jennifer Haygood

A-3. 2026-27 Operating Budget Allocations .... Brandy Andrews

A-4. FY 2027 All-Funds Budget Report .... Brandy Andrews and Joshua Lassiter

A-5. Authorized Use of Special Obligation Bonds "Commercial Paper" – University of North Carolina at Chapel Hill .... Jennifer Haygood

A-6. Capital Improvement Projects .... Katherine Lynn

A-7. Adjourn

Additional Information Available:
A-4. FY 2027 All-Funds Budget Report (full report)
University of North Carolina Quarterly Capital Report for July 1, 2026
Report on Need-Based Aid from Tuition

DRAFT MINUTES

May 20, 2026, at 9:30 a.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S. West Street, Board Room
Raleigh, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair Kirk Bradley. The following committee members, constituting a quorum, were also present in person, via videoconference, or by phone: Lee Barnes, Harry Brown, John A. Fraley, Reginald Holley, and Art Pope.

Chancellors participating were Karrie Dixon, Lee H. Roberts, and Philip Rogers.

The committee Faculty Assembly advisor present was Jim Westerman.

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

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

The chair called the meeting to order at 9:31 a.m., Wednesday, May 20, 2026. The open session minutes of Wednesday, April 15, 2026, meeting were approved by unanimous consent.

Chair Bradley recognized North Carolina House Rep. Neal Jackson attending the meeting.

2. Short Session State Budget Update (Item A-2)

The chair called on Senior Vice President Jennifer Haygood to provide a brief update on the Short Session State Budget.

This was an information item only and did not require a vote.

3. FY25 Composite Financial Index and New Financial Health Framework (Item A-3)

The chair called on Ms. Haygood and Vice President Joshua Lassiter to give a presentation on the FY25 Composite Financial Index (CFI) and New Financial Health Framework. The University of North Carolina System reflected strong financial positioning as measured by the CFI. Fifteen of 16 institutions reported CFI scores above the 3.0 benchmark, and 13 institutions improved their scores from FY24 to FY25. The proposed Financial Health Monitoring and Early-Warning Framework is expected to complement the CFI by providing a more forward-looking, comprehensive view of institutional financial health.

This was an information item only and did not require a vote.

4. 2024 Facilities Inventory and Space Utilization Study (A-4)

The chair called on Ms. Haygood and Vice President Katherine Lynn to present the 2024 Facilities Inventory and Space Utilization Study detailing the utilization of space, room characteristics, and building characteristics as a tool for space management and planning for the 16 UNC System public universities.

This was an information item only and did not require a vote.

5. Establishment of For-Profit Associated Entity — University of North Carolina at Chapel Hill (A-5)

The chair called on Vice President Brandy Andrews to present the University of North Carolina at Chapel Hill's request to establish a for-profit associated entity ("KFBSF Real Estate Fund VI") to manage real estate investment funds as an educational program at the Kenan-Flagler Business School.

The chair asked for a motion to approve the establishment of a for-profit associated entity.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC-Chapel Hill's request for the establishment of a for-profit associated entity and recommend it to the full Board of Governors for a vote.

Motion: Reginald Holley
Motion carried

6. Capital Improvement Projects (Item A-6)

Chair Bradley called on Ms. Lynn to present the capital improvement projects for the authorization of one new capital project at one institution for a total of $1 million and two increased authorizations at two institutions for a total of $2.3 million.

The chair asked for a motion to approve the new capital improvement projects and increased authorizations.

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

Motion: Reginald Holley
Motion carried

7. Adjourn (Item A-7)

There being no further business and without objection, the meeting adjourned at 10:24 a.m.

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John A. Fraley, Secretary

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MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
July 23, 2026

AGENDA ITEM

A-2. Short Session State Budget Update..Jennifer Haygood

Situation: One of the principal responsibilities of the University of North Carolina Board of Governors is to “develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for all of the constituent institutions of The University of North Carolina” [G.S. 116-11(9)a]. In odd-numbered years, the North Carolina General Assembly enacts a biennial (two-year) budget. In even-numbered years, adjustments are made to the budget for the second fiscal year of the biennium.

Background: During the legislative Short Session, the North Carolina General Assembly adjusts the certified base budget. S.L. 2026-41 enacts a comprehensive State budget for fiscal year 2027, providing funding for statewide priorities, compensation and benefit changes, targeted programmatic initiatives, and capital investments. The following presentation highlights the budget adjustments with the greatest impact on the University of North Carolina System.

Assessment: The enacted State budget provides a significant investment in the UNC System, including approximately $550 million in new operating support in fiscal year 2026-27 to advance system priorities, fund faculty and staff compensation, strengthen the healthcare workforce, and support other critical initiatives.

In addition, the budget includes more than $874 million in capital funding through the State Capital and Infrastructure Fund for repair and renovation projects and capital improvements across the System, continuing the State's long-term commitment to preserving and modernizing campus facilities.

Action: This item is for information only.

SHORT SESSION
STATE BUDGET UPDATE

Committee on Budget and Finance

July 23, 2026

UNC Operating Budget Highlights

In millions	Recurring	Non-Recurring	Total	% Change
Total Budget Changes	**$362.1**	**$189.7**	**$551.8**	**9.4%**
Increase in State Reserve/Other State Receipts	$28.1	$200.7	$228.8	10.8%
Increase in General Fund Appropriations	$334.0	($11.0)	$323.0	8.6%

Key Investments

- System Priorities: +$172.8 million
- Faculty and Staff Salaries and Benefits: +$213.5 million
- Healthcare Investments: +$33.9 million
- Sports Wagering Tax Revenues: +$28.3 million
- Other Recurring, Institution-Specific Items: +$36.6 million

UNC System Priorities

	UNC Budget Priorities	Conference
	FY 2026-27	FY 2026-27
UNC Enrollment Change	153,879,874	107,504,366
		46,375,508 NR
NC Promise Enrollment	4,950,000	4,950,000
NC Promise Reserve		3,000,000 NR
Building Reserves	9,450,701	9,450,701
	1,513,601 NR	1,513,601 NR
Total UNC System Priorities	**169,794,176**	**172,794,176**

Legislative Salary Increases

- 3% across-the-board salary increase plus one-time bonus:
  - Earn $65,000 or less: $1,750
  - Earn > $65,000: $1,000
- Sworn law enforcement receive 13% salary increase plus bonus
- NCSSM and UNCSA teachers paid on the Teachers Salary Schedule

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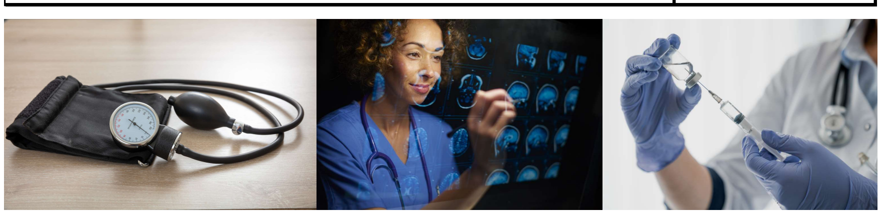
Health Care Investments

	FY 2026-27
Healthcare Investments	**$33,873,000**
Healthcare Workforce Programs Expansion	9,000,000
	9,500,000 NR
Rural Residency Medical Education and Training Fund	4,898,216
	4,500,000 NR
ECU Rural Family Medicine Residency Program	2,851,784
Mountain Area Health Education Center	1,000,000
	2,123,000 NR



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Sports Wagering Tax Revenue Changes

<table>
<tr><th>Sports Wagering Changes ($28.26m net increase)</th><th>Status Quo
FY 2026-27</th><th>Conference
FY 2026-27</th></tr>
<tr><td>Sports Wagering Tax Rate</td><td>18%</td><td>23%</td></tr>
<tr><td>Division II</td><td rowspan="16">Est. $2.4 million each</td><td rowspan="5">Est. $2.6 million each

Equal Share of 19.5% of proceeds up to $2.9m each</td></tr>
<tr><td>Elizabeth City State University</td></tr>
<tr><td>Fayetteville State University</td></tr>
<tr><td>UNC Pembroke</td></tr>
<tr><td>Winston-Salem State University</td></tr>
<tr><td>Division I -Non-FBS</td><td rowspan="13">Est. $3.0 million each

Equal share of 19.5% of proceeds (up to $2.9m each)
plus
Additional equal share of 2.2% of proceeds (up to $400k)</td></tr>
<tr><td>NC Agricultural & Technical State University</td></tr>
<tr><td>NC Central University</td></tr>
<tr><td>UNC Asheville</td></tr>
<tr><td>UNC Greensboro</td></tr>
<tr><td>UNC Wilmington</td></tr>
<tr><td>Western Carolina University</td></tr>
<tr><td>Division I - FBS*</td></tr>
<tr><td>Appalachian State University</td></tr>
<tr><td>East Carolina University</td></tr>
<tr><td>UNC Charlotte</td></tr>
<tr><td>NC State University</td><td rowspan="2">$0</td></tr>
<tr><td>UNC-Chapel Hill</td></tr>
</table>

*Effective July 1, 2027, Division I - FBS institutions will also receive an additional equal share of 5.7% of proceeds (up to $2.5m).

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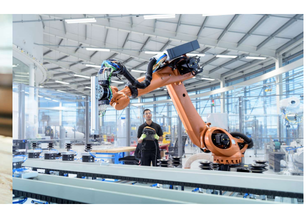
Other Recurring Investments

Other Recurring, Institution-Specific Items	$36,560,000
Cheatham-White Scholarships: Add WSSU/Expand NCCU + N.C. A&T	3,150,000
FSU 30/60/90 Summer Initiative	2,000,000
N.C. A&T Research Funds for R1 Designation	10,600,000
UNCC Data Science and Battery Engineering and Recycling	2,500,000
NC State: NC Food Innovation Lab	810,000
NC State: Engineering Expansion	5,000,000
UNC-CH: School of Civic Life and Leadership	5,000,000
UNC-CH: Collaboratory	7,500,000





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State Capital & Infrastructure Fund (SCIF)

FY 2027 SCIF Allocations

Repair and Renovations: $200 million

- Minor R&R projects: $40-60 million
- Major R&R projects: $140-160 million

Named Projects: $674.3 million

- **57 projects** authorized and scheduled to receive allocations in FY27 or later, including seven new projects
- New (7) and increased (13) project authorizations = **$418 million**
- Previously authorized projects + new/increased projects = **$2.5 billion**

*Project authorization represents the total estimated cost of the project. SCIF allocations are made over one or more fiscal years, up to the authorized amount.

Campus	Project	Authorization
New Projects		**$82,000,000**
ASU	East Hall Redevelopment	$2,000,000
ECU	ECU Health/Beaufort	$15,000,000
NCSU	Commercial Leap Ahead for Wide Bandgap Semiconductors (CLAWS)	$20,000,000
UNCA	Carol Belk Theatre	$4,000,000
UNC-CH	Carolina North Planning/Infrastructure	$35,000,000
WCU	Safety Infrastructure	$2,000,000
BOG	System Office Capital Project Management Positions	$4,000,000

Campus	Project	Increase	Revised Authorization
Increased Authorizations		**$336,430,000**	
ASU	Peacock Hall	$5,000,000	$45,000,000
	Innovation Campus	$25,000,000	$79,000,000
ECSU	Sky Bridge	$5,000,000	$7,500,000
NCCU	Edmonds Classroom Building - Comp. Reno.	$6,500,000	$19,499,424
NCSU	Mann Hall-Renovation, Phase 2	$10,000,000	$40,000,000
	Nuclear Study/Advanced Research and Test Reactor	$13,000,000	$16,000,000
	New Business School	$5,000,000	$9,500,000
	Poe Hall	$180,000,000	$185,000,000
NCSSM	Durham Campus-Renovation of Residence Halls	$15,000,000	$43,988,042
	Durham Campus - Temporary Housing	$580,000	$2,180,000
UNCA	Lipinsky Hall-Comp. Modernization/Addition	$5,000,000	$31,150,000
WCU	Replacement Engineering Building	$62,600,000	$157,900,000
BOG	UNCSO Lease Funds	$3,750,000	$22,500,000

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QUESTIONS?

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MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
July 23, 2026

AGENDA ITEM

A-3. 2026-27 Operating Budget Allocations .... Brandy Andrews

Situation: While most of the funding for each institution's current operations budget comes in the base budgets approved by the North Carolina General Assembly, some funds for expansion and improvements are appropriated to the University of North Carolina Board of Governors for allocation to the institutions.

Background: One of the principal responsibilities of the University of North Carolina Board of Governors is to "develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for the constituent institutions of the University of North Carolina" [G.S. 116-11(9)a]. Typically, in odd numbered years, the governor recommends and the General Assembly enacts a biennial (two-year) budget. In even-numbered years, adjustments are made to the budget for the second fiscal year of the biennium. In 2025 a biennial budget was not enacted and adjustments to base budgets were made through various mini bills.

Assessment: During the Short Session, the General Assembly approved the 2026-27 budget, as enacted through the 2026 Appropriations Act (S.L. 2026-41). Many of the budget adjustments appropriated funds to the Board of Governors for allocation and require Board action. The recommended allocations meet all the General Assembly directives as enacted. In addition, changes were made directly to institutional budgets.

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

2026-27 Operating Budget Allocations

This document includes actions taken by the North Carolina General Assembly for the University of North Carolina System in Session Law 2026-41, *2026 Appropriations Act,* and Session Law 2026-42, *Budget Technical Corrections*. A comparison of the short session 2026-27 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 2026-27 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 Enrollment Funding

Two years of enrollment change funding was requested in the 2026 Short Session due to UNC System enrollment funding not being included in the 2025 legislation enacted by the General Assembly. Enrollment funding was appropriated on both a recurring and nonrecurring basis. The 2024 enrollment change from FY 2025-26 appropriated $46,375,508 nonrecurring and $107,504,366 recurring for the 2025 enrollment change.

Without an enacted budget in 2025, enrollment funding reallocations were approved in July 2025. Previously approved reallocations will be reversed to reflect the appropriations in the table below for FY 2026-27.

Table 1: 2026-27 UNC Enrollment Funding

Institution	*Nonrecurring* 2024 Enrollment Change	*Recurring* 2025 Enrollment Change
App State	$4,399,924	$1,089,969
ECU	(4,129,746)	(2,560,939)
ECSU	565,890	1,790,130
FSU	2,496,837	3,558,550
N.C. A&T	(778,165)	9,572,637
NCCU	4,713,562	4,958,126
NC State	14,048,265	21,061,328
UNCA	831,429	1,133,628
UNC-CH	2,443,372	15,237,040
UNCC	8,588,565	21,751,865
UNCG	6,399,830	8,961,440
UNCP	875,241	3,420,994
UNCW	5,244,133	12,342,090
UNCSA	923,652	611,532
WCU	143,610	2,481,724
WSSU	(483,783)	1,925,619
NCSSM	92,892	168,636
Total	**$46,375,508**	**$107,504,366**

2. **UNC Building Reserves**
The General Assembly appropriated $9,450,701 in recurring funds and $1,513,601 in nonrecurring funds to operate and maintain the Conservatory for Biodiversity and Educational Research (CBEAR) and Peacock Hall Addition at Appalachian State University, the Flight School and Infrastructure Phases I, II, and III at Elizabeth City State University, the College of Education at Fayetteville State University, the Apiculture Facility and the STEM Building (Integrative Sciences Building) at NC State University, the School of Business Addition (Bell Hall) at UNC-Chapel Hill, and Joiner Hall and Student Wellness Center at NC School of Science and Mathematics-Morganton Campus. The allocation is based on the UNC System building reserve model, and it is recommended the funds be allocated as shown in Table 2.

Table 2: 2026-27 UNC Building Reserves

Institution	*Recurring*	*Nonrecurring*
App State	$1,244,131	$305,950
ECSU	1,577,227	288,144
FSU	1,148,437	184,201
NC State	4,550,232	735,306
UNC-CH	773,727	-
NCSSM	156,947	-
Total	**$9,450,701**	**$1,513,601**

3. **Cheatham-White Scholarships**
The General Assembly appropriated $3,150,000 recurring in FY2026-27 to expand the number of merit scholarships and add Winston-Salem State University to the program.

Table 3: Cheatham-White Scholarships

Institution	*Recurring*
N.C. A&T	$1,500,000
NCCU	$750,000
WSSU	$900,000
Total	**$3,150,000**

4. **Nonresident Graduate Tuition Waiver**
The General Assembly reduced the appropriation for Graduate Tuition Waivers by $1,000,000 nonrecurring in FY 2026-27. The reduction will be allocated pro rata based on each institution's General Fund nonresident graduate assistant waiver expenditures.

Table 4: Nonresident Graduate Tuition Waiver Reduction

Institution	FY25 Nonresident Graduate Tuition Waiver	% of Total Amount	*Nonrecurring* Pro Rata Share of Reduction
App State	$326,090	0.7%	(6,689)
ECU	2,184,668	4.5%	(44,813)
N.C. A&T	685,095	1.4%	(14,053)
NCCU	558,179	1.1%	(11,450)

NC State	14,209,946	29.1%	(291,481)
UNC-CH	19,320,000	39.6%	(396,300)
UNCC	4,239,870	8.7%	(86,970)
UNCG	4,883,608	10.0%	(100,175)
UNCSA	279,357	0.6%	(5,730)
UNCW	1,704,101	3.5%	(34,955)
WCU	342,664	0.7%	(7,029)
WSSU	17,326	0.04%	(355)
Total	**$48,750,904**	**100%**	**($1,000,000)**

B. Budget Allocations Delegated to the President

1. NC Promise Tuition Plan

The General Assembly appropriated $4,950,000 recurring for the NC Promise Tuition Plan, which sets undergraduate tuition at $500 per semester for NC residents and $3,500 per semester for nonresidents (per S.L. 2026-41, Section 8.12.(a), nonresident tuition will be $4,000 per semester beginning in FY 2027-28) at Elizabeth City State University, Fayetteville State University, UNC Pembroke, and Western Carolina University. In addition, $3,000,000 nonrecurring was appropriated for an NC Promise Tuition Plan Reserve, which is a new contingency fund to be used in the event that funds appropriated for NC Promise are insufficient to fully cover the program's cost.

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

2. Compensation Increase Reserve

The General Assembly appropriated $121,195,851 in recurring funds for 2026-27 for a three percent across-the-board salary increase and $43,957,929 nonrecurring funds for a $1,750 one-time bonus for most employees earning $65,000 or less and a $1,000 one-time bonus for most employees earning more than $65,000. Increases are for UNC System employees both subject to and exempt from the State Human Resources Act (SHRA and EHRA). Although funding for compensation was appropriated directly to the UNC System budget, the allocation will be approved by the Office of State Budget and Management based on actual employee salary data as of June 30, 2026. The recurring funds will impact the employee's base salary and retirement contributions. Compensation increase reserve funds also include adjustments for an additional five percent for high school teachers at UNCSA and NCSSM, who are paid based on the Teachers Salary Schedule, for a total of eight percent.

3. Sworn Law Enforcement Salary Adjustments

The General Assembly appropriated $4,749,821 in recurring funds for salary adjustments in addition to the three percent across-the-board salary increases, for a total of 13 percent in FY 2026-27.

4. State Retirement Contributions — TSERS Members

The General Assembly appropriated $11,329,014 in recurring funds and $11,733,622 in nonrecurring funds in FY 2026-27 to fund the actuarially determined contribution and retiree medical premiums for members of the Teachers' and State Employees' Retirement System (TSERS). The funds also provide a one-time cost of living supplement of two and one-half percent to retirees.

5. **State Retirement Contributions — ORP Members**
The General Assembly appropriated $5,339,219 in recurring funds to fund retiree medical premiums for members of the Optional Retirement Program (ORP).

6. **State Health Plan**
The General Assembly appropriated $15,231,974 in recurring funds in FY 2026-27 to support health benefit coverage for enrolled active employees supported by the General Fund.

7. **Healthcare Workforce Program Expansion**
The General Assembly appropriated $9,000,000 in recurring and $9,500,000 in nonrecurring funds to the UNC Board of Governors to allocated to constituent institutions to support the development and expansion of courses that lead to a degree in healthcare-related fields.

8. **Rural Residency Medical Education and Training Funds**
The General Assembly appropriated $4,898,216 in recurring funds and $4,500,000 in nonrecurring receipts to the UNC Board of Governors for UNC System Rural Residency Medical Education and Training Fund.

9. **Information Technology Rates**
The General Assembly appropriated $65,396 in recurring funds for the increase in the Department of Information Technology (DIT) FY 2026-27 rates. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

C. Appropriated Directly to Campuses and Other Entities

The General Assembly increased appropriations directly to several institution budgets, the North Carolina State Education Assistance Authority (NCSEAA), and other entities, which do not require Board allocation. These are described below, for information only.

1. **Athletic Department Support from Sports Wagering Receipts**
The General Assembly budgeted $28,260,005 in recurring additional receipts based on changes to the sports wagering tax forecast, tax rate, and allocation formula. ECSU, FSU, UNCP, and WSSU received an additional $1,435,385 in additional receipts for a total of $2.6 million each. App State, ECU, N.C. A&T, NCCU, UNCA, UNCG, UNCC, UNCW, and WCU received an additional $1,835,385 in additional receipts for a total of $3.0 million each. NC State and UNC-CH were added to the revenue formula and received $3,000,000 each in receipts.

2. **UNC-CH Collaboratory**
The General Assembly appropriated $7,500,000 in recurring funds and $50,025,000 in nonrecurring funds and receipts to the Collaboratory for various projects.

3. **UNC-CH School of Civic Life and Leadership**
The General Assembly appropriated $5,000,000 in recurring funds to provide additional operating funds to the School of Civic Life and Leadership.

4. **UNC-CH North Carolina Economic Forecasting Initiative**
   The General Assembly appropriated $3,000,000 in nonrecurring funds to the Kenan Institute of Private Enterprise at the Kenan-Flagler Business School to provide county-level nowcast and forecast economic data to support economic development across North Carolina.

5. **UNC-CH & NC State Unexpended ARPA-TSF Fund Transfer**
   The General Assembly transferred unexpended ARPA Temporary Savings Fund receipts of $2,000,000 nonrecurring from UNC-CH School of Medicine Department of Health Sciences to NC State to contract with the North Carolina Association of Future Farmers of America, Inc. to administer grants to support agriculture education at middle and high school Career and Technical Education programs.

6. **UNC-CH Rural Health Care Stabilization Fund Transfer**
   The General Assembly appropriated $10,000,000 nonrecurring receipts from the Rural Health Care Stabilization Fund to Area Health Education at UNC-Chapel Hill.

7. **UNC-CH Mountain Area Health Education Center**
   The General Assembly appropriated $2,123,000 nonrecurring and $1,000,000 recurring funds for the Mountain Area Health Education Center.

8. **NC State Engineering Expansion**
   The General Assembly appropriated $5,000,000 in recurring funds for faculty, staff, equipment, facility improvements, and other resources to support an expansion of the College of Engineering.

9. **NC State NC Food Innovation Lab**
   The General Assembly appropriated $810,000 in recurring and $2,700,000 in nonrecurring funds for equipment, supplies, lease, and personnel costs.

10. **NC State AI Teacher Training Resources**
    The General Assembly appropriated $400,000 in nonrecurring funds for the Friday Institute for Educational Innovation to design, produce, and implement online training modules and resources for teachers related to artificial intelligence.

11. **NC State CMAST Pathologist Position**
    The General Assembly appropriated $125,000 in recurring funds for the position and eliminated the receipts transfer from the Department of Environmental Quality to NC State's Center for Marine Sciences and Technology (CMAST) . The total budget for the position is unchanged.

12. **UNCG BRIGHT Institute**
    The General Assembly appropriated $1,000,000 in nonrecurring funds to support the Battery Research, Innovation, and next-Gen Energy Harvesting Technologies (BRIGHT) Institute. Funds will assist in offering new certificate programs, establishing a workforce development program, and building research capacity.

13. **UNCC Data Science and Battery Engineering and Recycling**
    The General Assembly appropriated $2,500,000 in recurring and $500,000 in nonrecurring funds to expand the data science programs and battery engineering and recycling initiatives.

14. **ECU Retain NC Talent Scholarship Fund**
    The General Assembly appropriated $5,000,000 in nonrecurring funds to create endowed merit scholarships that will be matched with private funds.

15. **ECU Virtual School Psychology Training Program**
    The General Assembly appropriated $1,000,000 in nonrecurring funds to operate a virtual school psychology training program.

16. **ECU Rural Family Medicine Residency Program**
    The General Assembly appropriated $2,851,784 in recurring funds to the program, which places medical residents in rural locations for training.

17. **N.C. A&T Research Funds for R1 Designation**
    The General Assembly appropriated $10,600,000 in recurring funds to increase research spending and doctoral degrees, including in programs related to agriculture research.

18. **WCU Laboratory School Relocation Costs**
    The General Assembly appropriated $792,000 in nonrecurring funds for cost incurred in moving The Catamount Laboratory School to WCU's campus.

19. **FSU 30/60/90 Summer Initiative**
    The General Assembly appropriated $2,000,000 in recurring funds for its summer school program that provides scholarships to students to facilitate on-time degree completion.

20. **NCSEAA Need-Based Scholarship for Public Colleges and Universities**
    The General Assembly adjusted how the scholarship is funded. Receipts from the Education Lottery Fund were reduced by $15,050,801 recurring and receipts from the Escheat Fund were increased by $15,050,801 recurring. The total budget for the program is unchanged.

21. **NCSEAA Private College and University Need-Based Scholarships**
    The General Assembly appropriated $7,000,000 in nonrecurring funds for students attending private institutions of higher education.

22. **NCSEAA PESA Program**
    The General Assembly appropriated $17,554,914 in recurring funds to the Personal Education Student Accounts for Children with Disabilities (PESA) Program to distribute awards to all eligible applicants when considering historical award acceptance trends.

23. **NCSEAA Advise NC College Access Initiative**
    The General Assembly appropriated $2,500,000 in recurring and $2,500,000 in nonrecurring funds to implement the initiative, which places college advisors in high-need regions of the State with the coordination of UNC constituent institutions and other partners.

24. **NCSEAA Nursing Fellows Forgivable Education Loan Pilot Program**
    The General Assembly appropriated $4,300,000 in nonrecurring funds to administer a nursing fellows pilot program at Winston-Salem State University and select community colleges. The program will provide unforgivable education loans and support services to nursing students who go on to serve as a nurse or nurse instructor in the State.

25. **NCSEAA The Early Graduate Scholarship Program**
    The General Assembly appropriated $1,000,000 in nonrecurring funds for a postsecondary education grant program for students who graduate from a public school within three years of entering the ninth grade.

26. **NCSEAA Student-Based Educational Wallet Pilot Program**
    The General Assembly appropriated $445,000 in nonrecurring funds to administer the pilot program at a public high school chosen by NCSEAA to help families pay expenses for credit-bearing activities that occur outside of the classroom.

27. **Patriot Foundation North Carolina Patriot Star Family Scholarship Program**
    The General Assembly appropriated $1,500,000 in recurring funds for the North Carolina Patriot Star Family Scholarship Program to provide scholarships for children of currently serving members of the Armed Forces and for certain disabled veterans, along with their children and spouses, to attend eligible postsecondary institutions.

28. **Parents for Education Freedom in North Carolina, Inc. School Choice Marketing and Outreach**
    The General Assembly appropriated $750,000 in recurring funds to contract with Parents for Education Freedom in North Carolina, Inc. to offer families marketing and outreach services related to school choice offerings in North Carolina.

29. **UNCSO Accelerate Transfer Pathways**
    The General Assembly appropriated $2,500,000 in nonrecurring funds for the UNC System Office, in collaboration with the Community Colleges System Office and the Department of Information Technology to develop and expand programs that accelerate the transfer of course credits.

30. **UNCSO SREB Dues**
    The General Assembly appropriated $30,699 in nonrecurring funds to the UNC System Office to reimburse for a shortfall in funds appropriated to fully cover North Carolina’s Southern Regional Education Board (SREB) membership for FY2025-26.

31. **UNCSO Future Teachers of North Carolina**
    The General Assembly eliminated the Future Teachers of North Carolina Program and $278,000 of recurring funds.

Appendix A

FY 2026-27 Operating Budget Comparison

	UNC Budget Priorities		Conference (as amended by H56)	
	FY 2026-27		FY 2026-27	
UNC System Priorities	**169,794,176**		**172,794,176**	
UNC Enrollment Change[2]	153,879,874		107,504,366	
			46,375,508	NR
NC Promise Enrollment	4,950,000		4,950,000	
NC Promise Tuition Plan Reserve[2]			3,000,000	NR
Building Reserves[2]	9,450,701		9,450,701	
	1,513,601	NR	1,513,601	NR
Faculty and Staff Salaries and Benefits			**213,537,430**	
Faculty and Staff Salary Increases	UNC System requests equity with State agencies and strongly supports Labor Market Adjustment Reserve funding.		121,195,851	
One-time Bonus[2]			43,957,929	NR
Sworn Law Enforcement Salary Adjustments			4,749,821	
State Retirement Contributions: TSERS Members[2]			11,329,014	
			11,733,622	NR
State Retirement Contributions: ORP Members			5,339,219	
State Health Plan			15,231,974	
Other UNC System Items			**164,428,100**	
Healthcare Workforce Programs Expansion[2]			9,000,000	
			9,500,000	NR
Rural Residency Medical Education and Training Fund[3]			4,898,216	
			4,500,000	NR
Cheatham-White Scholarships: Add WSSU and Expand N.C. A&T, NCCU			3,150,000	
Nonresident Graduate Tuition Waivers			(1,000,000)	NR
Athletic Dept. Support from Sports Wagering Receipts			28,260,005	
UNC-CH: Collaboratory[2, 4]			7,500,000	
			50,025,000	NR
UNC-CH: School of Civic Life and Leadership			5,000,000	
UNC-CH: NC Economic Forecasting Initiative[2]			3,000,000	NR
UNC-CH: Area Health Education Rural Health Care Stabilization Fund Transfer[3]			*$10m NR in appropriations replaced with $10m NR in receipts*	
UNC-CH: Mountain Area Health Education Center			1,000,000	
			2,123,000	NR
UNC-CH: Unexpended ARPA Temp Savings Funds			(2,000,000)	NR
NC State: NC Future Farmers of America CTE Grants			2,000,000	NR
NC State: Engineering Expansion			5,000,000	
NC State: NC Food Innovation Lab[2]			810,000	
			2,700,000	NR
NC State: AI Teacher Training Resources[2]			400,000	NR
NC State: CMAST Pathologist Position			*$125k in receipts replaced with $125k in appropriations*	
UNCG: BRIGHT Institute[2]			1,000,000	NR
UNCC: Data Science and Battery Engineering and Recycling[2]			2,500,000	
			500,000	NR
ECU: Retain NC Talent Scholarship Fund[2]			5,000,000	NR
ECU: Virtual School Psychology Training Program[2]			1,000,000	NR
ECU: Rural Family Medicine Residency Program			2,851,784	
N.C. A&T: Research Funds for R1 Designation			10,600,000	
WCU: Laboratory School Relocation Costs[2]			792,000	NR
FSU: 30/60/90 Summer Initiative			2,000,000	
Accelerate Transfer Pathways[2]			2,500,000	NR

Appendix A

	UNC Budget Priorities	Conference (as amended by H56)		
	FY 2026-27	FY 2026-27		
Information Technology Rates		65,396		
SREB Dues[2]		30,699	NR	
Future Teachers of North Carolina		(278,000)		
Total Budget Changes (Requirements)		**551,759,706**	**9.4%**	*
Changes supported by State Reserves/Other State Receipts		228,786,364		
Changes supported by State Appropriations		**322,973,342**	**8.6%**	*
Total Recurring Appropriation Change		*333,973,342*		
Total Nonrecurring Appropriation Change		*(11,000,000)*		
Total Revised FY 2026-27 UNC Appropriation		**4,096,228,127**		

Note: 1) All items are recurring unless specified as nonrecurring.
2) Nonrecurring receipts from the Stabilization and Inflation Reserve
3) Nonrecurring receipts from Rural Health Care Stabilization Fund
4) Nonrecurring receipts from Opioid Abatement Fund

*Percent Change from Base Budget

SEAA & Aid to Private Institutions Base Budget				
PESA Program	-	17,554,914		
Private College and University Need-Based Scholarships	-	7,000,000	NR	
Advise NC College Access Initiative	-	2,500,000		
	-	2,500,000	NR	
Nursing Fellows Forgivable Education Loan Pilot	-	4,300,000	NR	
The Early Graduate Scholarship Program		1,000,000	NR	
Student-Based Educational Wallet Pilot Program	-	445,000	NR	
Need-Based Scholarship for Public Colleges and Universities	-	*$15m in Lottery Funds replaced with $15m in Escheats*		
Patriot Foundation	-	1,500,000		
Parents for Educational Freedom in NC: School Choice Marketing and Outreach	-	750,000		
Total Budget Change (Requirements)		**37,549,914**	**3.4%**	*
Changes supported by State Reserves/Other State Funds		15,245,000		
Changes supported by State Appropriations		**22,304,914**	**2.4%**	*
Total SEAA and Aid to Private Institutions	**-**	**936,792,805**		

	Status Quo	Conference
Sports Wagering Changes ($28.26m net increase)	**FY 2026-27**	**FY 2026-27**
Sports Wagering Tax Rate	18%	23%
Division II	Est. $2.4 million each	Est. $2.6 million each Equal Share of 19.5% of proceeds up to $2.9m each
Elizabeth City State University		
Fayetteville State University		
UNC Pembroke		
Winston-Salem State University		
Division I -Non-FBS		Est. $3.0 million each Equal share of 19.5% of proceeds (up to $2.9m each) plus Additional equal share of 2.2% of proceeds (up to $400k)
NC Agricultural & Technical State University		
NC Central University		
UNC Asheville		
UNC Greensboro		
UNC Wilmington		
Western Carolina University		
Division I - FBS*		
Appalachian State University		
East Carolina University		
UNC Charlotte		
NC State University	$0	
UNC-Chapel Hill		

*Effective July 1, 2027, Division I - FBS institutions will also receive an additional equal share of 5.7% of proceeds (up to $2.5m).

Appendix B

S.L. 2026-41 Conference Provision Summary

Section & Title		Conference Budget
UNC Section		
8.2	Establish School of Civic Life and Leadership	Amendments to Chapter 116 of the General Statutes (G.S. 116-258.1.).
8.3	Repeal Future Teachers of North Carolina Program	Chapter 116 of the General Statutes is repealed.
8.4	Operation and Maintenance of Laboratory Schools	Establish standards for agreements between constituent institutions of the University of North Carolina and local school administrative units.
8.5	Require Reevaluation of Teaching Fellows Program	Develop a process to reevaluate all educator preparation programs at least every six years. If a program is removed, any loan recipient enrolled in the program at time of removal should maintain loan forgiveness eligibility.
8.6	Teaching Fellows Program Revisions	Prior Teaching Fellows Program revisions apply to all current program participants.
8.7	UNC Plan to Incorporate Position Information in BEACON/HR Payroll System	UNC System shall collaborate with OSC and the State CIO to develop a plan that incorporates UNC System payroll and position information in BEACON. The Board of Governors shall report the plan no later than April 15, 2027.
8.8	Cheatham-White Scholarship	Adds WSSU to the scholarship previously limited to students of N.C. A&T and NCCU. Increases the number of scholarships awarded.
Various	NC Collaboratory	Various provisions for the NC Collaboratory and the Office Of Learning Research (OLR).
8.11	UNC System Faculty Realignment Program	Codifies Faculty Realignment Incentive Program language.
8.12	Increase NC Promise Tuition for Nonresident Students	Nonresident undergraduate tuition at ECSU, FSU, UNCP, and WCU will be raised to $4,000 per semester beginning in the 2027-28 academic year. Any nonresident student enrolled in 2026-27 academic year who remains continuously enrolled shall continue to receive that student's prior rate.
8.25	Establish NC Promise Reserve	Establishes a minimum of $3M starting balance for NC Promise tuition buydown reserve. Carryforward permitted for unexpended or unencumbered funds.
8.13	NCSSM-Morganton Expansion Study	Study the feasibility of at least doubling in-person enrollment at NCSSM-Morganton. Determine resources needed to accommodate additional students, increase in students enrolled in remote instruction, and determine number of students not accepted due to lack of physical space or other resources. Plans shall be reported no later than February 15, 2027.
8.14	Protect Campus Survivors Act	Public records of disciplinary proceedings will not include personally identifiable information of any students enrolled at a UNC System institution or NC community college.
8.17	No Financial Benefit for Students Convicted of Assaulting Officers or Other State Employees	Beginning the term following a conviction, no student who has been convicted with assaulting an officer or state employee may receive a state-funded scholarship or grant. Nonresidents convicted will also be ineligible for in-state tuition rates.
8.18	Preservation of Student Records Held by Licensed Nonpublic Institutions	Additional language added to the enforcement authority of the Attorney General.
8.19	NC Student Warmline Information	UNC System institutions will provide students phone numbers for the Suicide and Crisis Lifeline and the NC Peer Warmline in the following places - any newly issued student ID, the campus website, home screens of electronic devices issued to students, any school agenda or calendar, and on documents in use for suicide awareness activities or student registration.
8.20	Rural Residency Medical Education and Training Fund	Establishment of an interest-bearing, nonreverting fund appropriated by the GA to support expenses for training, residency programs, and capital projects for medical school and health affairs programs at constituent institutions of UNC, UNC-CH and ECU, and private and public health entities in NC. No individual entity can spend more than $200k annually on capital improvements. UNC System Office may use up to 5% for administration of the Fund.

Appendix B

Section & Title		Conference Budget
8.21	Postsecondary Transfer Technology Expansion	Directs the Board of Governors to collaborate with the NC Community College System Office and the Dept of Information Technology to identify programs to accelerate the transfer of course credits between postsecondary institutions, improve technology at participating institutions to simplify transfer planning and process at the system, institution, and student level. Report required no later than March 15, 2027.
8.29	North Carolina Economic Forecasting Initiative	Establishes the NC Economic Forecasting Initiative located within the Kenan Institute of Private Enterprise at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.
Salaries & Benefits		
41.14 41.2 41.22	Legislative Salary Increases & State-Funded Employee Bonus	A legislative salary increase of 3% for SHRA and EHRA employees. $1,750 one-time bonus for most employees earning $65,000 or less and $1,000 one-time bonus for most employees earning more than $65,000.
41.17	State Law Enforcement Officer Salary Schedule/Increases	Salary schedule adjustment by experience, legislative adjustment of employee salary exceeds scheduled salary level.
41.19 7A.1	State Agency Teachers	NCSSM and UNCSA employees paid based on the Teachers Salary Schedule included in authorization.
41.23	Use of Funds Appropriated for Legislative Salary Increases	No later than May 1, 2027 the Office of State Budget and Management shall report to the Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases and employee benefits.
41.25	Salary-Related Contributions	Provides updated employer contributions rates for 2026-27.
UNC/SEAA Section		
8.1	UNC Escheat Fund Distribution	Provides additional operational guidance of student financial aid to and from the Escheat Fund.
8A.1	Student-Based Educational Wallet Pilot Program	Establish program administered by SEAA in coordination with one public school unit. The goal of the pilot is to establish a streamlined process for students to participate in credit-bearing activities. Report required no later than February 15, 2028.
8A.2	Revise Opportunity Scholarship Domicile Verification Requirements	Allows SEAA to contract with a third party to facilitate verification of information provided.
8A.3	Clarify Application Date for Opportunity Scholarship and PESA	Change dates for application availability and beginning of scholarship awards to designated days of the month rather than specific dates.
8A.4	Permit SEAA to Provide Payments for Tests for Opportunity Scholarship Recipients Using Alternative Methods	Revised language in G.S. 115C-562.2(b5).
8A.5	Clarify Opportunity Scholarship Residency Requirements	Defines residency requirements including exceptions for military-connected students. If grants awarded to military-connected students exceed available funds, SEAA may allocate unencumbered funds from the scholarship reserve to make up the difference.
8A.6	Extend and Revise Children of Wartime Veterans Scholarship Funding Flexibility for the 2027-28 Academic Year	SEAA will establish a formula and standardized payment schedule for maximum awards under the cost of the program. SEAA may adjust scholarship amounts based on number of applicants and fund availability. SEAA must post standardized payment schedule and report schedule to oversight committees. Application stage will open no later than April 1, 2027 for eligible students. Reporting on funds provided, number of applications, projected costs, and any award adjustments made by March 15, 2028.
8A.7	Require SEAA to Provide Testing Costs for Certain PESA Recipients and Permit Parents of Recipients to Opt Out of Testing	SEAA to cover testing costs. Parents may opt of out of testing in accordance with SEAA rules.
8A.8	Codify NC Patriot Star Family Scholarship Program	The Board of Governors will establish the program to administer scholarships to the Patriot Foundation and the Marine Corps Scholarship Foundation.

Appendix B

Section & Title		Conference Budget
8A.9	Revise Eligibility Requirements for Need-Based Scholarship for Private Colleges and Universities	Any institution located in NC that is not owned or operated by the state or political subdivision of the state must be accredited by SACSCOC as a level VI degree-granting institution and have a permanent physical location with classrooms with full-time faculty and administration that engage in postsecondary degree activity. Every eligible private institution must report all degree programs that enroll at least one student receiving said scholarship and must report the number of students enrolled in each stated degree program by April 15th of each year.
8A.10	Nursing Fellows Pilot Program	Establish at WSSU and select community colleges a pilot program to provide forgivable loans to eligible nursing students enrolled in a qualifying degree program interested in becoming nurses in NC or instructors in qualifying programs. An annual report shall be provided no later than January 1, 2028.
8A.11	Extend Carryforward and Expand Uses for Institutional Trust Fund for Personal Education Student Accounts for Children with Disabilities	Increases maximum fund balance from $10M to $15M. SEAA allowed to award scholarships in any fiscal year if listed criteria are met.
8A.12	Require Nonpublic Schools Receiving Opportunity Scholarship Funds to Retain Certain Testing Records and Verify Compliance	Revises G.S. 115C-562.5 for nonpublic schools to certify compliance and SEAA to select at least 4% of participating schools to verify certification of compliance.
8A.13	Early Graduate Scholarship Program Funds	Early Graduate Scholarship Program shall be used to provide scholarships to students beginning in the 2027-28 academic year.
8A.14	Advise NC	SEAA will establish and implement the Advise NC College Access Initiative. To the extent state funds are appropriated for the initiative, SEAA will provide matching state funds to place college access advisors in high-need or underserved regions of the state.
8A.15	Revise Appropriation for Personal Education Student Accounts for Children with Disabilities	Increases appropriation for funds for personal education student accounts beginning in 2027-28.
8A.16	Authorize Use of Personal Education Student Account Funds for One-to-One Classroom Aides	Revises G.S. 115C-591.
8A.17	Revise Primary Care Physician and Psychiatrist Targeted Assistance Loan Forgiveness Program	Raises maximum loan amounts to $50,000 per year, total loans to $200,000 per student.
8A.18	Reorganize Exemptions from the Administrative Procedure Act for Certain Education Entities and Clarify that these Exemptions Include the SEAA	Clarifies that exemptions include SEAA.
8.A.19	Temporary Administrative Funds for the Educational Choice for Children Act	SEAA may use up to $1M of any recurring or nonrecurring funds for the costs of administering the associated federal tax credit and report fund usage from 2027-28 forward.
Capital		
42.1	UNC System Capital Authorizations and Appropriations	Establishes new capital projects and increased capital authorizations for appropriated UNC System projects, including $200M for UNC SCIF R&R projects in FY26-27. Provides an additional year for the UNC System Office lease in Raleigh. Provides $1M for four years for System Office Capital Project Management positions.
42.1(f)	Carolina North Infrastructure	Carolina North Infrastructure project to include site mitigation and remediation, site preparation, parking, roads, utilities, and landscaping.
42.2	Six-Year Intended Allocation Schedule	Includes intended capital funding allocation schedule for UNC SCIF appropriated projects until FY32.
42.5.(b)	NC State Poe Hall Project	Assigns NCGA project code to NC State Poe Hall project.
42.5.(c)	Systemwide Space Planning Standards	Allows UNC Board of Governors to utilize unexpended funds from STEM study to develop systemwide space planning standards for constituent institutions and to report the recommendations by June 1, 2028.

Appendix B

Section & Title		Conference Budget
42.7.(a)	Restricts Use of Appropriated Funds for Environmental and Sustainability Systems	Appropriated capital funds may not be used for environmental or sustainability systems or certification unless construction cost for such systems are recovered in ten years or less. Requires engineer or architect of record to provide certification.
42.11	N.C. A&T Chancellor Residence Transfer	Transfers N.C. A&T's chancellor's residence to its real estate foundation. Proceeds from the sale to be used to purchase a new chancellor's residence.
42.14	NC State CLAWS Hub Funding	Provides $100M in federal CHIPS Act investment for NC State's Commercial Leap Ahead for Wide Bandgap Semiconductors (CLAWS) hub. Funds may be used for noncapital improvement purposes.
Other UNC-Related Sections		
5A.16.(b)	Reversion, Limitations on Use of Funds, Audit, and Reporting of funds	Hurricane Helene recovery funds will revert to the Savings Reserve if not expended or encumbered by June 30, 2030.
5.10.(h)	Various Board Changes - SEAA	Changes made to the appointed SEAA board of directors members.
6.5	Apprenticeship Studies	Board of Governors to collaborate on a plan to facilitate one or more expedited pathways for apprenticeship candidates to enter the teaching profession. Plan due no later than March 15, 2027.
7.4.(f)	Instructional Materials	Board of Governors to collaborate with State Board of Education to ensure that teacher and school administrator degree programs, ongoing professional development, and other university activity in the State's public schools align with the State Board's priorities.
20.12.(d)	Samarcand Training Academy	Basic law enforcement training should not be held at this academy unless otherwise requested by a UNC institution or a NC Community College.
22.5	Eliminate Office for Historically Underutilized Businesses	Abolishes Office for Historically Underutilized Businesses. Eliminates all requirements to meet minority business participation goals for any construction project delivery method and guaranteed energy performance savings contracts. Eliminates reporting requirements.
44.7	Increase Excise Tax on Sports Wagering Operators and Modify Distribution of Proceeds	Changes fund distribution to UNC System institutions. UNC-Chapel Hill and NC State added.
25.1	Rural Healthcare Stabilization Fund/Martin County	Directs funds from the Rural Healthcare Stabilization Fund to the Board of Governors for the UNC System Medical Education and Training Fund.
Other UNC-Related Sections of Note in S.L. 2026-9		
1.2	Self-Liquidating Projects	Authorizes self-liquidating projects.
2.1	Standardize Residency Determination at NCSSM	Standardizes the residency determination process for admission to the NCSSM. Applies beginning with applications for admission to NCSSM for the 2027-28 academic year.
3.1	Tuition Grants for NCSSM and UNCSA Graduates	Revises G.S. 116-209.89 to provide tuition grants to high school graduates of UNCSA and NCSSM to promote the retention of those high-performing students in this State.
4.1.(a)	Determination of Capital Project Scope and Expenditures	Provides that the Board is responsible for making the final determination on the project scope and all expenditures for UNC capital improvement projects.
5.1	Increases Dollar Threshold for Capital Improvement Project	Increases the threshold for a capital improvement project from $100,000 to $150,000. Adjusts other statutory language for compatibility.
5.1.(e)	Increases Formal Bidding Threshold for Capital Projects	Increases the threshold for formal bidding of a UNC capital improvement project from $500,000 to $1,500,000.
6.1	Use of Capital Funds for Public-Private Partnership Projects	Requires express authorization from the General Assembly to use State funds on a public-private partnership capital project or a self-liquidating project.

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
July 23, 2026

AGENDA ITEM

A-4. FY 2027 All-Funds Budget Report .... Brandy Andrews and Joshua Lassiter

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 2026-27.

Background: At the direction of the University of the North Carolina Board of Governors, the UNC System institutions prepare and submit annually an All-Funds Budget in May. Each year lessons learned continue to be used to refine the process moving forward to ensure the budgets achieve 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.

The proposed All-Funds Budget for FY 2026-27 reflects strong System enrollment. Budget submissions include the increased enrollment growth operating revenue requested in the FY 2025-26 and FY 2026-27 Legislative Budget Priorities. Institutions continue to deal with a variety of strategic and financial challenges. In response to these challenges, budgets reflect strategic resource realignments and program efficiency improvements to improve operating performance. Investments are being made in new programs aligned with regional and statewide workforce needs, technology to support student success, and research expansion. The All-Funds Budget has shed light on challenges and reflects strategic realignments and efficiencies to develop long-term strategies to mitigate associated 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 2027 ALL-FUNDS BUDGET

Board of Governors
Committee on Budget and Finance

July 23, 2026

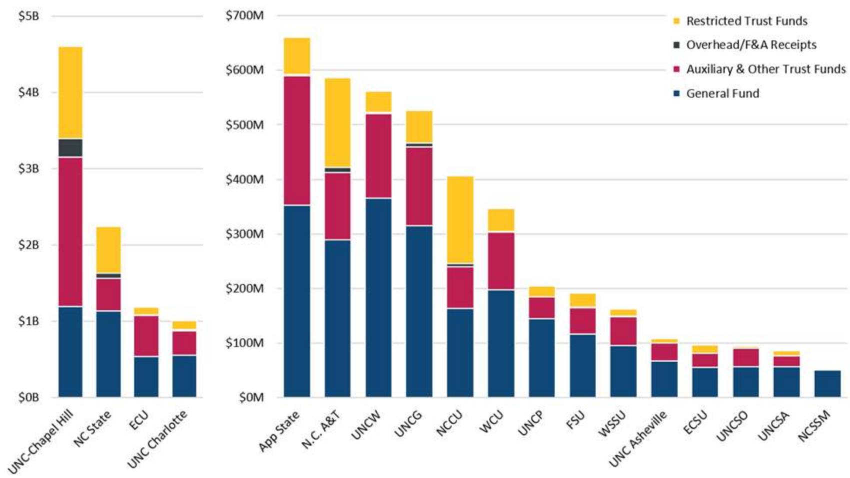
Why Develop an All-Funds Budget?

- 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 2026-27 Budgeted UNC System Revenue by Fund Type



Note: These are Budgeted Revenues Less Discounts and Allowances

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

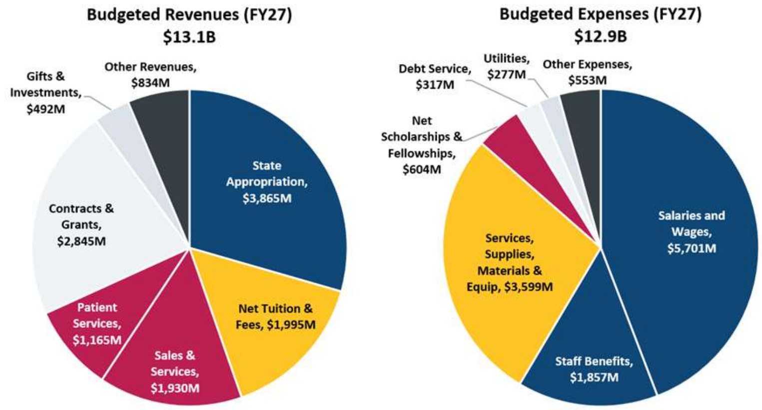
Institutional Support Units
University Administration
Business Affairs
Facilities
Human Resources
Information Technology
Public Safety
Advancement

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

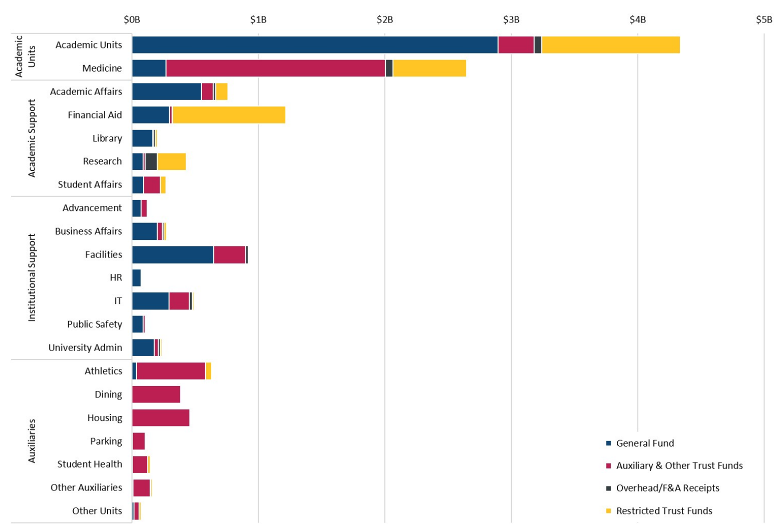


UNC System Total

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Note: These are Budgeted Revenues and Budgeted Expenses Less Discounts and Allowances

Summary of Operating Expenses by Unit



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

FY 2027 Budget Highlights

Framework for AFB Review

Strategic Alignment
Mission-Driven Use of Funds

Financial Health
Operating Viability & Reserves

Risk Monitoring
Early Warning Indicators

Common Themes

- New and expanding workforce-aligned academic programs
- Investments in student success
- Investments in research and innovation
- Experiential learning opportunities
- Improvements in operational efficiency
- Inflationary pressures

Progress on Prior-Year Concerns

- **Improved Operating Performance**
  - App State: Housing
  - ECSU: Athletics
  - UNCG: Student Health & Dining
- **Improved Auxiliary Fund Balances**
  - App State: Dining & Student Affairs fund balances resolved
  - ECU: Dining & Housing fund balances resolved
  - NCCU: Housing & Student Affairs
  - UNCA, UNC-CH & UNCP: Student Health fund balances resolved
- **Other Areas of Improvement**
  - UNCP & WSSU: Enrollment and associated impact on revenues
  - UNCSO: Uncertainty related to federal PBS funding
  - WCU: Sustainability of donor support for athletics
  - WSSU: Performance on strategic plan metrics and associated impact on performance funding

Areas for Continued Monitoring

- **Uncertainty related to evolving Athletics landscape & Financial Sustainability**
  - 4 athletic departments have budgeted expenses that exceed revenues
  - 2 athletic departments have significant negative fund balances
- **Auxiliaries Operating Performance**
  - Student Health (4 institutions)
  - Housing (2 institutions)
- **Auxiliary Fund Balances**
  - Concern: auxiliary fund balances < 3 months of expenses (3 institutions)
- **Declining Fund Balances in Units Partially Supported by Fees**
  - IT (3 institutions)
  - Student Affairs (1 institutions)
- **Other Areas of Impact**

QUESTIONS?

UNC SYSTEM
FY 2027 ALL-FUNDS BUDGET

July 23, 2026

Table of Contents

FY 2027 All-Funds Budget Institutional Highlights

Institution	FY27 Highlights	FY27 Areas to Monitor	FY26 Areas to Monitor
App State	• Implementation of new platform to allow advisors, student coaches, and faculty to deliver coordinated real time support, enhancing student success, on-time graduation, degree efficiency, and affordability • Modernizing two academic buildings; supporting STEM teaching space and Walker College of Business • Strengthen student mental health services to align staffing needs with the growing population • Launching Doctor of Nursing Practice program in Fall 2026	• Student Health auxiliary operating performance • New River Light & Power deficit • Uncertainty related to evolving athletics landscape	• Student Health operating performance • Housing auxiliary operating performance • Low dining auxiliary fund balance • Decreasing Student Affairs fund balance
ECU	• Investment in new high demand programs aligned with critical workforce needs in partnership with Project Kitty Hawk • Institution-wide efforts in shared service initiatives to improve efficiency, streamline operations, and reduce duplication • Increasing professional advisors, expanding experiential learning, and summer school optimization to improve retention, degree efficiency, and workforce readiness. • Improved performance resulting in an operating surplus for the Brody School of Medicine • Elimination of 44 academic programs in an effort to right size and reallocate resources in FY27	• Enrollment and associated impact on revenues • Uncertainty related to evolving athletics landscape and financial sustainability	• Enrollment and associated impact on revenues • Athletics financial sustainability • Low housing auxiliary fund balance • Low dining auxiliary fund balance
ECSU	• Prioritizing investments that directly enhance student learning, retention, and completion; supporting high-impact instructional practices, including experiential learning, and improve first-year experience and student persistence • Allocating resources to strengthen academic support services such as advising, tutoring, and mentoring programs • Development and expansion of workforce-aligned academic programs, micro-credentials, and career-readiness opportunities while investing in faculty recruitment and retention • Enhancement of instructional technology and infrastructure	• Student Health auxiliary operating performance	• Athletics financial sustainability

Institution	FY27 Highlights	FY27 Areas to Monitor	FY26 Areas to Monitor
FSU	• Investments to expand enrollment in its Registered Nursing Licensure Program, College of Education, STEM, and business programs to meet workforce shortage needs • Reducing financial barriers and accelerating degree progression through the Bronco Completion Assistance Program • Data-informed strategic resource alignment including consolidation of administrative functions, process improvements, and management of vacant and underutilized positions • Improvements in strengthening auxiliary operations and optimization of student fee-supported services	• Continued remediation of negative athletics fund balance • Low housing auxiliary fund balance	• Continued remediation of negative athletics fund balance • Low housing auxiliary fund balance
NC State	• Continued commitment in the fifth year of expanding the College of Engineering by 4,000 students with approximately half of the growth achieved as of fall 2025 • Scaling library resources, student services, and IT systems to match larger student body and maintain academic quality • Advancing NC State's research enterprise with record levels of grants and other external funding support • Support of campus resource reallocation strategy for financial sustainability	• Uncertainty related to evolving athletics landscape and financial sustainability	• Dependence on federal research revenue • Impact of evolving athletics landscape • Decreasing IT fund balance
N.C. A&T	• Accelerating research growth with investments that prioritize doctoral production, faculty research capacity, and sponsored research infrastructure • Realigned student support model through an integrated University Student Success Center, with integrated advising, academic support, coaching, and intervention services • Data-driven resource reallocations to academic programs, research expansion, and student success initiatives to strengthen financial resource alignment	• Housing auxiliary operating performance and low fund balance • Student Health auxiliary operating performance • Necessary and ongoing improvements to internal and budgetary controls	• Housing auxiliary operating performance • Athletics sales and service revenue

Institution	FY27 Highlights	FY27 Areas to Monitor	FY26 Areas to Monitor
NCCU	• Positive enrollment momentum • Implementation of a new zero-based budget process to identify opportunities for personnel and non-personnel savings and adjustments made to better align funding sources with their intended purposes • Targeted strategic priority investments in faculty hiring concentrated in high-growth disciplines, and student support services • Dedicated support of critical infrastructure needs after years of deferred investment and a one-time campuswide Wi-Fi refresh	• Athletics financial sustainability and legacy negative fund balance • Low dining auxiliary fund balance	• Athletics financial sustainability and growing negative athletics fund balance • Decreasing housing fund balance • Low dining auxiliary fund balance • Student Affairs dependence on auxiliary revenues
NCSSM	• Expanded virtual learning programs to reach over 1,100 students across the state; more than doubling enrollment in past 6 years • Expanding summer programs to serve more students • Successful completion of Ignite + Transform fundraising campaign, exceeding $50M goal by $36M	• Impact of inflation on NCSSM's budget, which is 90%+ -supported by General Fund appropriation	• Impact of inflation on NCSSM's budget, which is 90%-supported by General Fund
UNCA	• Commitment to pursue efficiencies to create cost savings through participation in the UNC System Office Shared Services initiative for Human Resources, Payroll, and IT • Following Hurricane Helene disruptions, the university used state-funded tuition grants to enable students get back on track for graduation through summer tuition grants • Continues its Access Asheville financial aid program to ensure free tuition and fees for NC residents with a household adjusted gross income of $90,000 or less • Despite enrollment headwinds, the university maintains a structural balanced budget	• Enrollment and associated impact on revenues • Decreasing IT fund balance	• Enrollment and associated impact on revenues • Low Student Health auxiliary fund balance

Institution	FY27 Highlights	FY27 Areas to Monitor	FY26 Areas to Monitor
UNC-CH	• $89M budget sequestration: savings generated via administrative efficiencies and cost reductions to strengthen financial stability while reinvesting in its core academic and research missions • Targeted investments in campus safety and critical infrastructure • Strong commitment to workforce needs and bringing more in-state students into high-demand degree programs • Data-driven strategic resource alignment to ensure resources are tied to academic performance, mission outcomes, and direct investments towards areas of growth and efficiency	• Uncertainty related to evolving athletics landscape and financial sustainability	• Dependence on federal research revenue • Impact of evolving athletics landscape • Student Health auxiliary operating performance
UNCC	• Strategic resource realignment from low-enrollment to high-demand academic programs • Continued commitment to energy-saving projects, organizational realignment, and process improvements to sustain and improve operations without increased revenues • Investments in professional advising, graduate assistantship expansion, and faculty positions to improve retention, on-time graduation, and student affordability	• Uncertainty related to evolving athletics landscape • Student Affairs operating performance and reduced fund balance	
UNCG	• Expansion of academic planning and investments in technological tools and systems to provide clear degree-applicable pathways and strengthen degree efficiency for student success • Modernizing administrative and student-facing processes through digitization, automation, and cross-functional redesign to improve long-term operational efficiency • Continued student affordability initiatives such as First Day Complete, Finish Line grants, and Light the Way campaign		• Student Health auxiliary operating performance • Dining auxiliary operating performance
UNCP	• Improvements in key operational indicators like student enrollment and housing occupancy. • Improved performance in auxiliary operations allowed for reduction in dining costs for students. • Continued investments in new health profession programs: Doctor of Nursing Practice, Occupational Therapy, Health Administration, and College of Optometric Medicine. Continued investment in recruitment and retention initiatives	• Declining IT fund balance	• Enrollment and associated impact on revenues • Low Student Health auxiliary fund balance • Declining IT fund balance

Institution	FY27 Highlights	FY27 Areas to Monitor	FY26 Areas to Monitor
UNCSA	• Targeted investments in Student Affairs early intervention, conduct education, and case management to prioritize student access and success • Enhanced career preparation through investments in emerging technologies, including AI production, and expanding professional opportunities • Implementation of long-term cost-saving measures through energy-efficient facilities investments, UNC System Benefits Shared Services model, reduction of redundant tools and platforms, and reductions in administrative expenses.	• Student Health auxiliary operating performance • Housing auxiliary unit operating performance • Decreasing IT fund balance	• Student Health auxiliary operating performance • Decreasing IT fund balance
UNCW	• Investing in areas of sustained demand, including business and nursing to meet statewide workforce needs • Expanding advising capacity, course availability, academic support services, and enrollment infrastructure to improve persistence, progression, and completion • Disciplined governance and resource prioritization focusing on mandatory obligations, prior commitments, core operating needs, and highest impact institutional needs • Investing in workforce and talent strategy with a focus on recruiting and retaining critical roles		
WCU	• New consolidated Enrollment Management and Student Success unit designed to strengthen recruitment, retention, and student success • Realignment of auxiliary resources to expand financial aid and improve affordability through the Catamount Commitment program • Regularly conduct academic and financial reviews to identify efficiencies and improve processes with resulting cost savings redirected to offset inflation-driven increases • All auxiliaries maintain a reserve equal to 6 months of operating expenses		• Sustainability of donor support for athletics

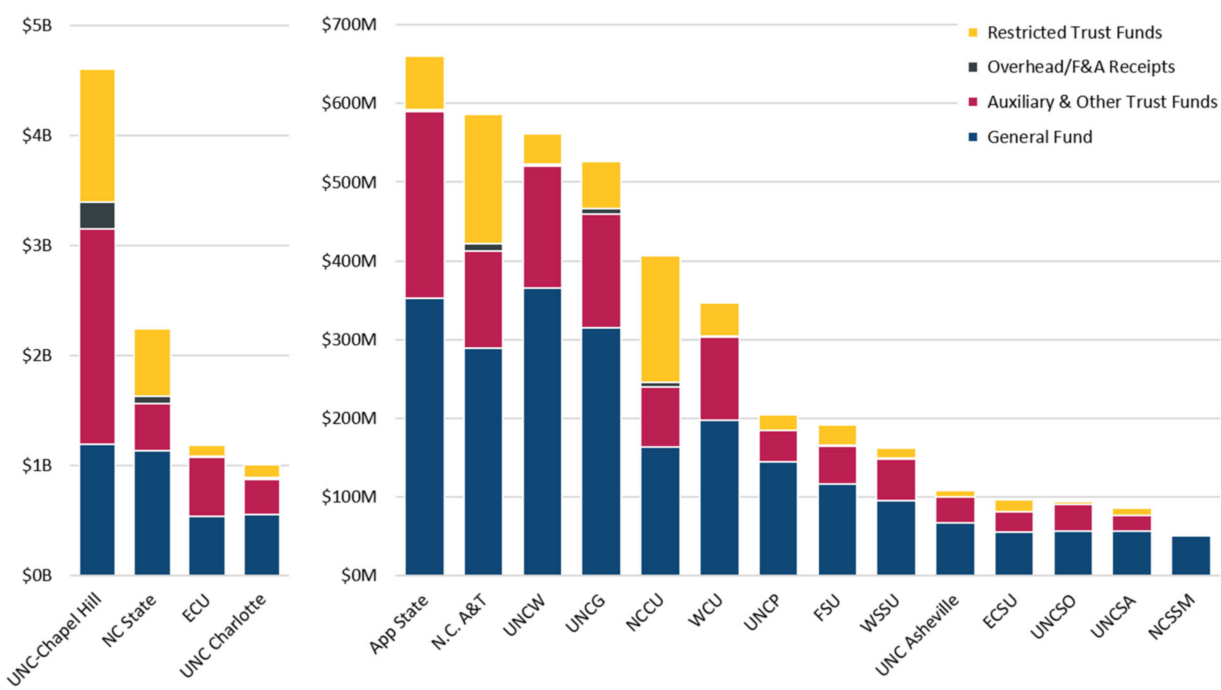
Institution	FY27 Highlights	FY27 Areas to Monitor	FY26 Areas to Monitor
WSSU	• Development of a professional academic advising model in which undergraduates can work with a dedicated advisor for their entire undergraduate academic experience • Continued investment in student success technology infrastructure to provide real-time personalized support services • Creation of the Office of Transfer and Adult Student Services, in partnership with Project Kitty Hawk to focus on increasing enrollment of adult and transfer students through online and in-person instruction • Selected by Thurgood Marshal College Fund as a Gallup Strengths university, assisting faculty in instructional practices aimed at reducing Ds, Fs, Ws, and Incompletes for improved on-time degree completion		• Enrollment and associated impact on revenues • Performance on strategic plan metrics and associated impact on performance funding
UNCSO	• Advancing artificial intelligence through investments in building infrastructure, knowledge base, and relationships necessary to deliver advancements across the UNC System • Investing in a coordinated, Systemwide effort to strengthen civil discourse by supporting course development, faculty and staff training, and student-led initiatives that promote constructive dialogue across campuses • Supporting the launch of the Commission on Public Higher Education (CPHE), to advance academic quality through an outcomes-based, peer-driven model of accreditation • Expanding shared services in areas such as HR, benefits, payroll, advancement, and IT to reduce operational overhead and improve data quality	• Attainment of PBS fundraising goals • Decreasing Safety & ERM fund balance	• Attainment of PBS fundraising goals • Decreasing Safety & ERM fund balance • Uncertainty related to federal PBS funding

Executive Summary

At the direction of the University of North Carolina Board of Governors, the University of North Carolina System's constituent institutions have prepared and submitted the FY 2026-27 All-Funds Budget. This budget continues to advance the UNC System's goals of transparency and effective financial management. Now in its fifth year, the All-Funds Budget process has become an increasingly valuable tool for aligning institutional resources with strategic priorities while providing a comprehensive view of both General Fund and Institutional Trust Fund operating revenues and expenditures. Each budget was prepared by the institution and approved by its respective board of trustees.

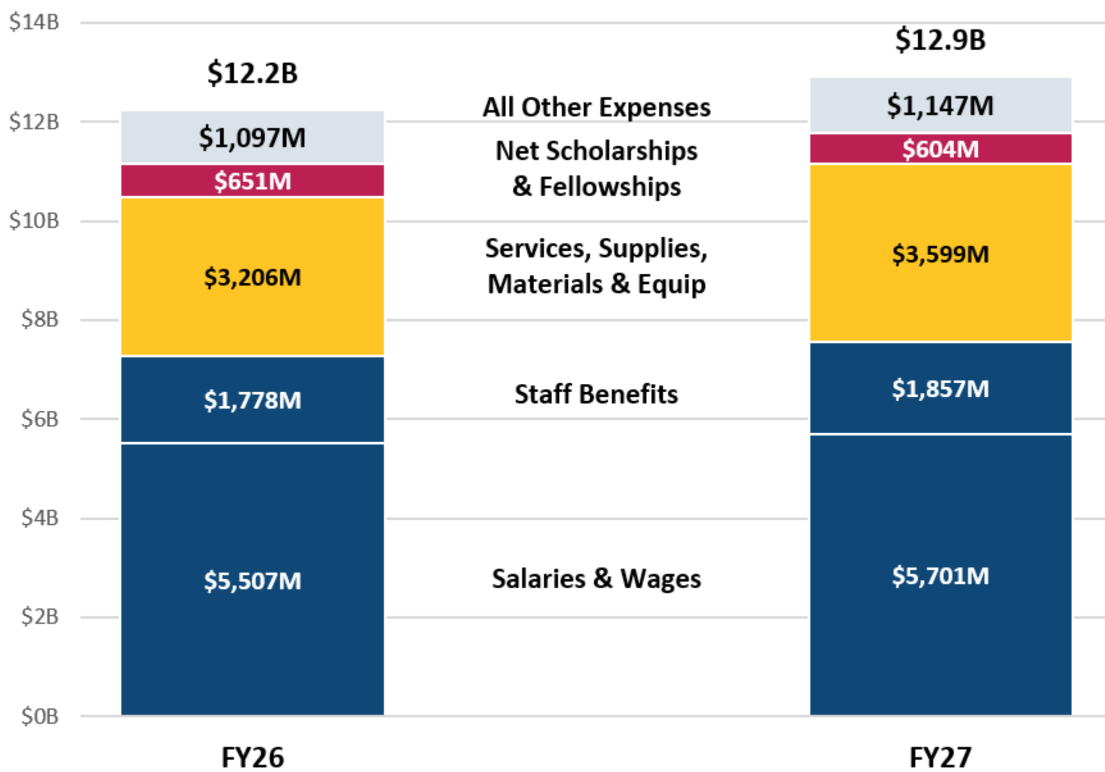
The FY 2026-27 All-Funds Budget comprises more than $13 billion in operating revenues, more than half of which occur outside the General Fund. The System's strong growth in resident enrollment continues, resulting in state enrollment funding increases for 16 of 17 institutions in FY 2026-27. At the time these budgets were completed, funding had not yet been appropriated by the General Assembly for the 2025-27 biennium. However, two years of requested Legislative Budget Priorities enrollment growth funding is included in revenues reported. Operating revenues also include the resident and nonresident tuition and fee rates approved by the Board of Governors on February 26, 2026. While resident tuition increases were approved after being frozen for nine consecutive years, institutions remain committed to providing value to students and families. Across the UNC System, institutions are making targeted investments to improve student success, expand workforce-aligned academic programs, enhance research and innovation, and improve operational efficiency.

FY 2026-27 Budgeted UNC System Revenue by Fund Type



The budgeted expense categories in the chart below show where approximately $13 billion in operating revenue will be invested Systemwide. The year-over-year comparison reflects a five percent increase in budgeted revenue and expenses.

FY 2026-27 Budgeted UNC System Expenses by Category



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 public 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. Student success remains paramount among these investments, both through investments in key academic programs and through student support initiatives designed to keep students on track toward degree completion.

Strategic Alignment – Mission Driven Use of Funds

The FY 2026-27 All-Funds Budget reflects the UNC System’s continued commitment to the priorities of its strategic plan, “Higher Expectations.” Student success, access, workforce development, and research excellence are central themes across the System. Institutions also continue to expand access for adult and military-affiliated learners, improve outreach to underserved counties, and expand access for transfer students. These investments are paired with a strong Systemwide focus on boosting operational efficiency to ensure that state and student investments are spent as effectively as possible.

Institutions continue to invest heavily in student success initiatives designed to improve retention, graduation rates, degree efficiency, and workforce readiness. Common investments include expanded academic advising and professional advising models, student success coaching, first-year experience programs, and enhanced mental health services. Institutions are leveraging technology platforms and other student success tools to identify barriers earlier and provide more coordinated student interventions.

Institutions are expanding capacity in high-demand fields including healthcare, engineering, education, business, and other STEM disciplines. Several are launching new degree programs, certificates, and micro-credentials aligned with regional and statewide workforce needs. Project Kitty Hawk continues to serve as a powerful tool for reaching nontraditional learners through flexible online degree and certificate offerings. Appalachian State University, East Carolina University, and North Carolina Central University have all launched programs, and are working to expand their offerings. Winston-Salem State University is working with Project Kitty Hawk to offer specific undergraduate degree programs online, to coincide with in-person offerings.

In addition to supporting Systemwide goals, institutions used the All-Funds Budget process to advance institution-specific strategic priorities. While many institutional plans align closely with the UNC System's core objective, universities also identified distinct opportunities for strategic growth and impact. Common themes among institutional investments included the development of new academic programs, experiential learning opportunities, and research expansion. Institutions are increasingly focused on translating their academic and research strengths into broader economic and social benefits for their regions, reinforcing economic impact and community engagement throughout North Carolina.

Examples of specific initiatives outlined by institutions are included in the Institutional Highlights chart above, reflecting investments in both Systemwide strategic plan goals and institution-specific strategic priorities.

Financial Health – Operating Viability & Reserves

Institutions across the UNC System continue to demonstrate strong attention to financial sustainability and operational stewardship while identifying and managing institutional risk — a commitment positioned as the institutions' own contribution alongside the need for state support. Many reported cutting administrative costs, centralizing and consolidating administrative functions, expanding shared-services participation, and consolidating or eliminating redundant programs and structures, with examples ranging from the University of North Carolina at Chapel Hill's $89 million sequestration to East Carolina University's closure of 44 low-performing programs. Increasingly, institutions are using data-informed approaches to reallocate recurring resources toward high-growth, high-demand disciplines and student-facing priorities, aligning funding with academic demand, student outcomes, and strategic goals. Together, these efforts signal that new investment is being paired with disciplined cost management rather than substituting for it.

A recurring theme across FY 2026-27 submissions is the criticality of state enrollment growth funding. Many institutions reported significant enrollment gains and stressed that this funding is essential to instructional capacity, faculty hiring, advising, student services, and workforce-aligned programs. They consistently warned that failing to fully fund earned enrollment growth would drive larger class sizes, reduced course availability, delayed hiring, higher student-to-faculty ratios, and diminished student success support. Because institutions have already delivered the instructional activity that generates this funding, delays or reductions create structural pressures that are difficult to absorb.

Several institutions highlighted successful fundraising campaigns, reserve-building efforts, auxiliary fund improvements, and targeted investments in facilities, technology, and infrastructure. At the same time, institutions continue to address inflationary pressures related to utilities, insurance, technology contracts, and facilities maintenance. Examples of specific financial health initiatives outlined by institutions are included in the Institutional Highlights chart above.

Monitoring Risk – Early Warning Indicators

System Office review of each All-Funds Budget submission focuses on overall institution budget structure, institutional priorities, and financial risks. Budget structure review looks at major changes from the prior year, the pressures impacting allocation decisions, and how fund balances are changing. Budgets are reviewed to ensure institutions are allocating resources to support Systemwide and institution-specific strategic goals, and to understand how institutions are prioritizing student affordability and where else the institution is prioritizing resources. The financial risk review looks at unit level financial sustainability and potential structural budget issues, such as large transfers across units to cover operational costs or low auxiliary fund balances.

Athletic budgets are under mounting pressure from a rapidly changing landscape of intensifying name, image, and likeness (NIL) competition; new revenue-sharing obligations from the House v. NCAA settlement; and rising costs — reflected in identifying athletics sustainability as an area to monitor. Although not specifically highlighted in the narratives, sports wagering revenue continues to provide meaningful relief — easing the gap between expenditures and revenue, funding expansion that would otherwise be out of reach, and, in some cases, reducing the institutional subsidy required to sustain operations.

The Institutional Highlights chart above reflects areas that will be monitored this fiscal year. Many areas listed are focused on operating performance of specific units such as Student Health and IT, auxiliary fund balances with less than a three-month reserve, projected operating deficits, and other areas of potential risk. FY26 areas to monitor are also included to show the areas that institutions made progress from prior year and areas that continue to be monitored.

The All-Funds Budget provides an opportunity to monitor the various institutions' alignment with the UNC System's strategic priorities and gather insight on significant financial and policy risks to the System. As the process continues to mature, it creates new opportunities for improvements in financial management and support.

Subsequent Events

North Carolina's state consensus revenue forecast remains constrained but has improved relative to previously published forecasts. The enacted budget provides for multiyear smoothing of the scheduled stepdown in the personal income tax rate, easing near-term pressure on general fund availability compared with earlier projections.

The state enacted a budget for FY 2026-27 that appropriated enrollment growth funding for both the current and previously missed year, ensuring that all institutions will receive their full enrollment growth funding in FY27. Unfortunately, the 2024 enrollment change funding for FY 2025-26 was appropriated on a nonrecurring basis. This creates a significant challenge for institutions. Enrollment growth funding supports recurring, ongoing costs — instructional capacity, advising, and student support tied to students already enrolled — yet a portion of that funding will fall out of the base in FY28. Institutions will therefore be required to either absorb the reduction, reallocate from other priorities, or identify replacement recurring revenue to sustain commitments that are inherently continuing in nature. This recurring-to-nonrecurring mismatch complicates multiyear planning and places added pressure on institutions that have limited flexibility to backfill the loss.

The enacted budget also included legislative salary increases, which are not reflected in the All-Funds Budget per reporting instructions, as well as additional increases for law enforcement and high school teachers where applicable. While state funding for these increases is a welcome benefit for state-supported positions, it creates an unfunded expectation to provide comparable salary increases for positions supported by auxiliary and trust funds. Because no corresponding state appropriation accompanies those positions, institutions must absorb the added personnel costs within existing auxiliary and trust fund resources, creating additional budgetary pressure that is not reflected in the institution submissions.

Providing Exceptional Educational Experiences with a Focus on Access, Student Success, Affordability, and Efficiency

Appalachian State University is located in the rural mountain region of northwest North Carolina and has, since 1899, played a vital role in expanding access to higher education for students from rural and underserved communities, particularly in western North Carolina. Today, 27% of App State's students (5,854) come from rural North Carolina counties. In addition, App State has been recognized as a national Top 10 Military Friendly School for the fourth consecutive year, reflecting our ongoing commitment to serving servicemen and women and their families.

As demand for flexible and accessible educational options continues to grow – particularly for adult learners – App State partnered with Project Kitty Hawk to launch seven online, degree-granting programs during fiscal years 2025 and 2026, with additional programs under consideration. The Hickory campus further expands access to high-quality, affordable education, with a focus on serving adult and military-affiliated learners. Additional resources are needed to sustain and expand services at the Hickory campus, and enrollment growth funding plays a significant role in helping us meet the needs of this growing population.

App State is committed to enhancing student success through targeted investments designed to improve on-time graduation, degree efficiency, affordability, and student outcomes. Recent investments include the implementation of a comprehensive, automated customer relationship management platform (Navigate 360), which enables advisors, student coaches, and faculty to track student progress in real time, identify academic or personal barriers early, and deliver coordinated support. This proactive model helps students enroll in the right courses at the right time, reduces excess credit accumulation, supports timely graduation, and contributes to lower student debt.

Career readiness is also being embedded into the curriculum, with tailored services and programs that prepare students for timely entry into the workforce and reinforce efficient degree completion. In parallel, App State plans to strengthen student mental health services by using enrollment growth funding to transition five Counseling Center case manager positions from the Student Health Services Fee to the General Fund while adding two counseling positions to align staffing needs with our growing student population. This approach strengthens care delivery while relieving pressure on fee-supported areas, helping preserve affordability. These investments directly support retention and persistence – key drivers of graduation rates and overall educational efficiency.

Affordability remains a core component of App State's student success strategy. The university consistently ranks in the lowest quartile among public peers for undergraduate and graduate tuition, providing North Carolinians with an affordable path to a high-quality degree. Students also benefit from robust financial counseling and a wide range of scholarship opportunities supported by institutional and donor funding. In the 2025-26 academic year, App State awarded approximately $3.2 million in academic excellence scholarships – the highest percentage of available funds distributed to date for merit-based scholarships. However, available resources were insufficient to fully meet enrollment goals or sustain renewable scholarships for high-achieving students. It is estimated that $10-15 million will be required to support renewable scholarships across four years of study. While the university's upcoming comprehensive campaign will emphasize scholarship support, support from enrollment growth funding remains critical to maintain affordability for students and their families.

To support instructional quality and student success, the university continues to evaluate faculty resources to maintain a low student-to-faculty ratio of 16:1. Following the transition from Peer Group 3 to Peer Group 2, App

State initiated and recently completed a $3 million investment to bring faculty salaries to the UNC System median for this peer group, along with an additional $760 thousand in FY26 to support promotion, tenure, and post-tenure increases. Competitive faculty compensation strengthens the university's ability to recruit and retain high-quality faculty, supporting student learning and timely degree completion.

Economic Impact and Community Engagement

App State is utilizing funding allocated by the North Carolina General Assembly to modernize two academic buildings on the Boone campus – Edwin Duncan Hall and Peacock Hall. Renovations to Edwin Duncan Hall will help address critical shortages in STEM teaching space, while enhancements to Peacock Hall, home to the Walker College of Business, will support the UNC System's largest undergraduate business school and one of App State's fastest-growing academic units. These projects will enhance the student learning experience through modernized classrooms, specialized labs, and technology-rich environments that support high-impact teaching and learning practices.

The university is constructing its first dedicated STEM Academic Building within the Innovation District, designed to serve as a research laboratory that supports both academic and applied research activities. This capital project is supported by significant funding from the North Carolina General Assembly and institutional resources.

App State is committed to advancing applied research that benefits the communities and industries of western North Carolina and the Catawba Valley. The university's R2 Carnegie Classification, designation as a headquarters location for NCInnovation, and development of the Innovation District all support the translation of research into solutions that serve regional and state needs. These efforts also enhance App State's ability to attract high-quality faculty and students, guided by the university's Strategic Plan for Research, Scholarship, and Creative Activities.

To address workforce needs in healthcare and education, App State continues to expand market-responsive academic programs aligned with regional and statewide demand. The university will launch a Doctor of Nursing Practice program in Fall 2026 to address critical healthcare workforce shortages. In the Reich College of Education, App State is proposing an MA in Organizational Leadership and Learning, delivered through the Project Kitty Hawk/Flight Path program, to prepare graduates for leadership roles across education, business, government, and non-profit sectors.

Financial Stability

In FY26, the university initiated a phased reallocation of college operating budgets based on student credit hour production, with plans to incorporate additional performance-based metrics into future allocation decisions. Academic Affairs centrally manages faculty position allocations to ensure instructional resources are deployed strategically where they will have the greatest impact on student success and academic quality. Institutionally, the administrative cap has proven to be an effective tool for prompting thoughtful evaluation of operational structures, enabling units to align staffing with institutional needs while generating financial flexibility through salary savings.

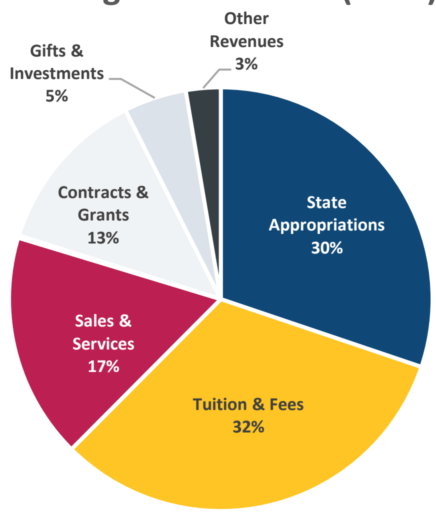
Conclusion

App State remains deeply appreciative of the State of North Carolina's longstanding investment in higher education and its support of the university's mission. Enrollment growth funding is a vital component of sustaining that mission, and these resources will enable the university to support students effectively, maintain academic excellence, and manage growth responsibly while helping alleviate the financial burden on our students and families.

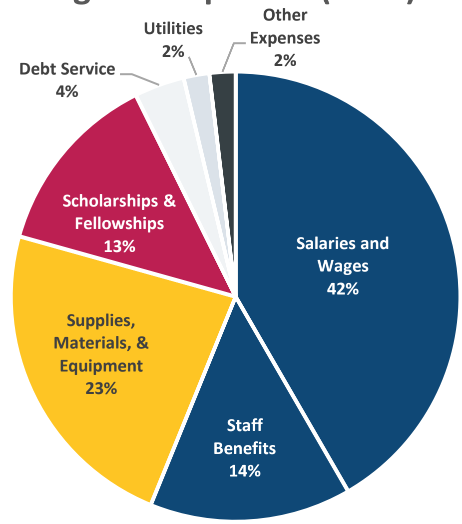
Appalachian State University

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

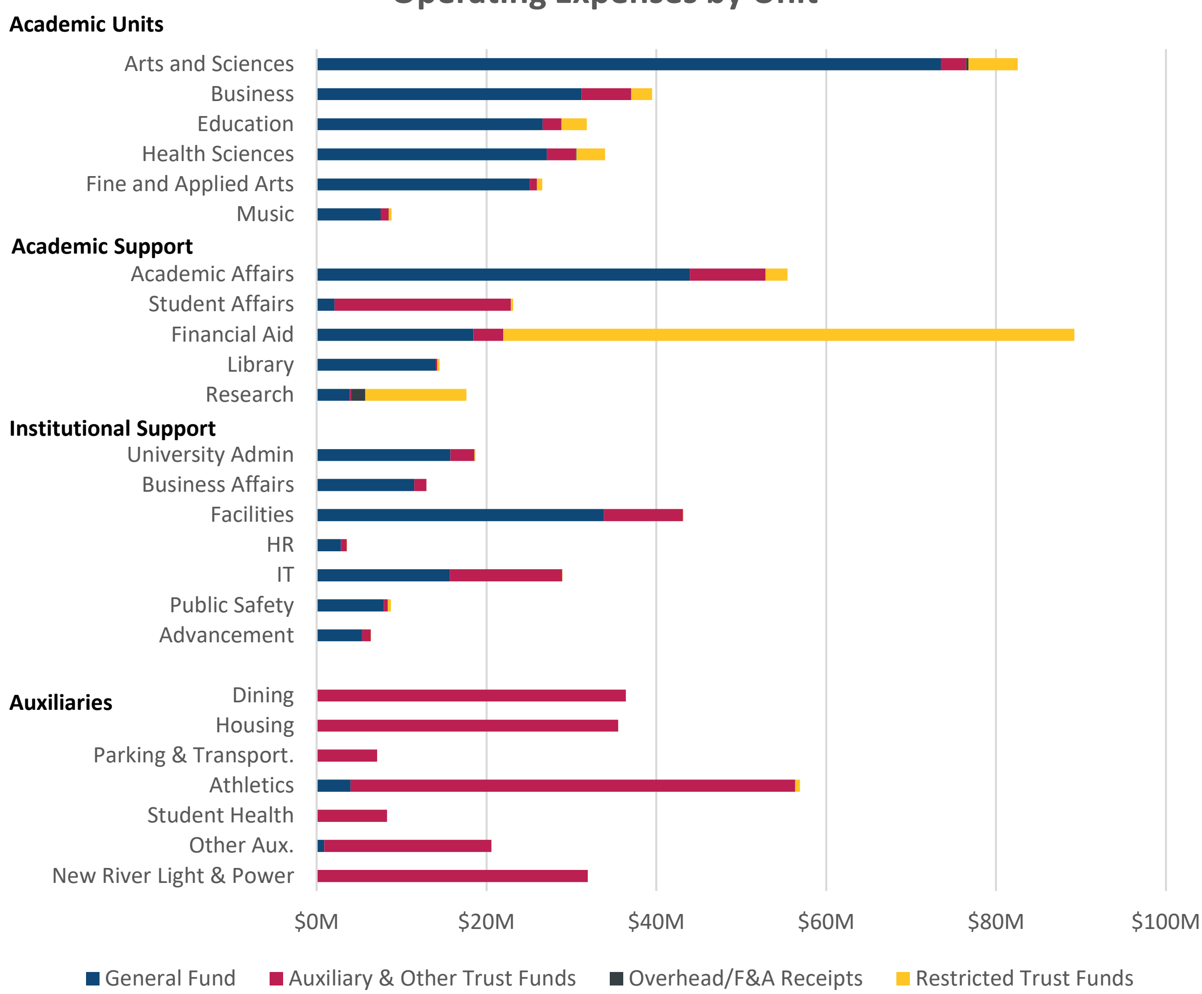
Budgeted Revenue (FY27)



Budgeted Expenses (FY27)



Operating Expenses by Unit



Appalachian State University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 217,749,000	$ -	$ -	$ -	**$ 217,749,000**
	Tuition & Fees	$ 139,309,000	$ 93,582,000	$ -	$ -	**$ 232,891,000**
	Less Discounts and Allowances	*$ (15,249,000)*	*$ (13,403,000)*	*$ -*	*$ (32,698,000)*	***$ (61,350,000)***
	Sales & Services	$ 67,000	$ 123,478,000	$ -	$ 675,000	**$ 124,220,000**
	Patient Services	$ -	$ 1,273,000	$ -	$ -	**$ 1,273,000**
	Contracts & Grants	$ 3,872,000	$ 233,000	$ -	$ 87,509,000	**$ 91,614,000**
	Gifts & Investments	$ -	$ 22,965,000	$ -	$ 11,567,000	**$ 34,532,000**
	Other Revenues	$ 6,668,000	$ 9,048,000	$ 2,944,000	$ 485,000	**$ 19,145,000**
Revenues Total		$ 352,416,000	$ 237,176,000	$ 2,944,000	$ 67,538,000	**$ 660,074,000**
Expenses	Salaries and Wages	$ 222,559,000	$ 63,181,000	$ 991,000	$ 11,301,000	**$ 298,032,000**
	Staff Benefits	$ 79,121,000	$ 21,740,000	$ 248,000	$ 2,814,000	**$ 103,923,000**
	Services, Supplies, Materials, & Equip.	$ 41,169,000	$ 105,610,000	$ 844,000	$ 18,085,000	**$ 165,708,000**
	Scholarships & Fellowships	$ 15,249,000	$ 13,403,000	$ 1,000	$ 66,855,000	**$ 95,508,000**
	Less Discounts and Allowances	*$ (15,249,000)*	*$ (13,403,000)*	*$ -*	*$ (32,698,000)*	***$ (61,350,000)***
	Debt Service	$ 2,052,000	$ 23,772,000	$ -	$ -	**$ 25,824,000**
	Utilities	$ 8,380,000	$ 4,850,000	$ -	$ -	**$ 13,230,000**
	Other Expenses	$ -	$ 13,385,000	$ -	$ -	**$ 13,385,000**
Expenses Total		$ 353,281,000	$ 232,538,000	$ 2,084,000	$ 66,357,000	**$ 654,260,000**
Net Transfers		$ 868,000	$ (16,855,000)	$ -	$ -	**$ (15,987,000)**
Change in Fund Balance			$ (12,217,000)	$ 860,000	$ 1,181,000	**$ (10,176,000)**

East Carolina University FY27 All-Funds Budget

East Carolina University's FY27 all-funds budget reflects a continued focus on aligning resources with institutional priorities while positioning the university for long-term sustainability. Guided by ECU's strategic plan, *Future Focused. Innovation Driven.,* and supported by disciplined planning and targeted investments, ECU remains committed to serving as a leading student-centered, research-driven, and community-engaged institution in North Carolina and beyond.

Operational Efficiency and Financial Sustainability

The FY27 budget reflects continued efforts of its fiscal health initiatives and recurring revenue challenges. Enrollment funding reductions were achieved through efficiency measures realized in previous fiscal years. In FY27, the Fiscal Health initiatives are transitioning from planning to implementation, with strategies being executed across campus. Notable changes in operations include administrative consolidations and increased auxiliary revenue through growth in Flight Path Programs. Additionally, Athletics strengthened self-generated revenues by securing a game guarantee and optimizing the ticketing model. The FY27 budget incorporates the uncertainty of federal research funding reflecting a small reduction in revenue and expenses from grants and contracts as well as a reduction in overhead receipts and expenditures.

ECU is advancing institution-wide efforts to improve efficiency, streamline operations, and reduce duplication. ECU is centralizing Human Resources services in the department of People Operations, Success and Opportunity (POSO). Outcomes will be improving consistency in hiring and personnel processes and improving customer service. Information Technology services are being consolidated into a centralized structure, reducing duplicative systems, closing service gaps and supporting implementation of Salesforce Education Cloud. Academic Affairs is advancing sustainability through mergers of libraries, colleges, and through the Academic Portfolio Review and Optimization process, 44 programs were identified for closure, 33 self-selected to discontinue and 11 approved by the Oversight Committee. Together, these efforts strengthen financial stewardship by reducing costs and aligning resources with institutional priorities. Additional shared services initiatives in fiscal year 2027 will advance centralization of grants administration.

The Brody School of Medicine's budget for fiscal year 2027 shows a substantial improvement over 2026, with a projected positive budget. This budget anticipates increased net patient revenue through increased patient visits and incremental increases from negotiated payor contracts. The Brody School of Medicine continues its commitment to investing in compensation for providers and team members and implementing strategic initiatives to continue improving financial performance.

The School of Dental Medicine budget reflects significant workforce pressures, including challenges recruiting hygienists and specialty faculty, and added instructional staffing at community clinics, all of which increase costs and constrain clinical productivity and revenue. In response, the School is investing in leadership, operational improvements, patient fee adjustments, and technology and billing enhancements to improve access, efficiency, and collections.

Student Success and Enrollment Growth

ECU continues to invest in initiatives that improve retention, degree efficiency, and workforce readiness. Academic Affairs is increasing the number of professional advisors and expanding experiential learning, including the Occupational Therapy Faculty Practice Clinic, while implementing Summer School Optimization recommendations to better align instruction with demand and support timely degree completion. We are advancing enrollment growth through expanded online offerings in partnership with Project Kitty Hawk (PKH), with new high-demand programs under development to align with workforce needs. Through the PKH partnership, ECU will launch two new programs in Summer 2026 and six undergraduate certificates in Fall 2026. We expect over 850 enrolled students through Flight Path programs in Fall 2026. Due to student demand, new faculty positions will be added in Construction Management and Nursing. Lastly, Student Affairs supports student success through over 1,200 student employment positions and the ECUGROW program, which connects academic learning with career readiness, and through a new Student Transitions position to strengthen engagement and retention.

Student Affordability

ECU continues to manage cost drivers while expanding direct student support. Student Affairs has implemented operational efficiencies and strengthened food security initiatives through expanded Williams-Ross Purple Pantry operations. Academic Affairs leverages donor and non-state funding to support experiential learning and internships. ECU is advancing financial aid optimization by streamlining scholarship processes, centralizing awarding, and implementing a firm acceptance deadline to improve fund utilization.

ECU's budget reflects a balanced approach between affordability for students and supporting essential investments in instruction, student services, and campus infrastructure. FY27 includes undergraduate tuition increase of 3% and a minimal mandatory fee adjustment.

Public Service and Regional Transformation

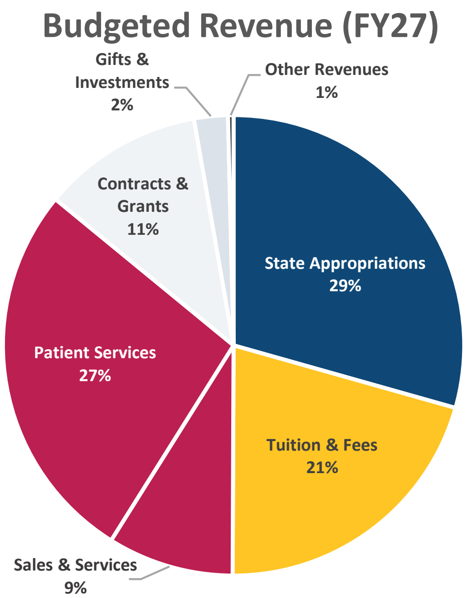
The FY27 budget reinforces ECU's role in regional economic development and community engagement. ECU launched a Center for AI in Business to support workforce readiness and regional economic growth, aligning academic programs with emerging industry needs. The University continues to support the North Carolina New Teacher Support Program through a five-year sustainability plan, strengthening the educator workforce across the state. A long-term lease agreement for the North Recreational Complex will increase facility utilization, support regional events, and generate revenue. Additional efforts include expanding guided pathways with community colleges to improve transfer access and recruitment across eastern North Carolina. Together, these initiatives strengthen workforce pipelines, expand educational access, and support regional economic mobility.

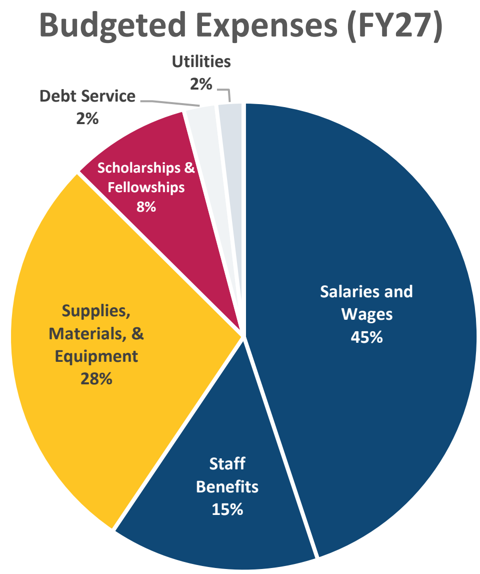
Conclusion

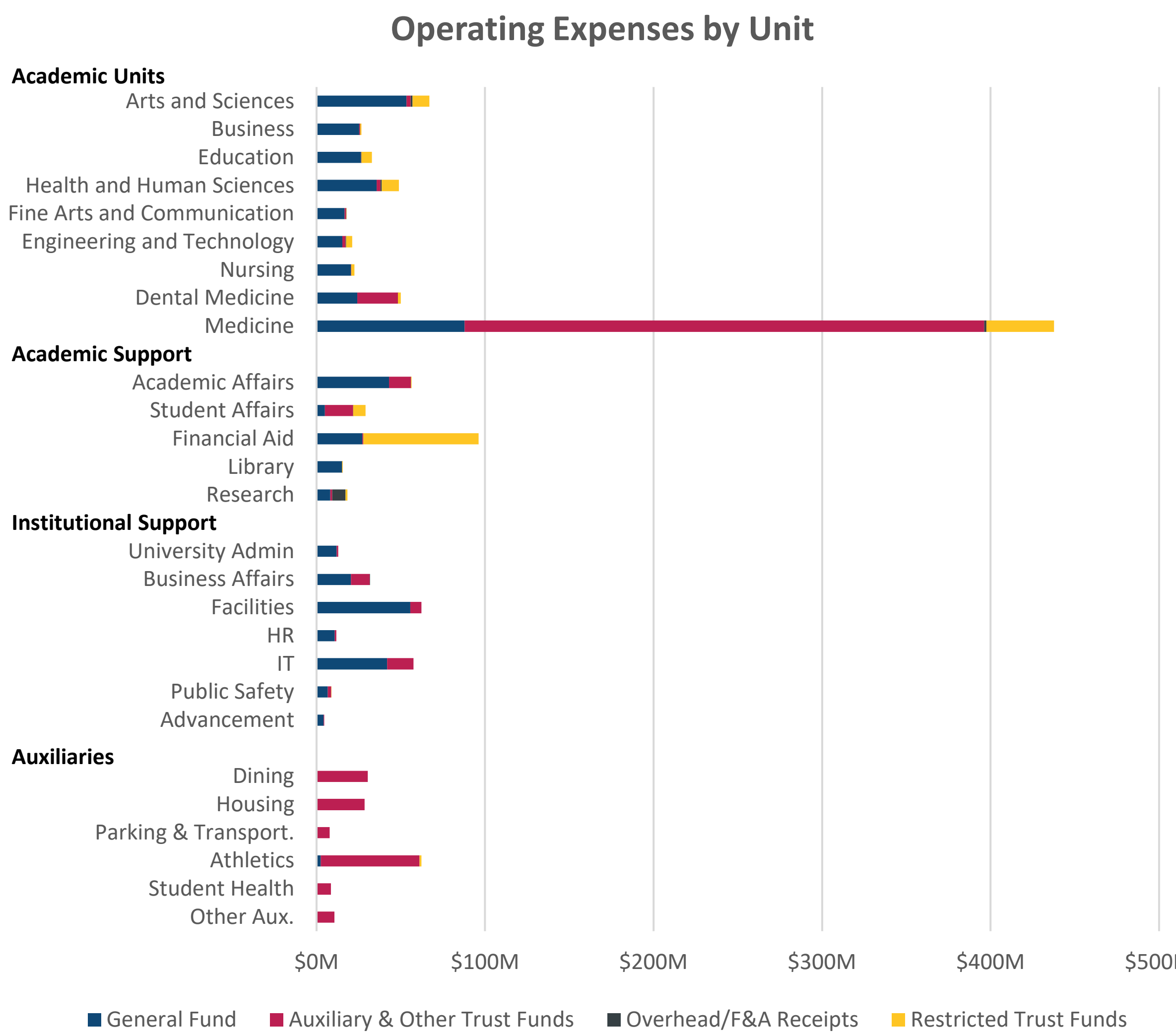
The FY27 all-funds budget positions ECU to advance its mission through strategic investment, operational efficiency, and disciplined fiscal management.

The Board of Trustees approved the FY27 All Funds Budget at their April 24, 2026 meeting.

East Carolina University







East Carolina University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 374,600,000	$ -	$ -	$ -	**$ 374,600,000**
	Tuition & Fees	$ 178,879,000	$ 76,835,000	$ -	$ 8,010,000	**$ 263,724,000**
	Less Discounts and Allowances	*$ (27,887,000)*	*$ (9,440,000)*	*$ -*	*$ (50,966,000)*	***$ (88,293,000)***
	Sales & Services	$ 1,275,000	$ 109,340,000	$ -	$ 2,150,000	**$ 112,765,000**
	Patient Services	$ -	$ 337,259,000	$ -	$ 7,475,000	**$ 344,734,000**
	Contracts & Grants	$ 1,883,000	$ 189,000	$ 10,039,000	$ 131,886,000	**$ 143,997,000**
	Gifts & Investments	$ -	$ 26,570,000	$ -	$ 3,628,000	**$ 30,198,000**
	Other Revenues	$ 3,577,000	$ 1,336,000	$ -	$ 27,000	**$ 4,940,000**
Revenues Total		$ 532,327,000	$ 542,089,000	$ 10,039,000	$ 102,210,000	**$ 1,186,665,000**
Expenses	Salaries and Wages	$ 323,977,000	$ 201,649,000	$ 5,524,000	$ 36,119,000	**$ 567,269,000**
	Staff Benefits	$ 114,464,000	$ 57,585,000	$ 1,667,000	$ 10,283,000	**$ 183,999,000**
	Services, Supplies, Materials, & Equip.	$ 74,640,000	$ 246,068,000	$ 4,476,000	$ 28,299,000	**$ 353,483,000**
	Scholarships & Fellowships	$ 27,887,000	$ 9,440,000	$ 12,000	$ 69,374,000	**$ 106,713,000**
	Less Discounts and Allowances	*$ (27,887,000)*	*$ (9,440,000)*	*$ -*	*$ (50,966,000)*	***$ (88,293,000)***
	Debt Service	$ -	$ 20,007,000	$ -	$ 8,384,000	**$ 28,391,000**
	Utilities	$ 23,334,000	$ 249,000	$ -	$ 20,000	**$ 23,603,000**
	Other Expenses	$ 241,000	$ -	$ -	$ -	**$ 241,000**
Expenses Total		$ 536,656,000	$ 525,558,000	$ 11,679,000	$ 101,513,000	**$ 1,175,406,000**
Net Transfers		$ (2,102,000)	$ (4,741,000)	$ 284,000	$ (1,751,000)	**$ (8,310,000)**
Change in Fund Balance			$ 11,790,000	$ (1,356,000)	$ (1,054,000)	**$ 9,380,000**

Elizabeth City State University's FY27 All Funds Budget aligns with the University's strategic goals and priorities, ensuring responsible stewardship of resources while enabling us to meet the evolving needs of our students, faculty, and staff. Through careful planning and collaboration, we aim to sustain our institution's growth, enhance operational efficiency, and continue delivering impactful educational experiences. The ECSU Board of Trustees approved the ECSU FY27 All-Funds Budget on March 10th, 2026.

The increase in recurring budget for FY27 reflects enrollment growth gains. ECSU has realized growth in enrollment, four-year graduation rates, undergraduate degree efficiency, average credits earned per year, reduced transfer student debt at graduation, lower education-related expenses per degree and increases in military affiliated enrollment as further explained below.

ECSU continues to strengthen its financial reserves, dedicating 20% of enrollment growth funding to the General Fund Reserve for FY27. This reserve offers financial security, helping the University manage unexpected fiscal challenges or drops in recurring appropriations or revenue throughout the year. At the end of the fiscal year, any remaining funds will go toward one-time expenses that align with the University's Strategic Plan. The overall fund balance for Trust and Auxiliary funds is anticipated to experience sustained growth. Non-General Fund balances are used for one-time purchases, and managers of Trust & Auxiliary funds must, by policy, have a fund balance equivalent to at least one year's operating costs for each fund.

The FY27 All-Fund Budget reflects continued investment in reaching University-specific goals as detailed in the ECSU 2026-2030 Strategic Plan.

Consistent with our plan, the ECSU FY27 All-Funds Budget reflects the University's continuing work in Student Learning and Success. The budget prioritizes investments that directly enhance student learning, retention, and completion. Resources are allocated to strengthen academic support services such as advising, tutoring, and mentoring programs. Funding also supports high-impact instructional practices, including experiential learning and faculty development. Technology and learning tools are expanded to improve access and engagement in and beyond the classroom. Student success initiatives are data-driven to identify gaps and implement targeted interventions. Additional support is directed toward first-year experience and transition programs to improve student persistence.

ECSU is continuing to accelerate strategic growth by launching innovative, future-focused academic offerings that integrate career readiness, experiential learning and entrepreneurial thinking across all disciplines, and driving enrollment to meet evolving workforce and societal needs. The budget supports the development and expansion of innovative academic programs aligned with workforce and industry needs. Resources are directed toward creating new academic offerings, including degree programs and micro-credential pathways that provide flexible, skills-based learning opportunities. Investments in faculty recruitment and retention help ensure academic excellence and program sustainability. The institution prioritizes interdisciplinary collaboration and curriculum modernization to remain competitive. Partnerships with external stakeholders' support internships, experiential learning, research opportunities, and career readiness. Funding also enhances technology and instructional infrastructure to support innovative teaching, learning, and credentialing models.

To ensure the institution remains in a vibrant and supportive environment where all members of the campus community can thrive, ECSU is focused on making the campus a great place to live, work, and learn. The budget supports initiatives that enhance the overall campus experience for students, faculty, and staff. Investments are made in facilities, infrastructure, and campus safety to ensure a welcoming environment. Employee development and engagement programs are prioritized to support a strong and motivated workforce. Student life, housing, and wellness services are enhanced to promote belonging and retention. Resources also support operational efficiency and improved service delivery across the institution.

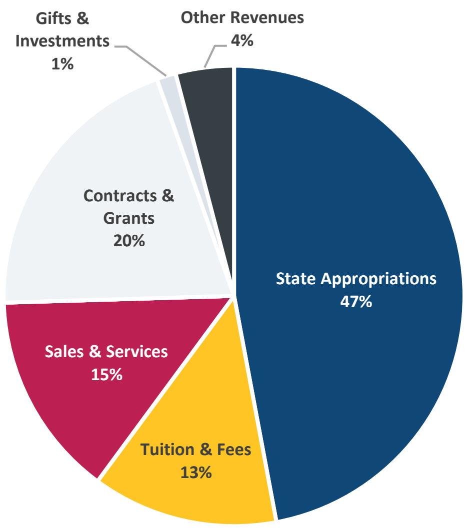
Lastly, the budget will be used to prepare the infrastructure needed to begin the planning phase for a comprehensive University Advancement campaign. Key priorities include establishing a formal annual giving program, developing a consistent major gifts strategy, implementing donor acquisition, retention, and recapture efforts. Alumni engagement will be expanded through personalized and digital outreach to increase participation and philanthropic support. Staffing enhancements, including additional fundraisers and an event coordinator, will allow the division to move beyond an event-heavy model and scale revenue opportunities. Continued investment in the Division of University Advancement will further strengthen the infrastructure needed to expand fundraising capacity and sustain long-term growth in philanthropic support.

If recurring enrollment funding is not appropriated, new positions will not be funded, which could delay planned initiatives. The University may also struggle to innovate or expand programs, research, and services; existing staff and faculty may experience increased workload or burnout; and it may become more difficult to attract and retain top faculty, staff, and students. In such a scenario, the University would likely depend heavily on its recurring reserves to support these initiatives and personnel. While recurring reserves provide essential financial security to manage unforeseen fiscal challenges or revenue drops, consistent reliance on them can gradually reduce and eventually deplete these funds. This depletion could undermine the University's long-term financial stability and capacity to respond to future needs.

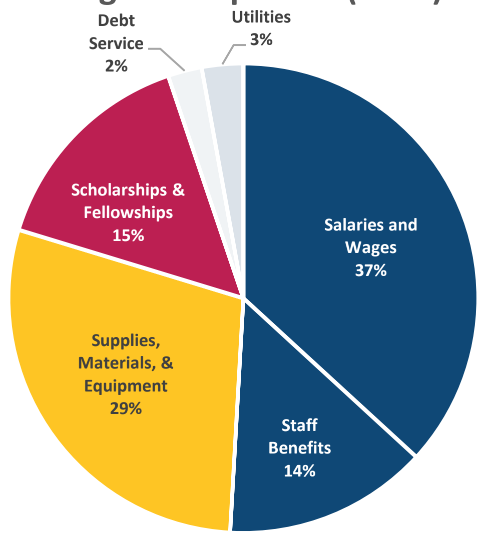
Elizabeth City State University

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

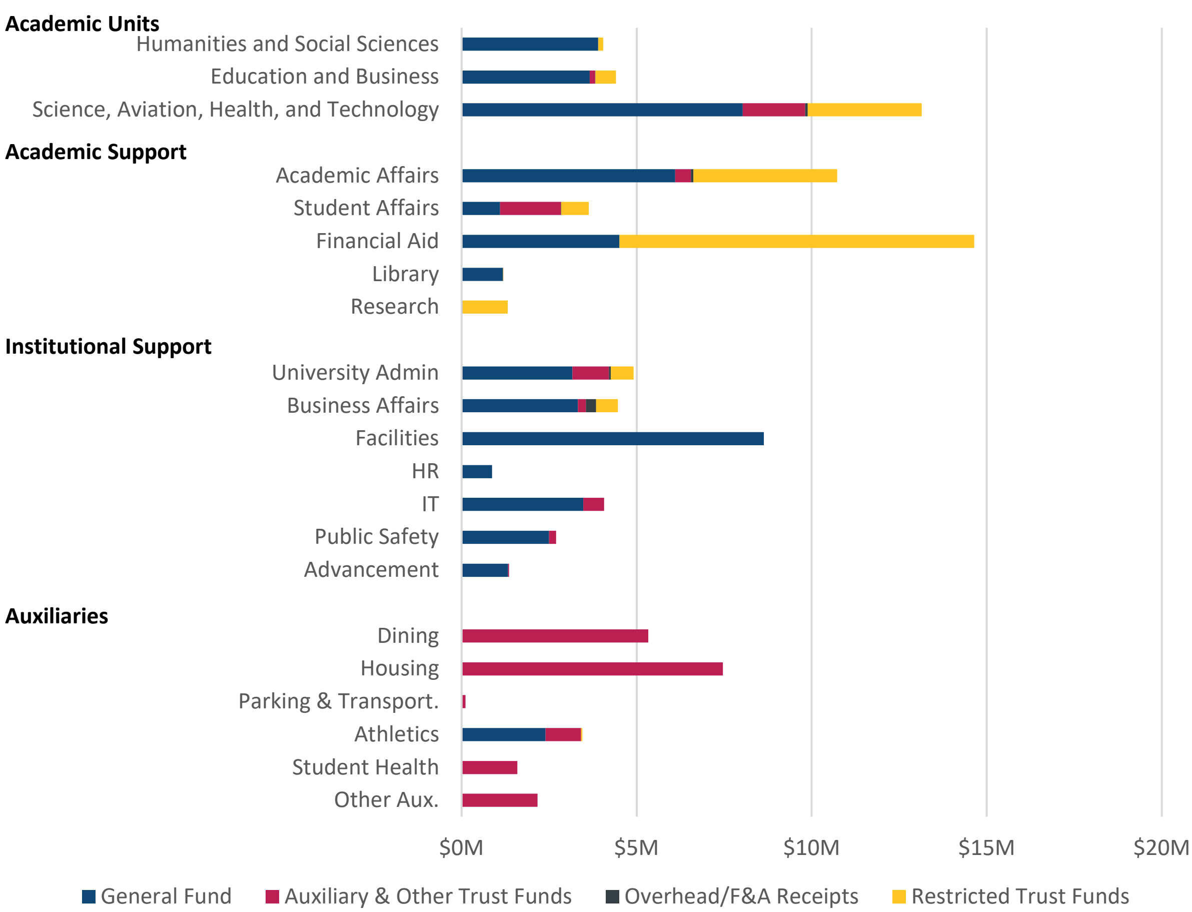
Budgeted Revenue (FY27)



Budgeted Expenses (FY27)



Operating Expenses by Unit



Elizabeth City State University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 50,865,000	$ -	$ -	$ -	**$ 50,865,000**
	Tuition & Fees	$ 5,927,000	$ 8,179,000	$ -	$ -	**$ 14,106,000**
	Less Discounts and Allowances	*$ (3,974,000)*	*$ (1,124,000)*	*$ -*	*$ (6,582,000)*	***$ (11,680,000)***
	Sales & Services	$ -	$ 15,599,000	$ -	$ -	**$ 15,599,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 75,000	$ 290,000	$ 21,289,000	**$ 21,654,000**
	Gifts & Investments	$ -	$ 1,166,000	$ -	$ 289,000	**$ 1,455,000**
	Other Revenues	$ 3,253,000	$ 906,000	$ 263,000	$ -	**$ 4,422,000**
Revenues Total		$ 56,071,000	$ 24,801,000	$ 553,000	$ 14,996,000	**$ 96,421,000**
Expenses	Salaries and Wages	$ 29,461,000	$ 4,746,000	$ 162,000	$ 4,695,000	**$ 39,064,000**
	Staff Benefits	$ 11,865,000	$ 1,666,000	$ 35,000	$ 1,363,000	**$ 14,929,000**
	Services, Supplies, Materials, & Equip.	$ 12,318,000	$ 13,283,000	$ 352,000	$ 4,603,000	**$ 30,556,000**
	Scholarships & Fellowships	$ 3,974,000	$ 1,124,000	$ 4,000	$ 10,917,000	**$ 16,019,000**
	Less Discounts and Allowances	*$ (3,974,000)*	*$ (1,124,000)*	*$ -*	*$ (6,582,000)*	***$ (11,680,000)***
	Debt Service	$ -	$ 2,480,000	$ -	$ -	**$ 2,480,000**
	Utilities	$ 2,427,000	$ 596,000	$ -	$ -	**$ 3,023,000**
	Other Expenses	$ -	$ -	$ -	$ -	**$ -**
Expenses Total		$ 56,071,000	$ 22,771,000	$ 553,000	$ 14,996,000	**$ 94,391,000**
Net Transfers		$ -	$ (1,263,000)	$ -	$ -	**$ (1,263,000)**
Change in Fund Balance			$ 767,000	$ -	$ -	**$ 767,000**

Fayetteville State University
Fiscal Year 2027 All Funds Budget Narrative

Fayetteville State University (FSU) has developed its Fiscal Year 2027 All-Funds Budget in alignment with UNC System policy, the priorities of the Board of Governors, and the University's strategic plan, *Ready for Tomorrow*. This budget reflects a disciplined and data-informed resource allocation to deliver high-quality outcomes for the citizens of North Carolina.

Strategic Resource Alignment and Workforce Development

The FY 2027 budget reflects a clear focus on aligning institutional resources with high demand academic programs and workforce demand across North Carolina. As identified in the UNC System Workforce Alignment Report, the state is projected to add more than 500,000 jobs over the next decade, with the strongest growth in healthcare, education, business, and technology-related occupations.

FSU's investments are intentionally designed to respond to these conditions and support the state's economic competitiveness. The FY 2027 budget reflects the University's commitment to being a strong steward of state resources, with strategic investments aligned to expected appropriations, including $1.33 million to operate the College of Education facility and $4.77 million in enrollment growth funding. These investments are contingent upon the receipt of these funds and are structured to ensure that state resources are deployed efficiently and in alignment with workforce needs and student success priorities.

- **Healthcare and Behavioral Health Workforce**: In response to acute nursing shortages throughout Eastern North Carolina, Fayetteville State University has begun to implement strategies to double enrollment in its Registered Nursing Licensure Program to 300 students by 2027. This budget increases faculty lines to support increased instruction capacity, increased professional advisors and delivers resources for modern equipment to outfit and expand simulation and psycho-motive laboratory environments.

- **College of Education Expansion**: Opening during Summer 2026, the $69.3 million, 72,027 square-foot College of Education facility will centralize educator preparation programs, expand instructional capacity, and support critical workforce initiatives, including teacher pipeline development and the launch of new programs such as the Bachelor of Science in Special Education.

- **Business, Technology, and Data-Oriented Fields**: Strategic faculty and program investments support high-growth occupations in analytics, financial services, and information technology. The FY 2027 budget includes targeted investments in Computer Science, Supply Chain Management, Construction Project Management, and the University's nationally recognized MBA program. Collectively, these investments position FSU to produce workforce-ready graduates equipped for high-demand, high-wage careers.

Student Affordability, Success and Access

Student affordability remains central to FSU's mission as a primary access institution. Over 80% of FSU's student population comes from Tier 1 and Tier 2 counties and demonstrate high financial need. The FY 2027 budget advances affordability and success through:

- **Bronco Completion Assistance Program**: Continued investment in this program provides free summer courses and room and board to accelerate degree progression and reduce financial barriers. The program has demonstrated measurable success, including a 75% reduction in student loan originations during summer terms since its inception.

- **Need-Based Student Support**: Programs such as Broncos Helping Broncos provide targeted financial assistance to students facing unexpected hardship, supporting persistence and reducing the likelihood of stop-out.

- **Expanded Course Availability**: Increased investment in instructional capacity where course fill rates were at or beyond capacity will improve access to required coursework, reducing course bottlenecks and decreasing time-to-degree.

Collectively, these investments improve retention and lower total educational costs, resulting in decreased student debt. Collectively, these improvements will continue FSU's improvement in graduation rates. These investments are particularly critical for FSU's student population, where improvements in degree efficiency and time to completion have a direct and measurable impact on affordability.

Financial Sustainability and Operational Efficiency

The FY 2027 budget demonstrates Fayetteville State University's commitment to disciplined financial management and efficient use of resources. Administrative personnel expenses have been reduced by approximately $2 million compared to the prior fiscal year, driven by deliberate actions including organizational restructuring, consolidation of administrative functions, process improvements, and strategic management of vacant and underutilized positions. These decisions were guided by data-informed analyses of operational efficiency and alignment with institutional priorities. Resulting savings have been redirected to academic and student-facing investments, reinforcing the University's focus on student success.

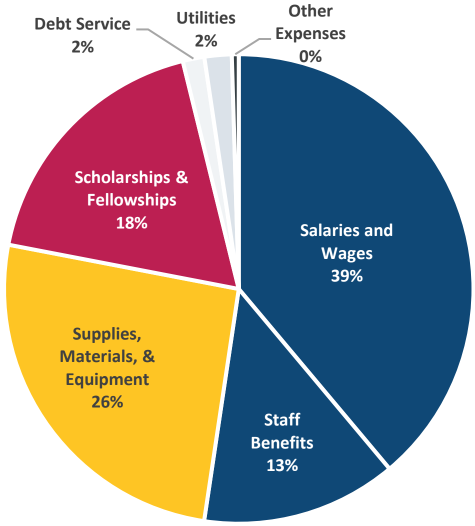
Additionally, the University continues to expand available resources through disciplined planning and proactive financial management. The FY 2027 budget reflects a projected $6 million fund balance increase in non-general areas, resulting from strengthened auxiliary operations and the strategic alignment and optimization of student fee-supported services. These enhancements improve financial flexibility and mitigate cost pressures, reducing the need to pass on increased operational expenses to students and preserving affordability.

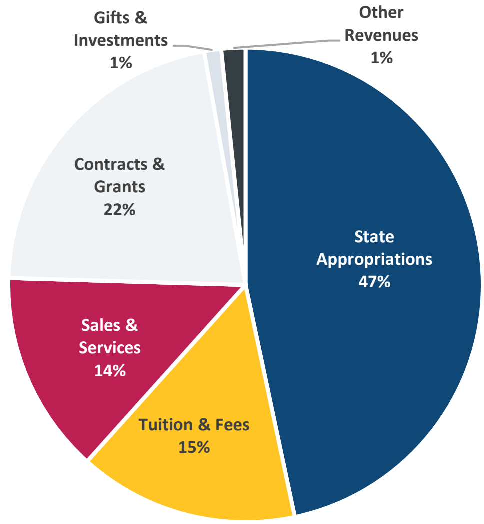
Conclusion

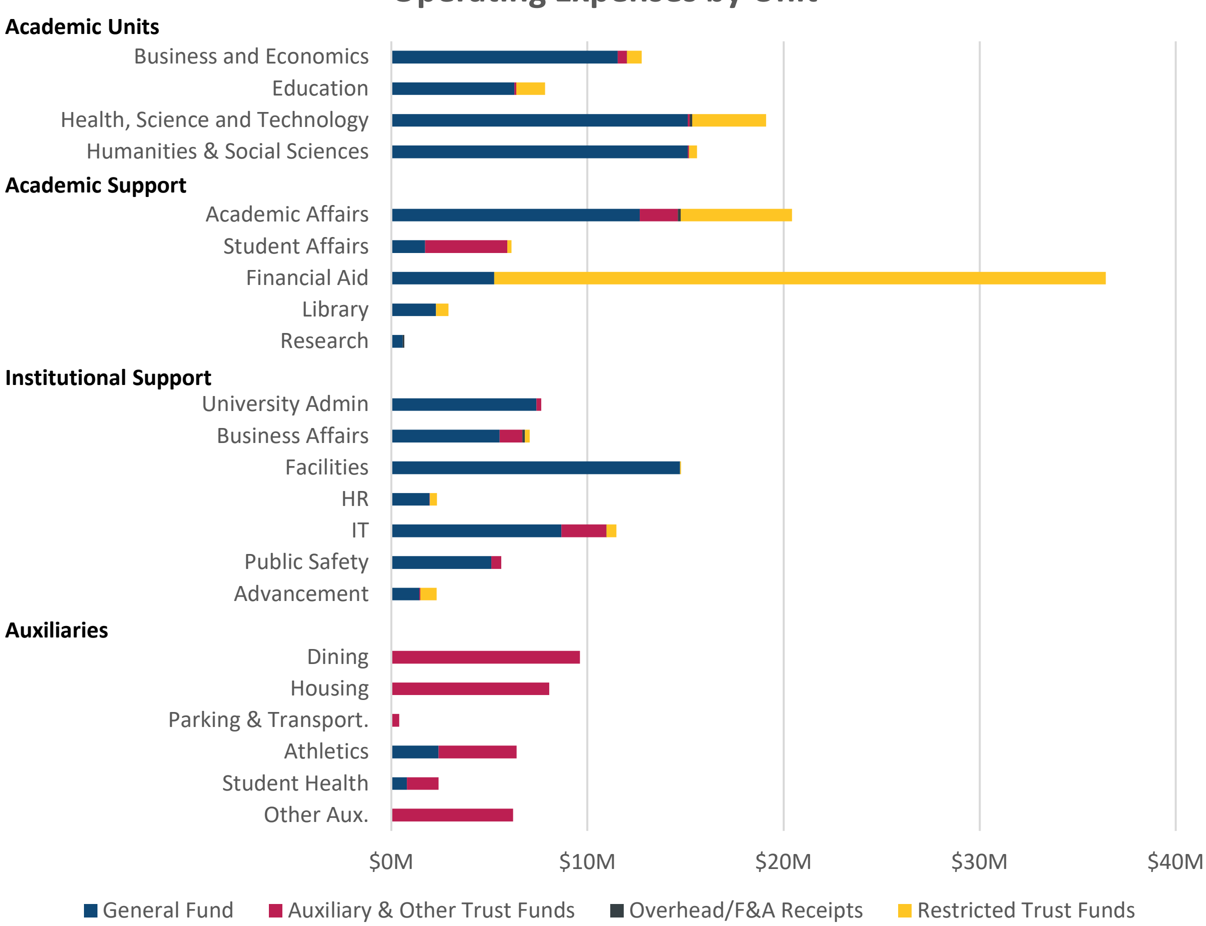
The FY 2027 All-Funds Budget reflects Fayetteville State University's commitment to strategic resource alignment, student success, affordability, and long-term financial sustainability. Through targeted investments in high-demand academic programs, expanded student support, and disciplined operational management, the University is aligning its resources with both student needs. FSU remains well-positioned to provide high-quality, affordable education while contributing to the state's workforce and economic growth.

Fayetteville State University

THE UNIVERSITY OF NORTH CAROLINA SYSTEM







Fayetteville State University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 102,706,000	$ -	$ -	$ -	**$ 102,706,000**
	Tuition & Fees	$ 15,039,000	$ 17,922,000	$ -	$ -	**$ 32,961,000**
	Less Discounts and Allowances	*$ (4,651,000)*	*$ (1,512,000)*	*$ -*	*$ (22,623,000)*	***$ (28,786,000)***
	Sales & Services	$ 866,000	$ 29,545,000	$ -	$ -	**$ 30,411,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ -	$ 531,000	$ 47,293,000	**$ 47,824,000**
	Gifts & Investments	$ -	$ 1,653,000	$ 5,000	$ 900,000	**$ 2,558,000**
	Other Revenues	$ 2,495,000	$ 1,064,000	$ -	$ 48,000	**$ 3,607,000**
Revenues Total		$ 116,455,000	$ 48,672,000	$ 536,000	$ 25,618,000	**$ 191,281,000**
Expenses	Salaries and Wages	$ 67,553,000	$ 7,982,000	$ 18,000	$ 4,540,000	**$ 80,093,000**
	Staff Benefits	$ 23,681,000	$ 2,600,000	$ 6,000	$ 1,452,000	**$ 27,739,000**
	Services, Supplies, Materials, & Equip.	$ 18,984,000	$ 24,467,000	$ 472,000	$ 8,922,000	**$ 52,845,000**
	Scholarships & Fellowships	$ 4,651,000	$ 1,512,000	$ 7,000	$ 31,180,000	**$ 37,350,000**
	Less Discounts and Allowances	*$ (4,651,000)*	*$ (1,512,000)*	*$ -*	*$ (22,623,000)*	***$ (28,786,000)***
	Debt Service	$ 900,000	$ 2,166,000	$ -	$ -	**$ 3,066,000**
	Utilities	$ 2,749,000	$ 1,112,000	$ -	$ -	**$ 3,861,000**
	Other Expenses	$ 943,000	$ 37,000	$ -	$ -	**$ 980,000**
Expenses Total		$ 114,810,000	$ 38,364,000	$ 503,000	$ 23,471,000	**$ 177,148,000**
Net Transfers		$ (1,646,000)	$ (3,833,000)	$ -	$ (2,173,000)	**$ (7,652,000)**
Change in Fund Balance			$ 6,475,000	$ 33,000	$ (26,000)	**$ 6,482,000**

NC STATE UNIVERSITY

Office of the Chancellor

ncsu.edu/chancellor

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Holladay Hall, Suite A
Raleigh, NC 27695-7001
P: 919.515.2191

MEMORANDUM

TO: Jennifer Haygood, Senior Vice President for Finance & Administration and Chief Financial Officer, University of North Carolina System

FROM: Kevin Howell, Chancellor

SUBJECT: NC State's FY27 All-Funds Budget

DATE: April 30, 2026

I am pleased to provide NC State's FY 2026-27 All-Funds Budget and accompanying narrative. NC State's Board of Trustees reviewed the All-Funds Budget over the past few months and voted to approve the budget on April 24, 2026, as attached.

We ask that you please note NC State's General Fund budget is comprised of three separate budget codes for Academic Affairs, Agricultural Research, and Cooperative Extension as was included in the Board of Governors meeting materials last year.

We look forward to working with you in the future on the All-Funds Budget process. Please let me know if you have any questions.

FY27 All-Funds Budget

NC State's land-grant mission to provide instruction, 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." 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.

In Fall 2025, NC State is home to 40,503 (or 39,259, our IPEDS number) students and 10,166 (or 10,142, our IPEDS number) 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 an operating budget of $2.3 billion consisting of state and federal appropriations, tuition and fees, contracts and grants, sales and services and other sources.

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 **85.4%**.
- First-year applications for Fall 2026 are nearly 50,000**,** an 8**%** increase in applications since Fall 2024.
- Underserved county enrollments for Fall 2025 increased 2.6% over the prior year.
- Military Affiliated enrollments in Fall 2025 increased 9.2% over the prior year.
- The average cumulative debt at graduation for first-time students and transfer students continues to decrease.
- In FY25 NC State researchers received $510 million in sponsored research awards.
- In FY24 NC State research expenditures were approximately $717 million (HERD data) .
- NC State is in the top 10 in total research expenditures among universities without a medical school.
- To date, we have launched more than **250 startups and spinoffs** — new companies — based on NC State intellectual property. **14** were launched in FY25.
- 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 for over a decade, now further strengthened by the All-Funds Budget initiative. 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. 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, competitive employment markets on our labor costs, federal funding changes, and increases in institutional debt burden. NC State's debt burden, with under $605 million of total debt outstanding as of June 30, 2025, is within UNC System Office debt capacity calculations and within acceptable liquidity ratio ranges. These prudent management strategies were further validated in FY26, as S&P upgraded NC State's long-term credit rating to AA+ from AA.

Financial Sustainability

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. The university continues to be impacted by growing inflationary increases further challenging our ability to reallocate to new strategic initiatives.

Importance of Enrollment Funding

The uncertainty of enrollment funding is particularly difficult for a growing institution like NC State. Enrollment funding is vital to maintaining NC State's success and role as the state's flagship STEM institution. Without these expected funds, NC State would be forced to absorb a 6% reduction to its current operating budget which will have impacts to our mission and institutional goals:

- **Larger Class Sizes:** To accommodate students without new hiring, the university must increase the number of seats in existing classrooms. This reduces opportunities for the direct faculty-student interaction that is a hallmark of an NC State education.
- **Registration Bottlenecks:** Without funding for new faculty, new course sections will be limited which could delay a student's progress toward graduation.
- **Academic Advising:** Enrollment funding supports professional advisors who help students navigate complex degree requirements. Larger caseloads per advisor mean less personalized guidance.
- **Support Service Strain:** In addition to hiring faculty, enrollment funding supports IT systems, library resources, and student support services to keep pace with our growing student body.
- **Budget Compression:** If NC State doesn't receive $35M of enrollment growth funding, the university has to absorb the cost associated with the student credit hours that have already been taught. Failing to receive funding effectively results in a significant reduction to NC State's current state appropriated budget.

Advancing NC State's Strategic Vision through Budget Planning

The FY27 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:

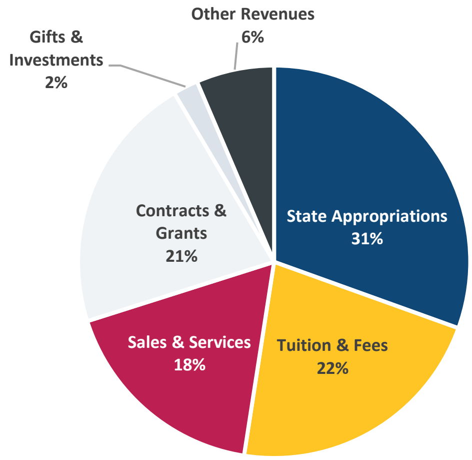
- **STEM Education** - FY27 will be the fifth year of the goal to expand the College of Engineering by approximately 4,000 students. As of Fall 2025, approximately 50% of the planned student headcount growth has been achieved. Funds are strategically budgeted to continue building capacity through the planned hiring of additional faculty and academic and institutional support staff to ensure the success of the students while enhancing the global reputation of the college and the university.
- **Academic and Institutional Support -** Includes funding to scale library resources, student services, and IT systems to match our larger student body and maintain academic quality.
- **Affordability** - The FY27 Budget continues a tradition of low resident tuition and fees offering affordable education for North Carolinians. Undergraduate resident tuition is increasing 3% or $196 for incoming first year students which is the first increase in ten years. Mandatory student fees (including debt service fees) are increasing by only 0.8% or $19. Mandatory student fees are still lower than FY 2017-18 rates due to the retirement of debt service fees in recent years. Overall, NC State ranks 13th of 13 peer institutions (lowest tuition among peers), for undergraduate in-state average tuition and fees in the AY 2024-2025 as reported by IPEDS.
- **Research** - Includes funding for research support infrastructure to 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.
- **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.

The FY27 budget incorporates known impacts of the uncertain state and federal funding environments such as holding the F&A budget 10% below FY24 actual receipts. Contingency planning informed by budget scenarios mitigates operational risk and ensures mission continuity given the high degree of uncertainty in FY27 funding.

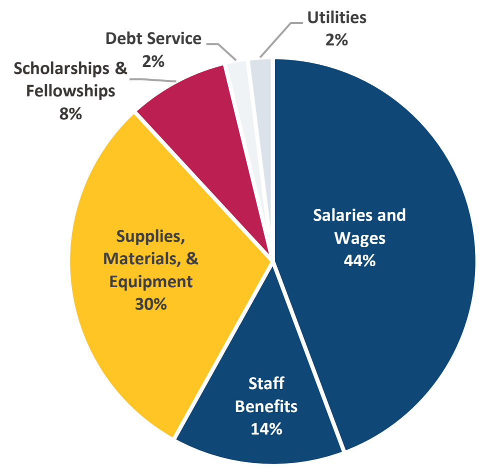
NC State University

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

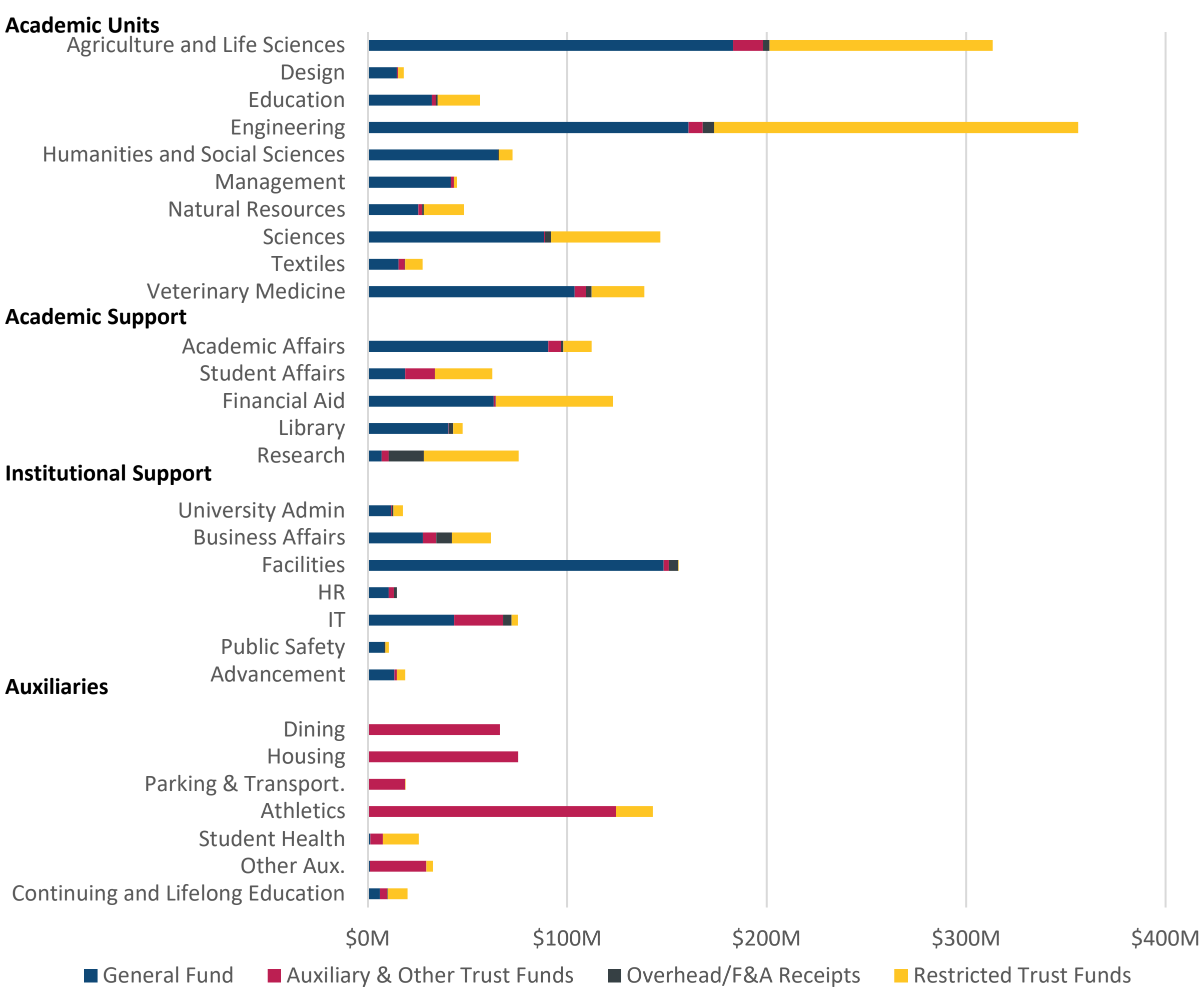
Budgeted Revenue (FY27)



Budgeted Expenses (FY27)



Operating Expenses by Unit



NC State University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 734,775,000	$ -	$ -	$ -	**$ 734,775,000**
	Tuition & Fees	$ 412,821,000	$ 24,251,000	$ -	$ 91,404,000	**$ 528,476,000**
	Less Discounts and Allowances	*$ (91,284,000)*	*$ (667,000)*	*$ -*	*$ (72,026,000)*	***$ (163,977,000)***
	Sales & Services	$ 50,456,000	$ 373,327,000	$ -	$ 1,446,000	**$ 425,229,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ 200,000	$ 13,000	$ -	$ 515,250,000	**$ 515,463,000**
	Gifts & Investments	$ -	$ 7,782,000	$ -	$ 41,955,000	**$ 49,737,000**
	Other Revenues	$ 27,127,000	$ 23,487,000	$ 70,000,000	$ 34,495,000	**$ 155,109,000**
Revenues Total		$ 1,134,095,000	$ 428,193,000	$ 70,000,000	$ 612,524,000	**$ 2,244,812,000**
Expenses	Salaries and Wages	$ 686,727,000	$ 130,760,000	$ 19,724,000	$ 213,515,000	**$ 1,050,726,000**
	Staff Benefits	$ 227,168,000	$ 38,534,000	$ 6,969,000	$ 54,756,000	**$ 327,427,000**
	Services, Supplies, Materials, & Equip.	$ 187,493,000	$ 205,329,000	$ 27,657,000	$ 292,386,000	**$ 712,865,000**
	Scholarships & Fellowships	$ 91,284,000	$ 667,000	$ 200,000	$ 99,100,000	**$ 191,251,000**
	Less Discounts and Allowances	*$ (91,284,000)*	*$ (667,000)*	*$ -*	*$ (72,026,000)*	***$ (163,977,000)***
	Debt Service	$ 9,989,000	$ 21,783,000	$ 580,000	$ 11,101,000	**$ 43,453,000**
	Utilities	$ 41,265,000	$ 5,203,000	$ 1,300,000	$ (1,013,000)	**$ 46,755,000**
	Other Expenses	$ -	$ -	$ -	$ -	**$ -**
Expenses Total		$ 1,152,642,000	$ 401,609,000	$ 56,430,000	$ 597,819,000	**$ 2,208,500,000**
Net Transfers		$ (3,362,000)	$ (8,812,000)	$ (9,662,000)	$ (11,945,000)	**$ (33,781,000)**
Change in Fund Balance			$ 17,772,000	$ 3,908,000	$ 2,760,000	**$ 24,440,000**

NC State University
FY 2026-27 All-Funds Budget

		General Fund - Academic Affairs	General Fund - Ag Research	General Fund - Cooperative Extension	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 623,995,000	$ 63,855,000	$ 46,925,000	$ -	$ -	$ -	**$ 734,775,000**
	Tuition & Fees	$ 412,996,000	$ (202,000)	$ 27,000	$ 24,251,000	$ -	$ 91,404,000	**$ 528,476,000**
	Less Discounts and Allowances	*$ (91,282,000)*		*$ (2,000)*	*$ (667,000)*	*$ -*	*$ (72,026,000)*	***$ (163,977,000)***
	Sales & Services	$ 42,184,000	$ 5,169,000	$ 3,103,000	$ 373,327,000	$ -	$ 1,446,000	**$ 425,229,000**
	Patient Services	$ -			$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ 200,000			$ 13,000	$ -	$ 515,250,000	**$ 515,463,000**
	Gifts & Investments	$ -			$ 7,782,000	$ -	$ 41,955,000	**$ 49,737,000**
	Other Revenues	$ 1,239,000	$ 10,581,000	$ 15,307,000	$ 23,487,000	$ 70,000,000	$ 34,495,000	**$ 155,109,000**
Revenues Total		$ 989,332,000	$ 79,403,000	$ 65,360,000	$ 428,193,000	$ 70,000,000	$ 612,524,000	**$ 2,244,812,000**
Expenses	Salaries and Wages	$ 601,357,000	$ 45,501,000	$ 39,869,000	$ 130,760,000	$ 19,724,000	$ 213,515,000	**$ 1,050,726,000**
	Staff Benefits	$ 198,272,000	$ 14,461,000	$ 14,435,000	$ 38,534,000	$ 6,969,000	$ 54,756,000	**$ 327,427,000**
	Services, Supplies, Materials, & Equip.	$ 158,675,000	$ 19,592,000	$ 9,226,000	$ 205,329,000	$ 27,657,000	$ 292,386,000	**$ 712,865,000**
	Scholarships & Fellowships	$ 91,282,000		$ 2,000	$ 667,000	$ 200,000	$ 99,100,000	**$ 191,251,000**
	Less Discounts and Allowances	*$ (91,282,000)*		*$ (2,000)*	*$ (667,000)*	*$ -*	*$ (72,026,000)*	***$ (163,977,000)***
	Debt Service	$ 9,989,000			$ 21,783,000	$ 580,000	$ 11,101,000	**$ 43,453,000**
	Utilities	$ 40,115,000	$ 777,000	$ 373,000	$ 5,203,000	$ 1,300,000	$ (1,013,000)	**$ 46,755,000**
	Other Expenses	$ -			$ -	$ -	$ -	**$ -**
Expenses Total		$ 1,008,408,000	$ 80,331,000	$ 63,903,000	$ 401,609,000	$ 56,430,000	$ 597,819,000	**$ 2,208,500,000**
Net Transfers		$ (3,362,000)	$ -	$ -	$ (8,812,000)	$ (9,662,000)	$ (11,945,000)	**$ (33,781,000)**
Change in Fund Balance					$ 17,772,000	$ 3,908,000	$ 2,760,000	**$ 24,440,000**

April 30, 2026

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

Re: North Carolina Agricultural and Technical State University- All Funds Budget Narrative FY 2026-27

Dear Ms. Haygood,

The FY 2026–27 All-Funds Budget for North Carolina Agricultural and Technical State University aligns institutional financial planning with the strategic priorities of both the University and the University of North Carolina System. The University of North Carolina System Strategic Plan emphasizes access and affordability, student success, economic impact, community engagement, institutional excellence, and diversity. North Carolina A&T State University's proposed **$586 million** all-funds budget advances these priorities while supporting the University's mission-specific goals outlined in *Preeminence 2030* and the *Now, Next & Beyond: North Carolina A&T Blueprint*. Collectively, this budget reflects disciplined resource alignment, continued investment in high-impact priorities, and a sustained focus on affordability and long-term financial sustainability.

Research and R1 Advancement

As North Carolina A&T State University continues its pursuit of the prestigious Research-1 (R1) classification, the FY 2026–27 budget is intentionally structured to accelerate research growth and sustain institutional momentum. Over the past three years, the University has secured approximately **$231 million** in research funding, reflecting significant expansion of its research enterprise. These investments prioritize doctoral production, faculty research capacity, and sponsored research infrastructure—each a critical driver of R1 attainment.

Building on recent milestones, the College of Agriculture and Environmental Sciences had a substantial increase in Ph.D. graduates and enrollment. The University continues to focus on scaling doctoral education and increasing research productivity. This progress strengthens a critical component of R1 classification and reinforces the University's growing capacity to produce high-impact research and advanced degree graduates.

The University remains steadfast to demonstrate research excellence through innovative, real-world applications, such as advancements in smart intersection technology that enhance transportation safety and infrastructure efficiency. These initiatives also contribute to workforce development, applied innovation, and economic impact across North Carolina.

To further support R1 attainment, the University continues to enhance graduate education through fellowship opportunities, increased access to research, and sponsored program opportunities. These enhancements are designed to attract and retain top-tier graduate students, whose contributions are essential to research productivity and innovation. Together, these efforts position North Carolina A&T to meet the research activity, doctoral production, and infrastructure requirements necessary for R1 designation, while advancing its mission as a leading land-grant institution. These investments are largely supported through strategic reallocation and enrollment-driven funding, reinforcing long-term sustainability while maintaining alignment with System priorities.

Student Success and Affordability

Student success and affordability remain a central priority within the FY 2026–27 All-Funds Budget. North Carolina A&T has strategically realigned its student support model through an integrated University Student Success Center, aligning advising, academic support, coaching, and intervention services to improve coordination, reduce duplication, and scale impact efficiently. This model advances a proactive, data-informed approach by leveraging tools such as EAB Navigate and real-time dashboards to identify at-risk students early and coordinate timely, targeted interventions. Key initiatives underway include standardized advising, expanded supplemental instruction in high-risk courses, enhanced summer bridge programs, and the **30-60-90 credit hour campaign**, all designed to strengthen retention and support timely degree completion. These initiatives strengthen both student outcomes and financial sustainability by preserving tuition revenue and reducing attrition. At the same time, the University remains committed to affordability by maximizing its **15% need-based financial aid commitment**, leveraging scholarship funding, and maintaining affordability by not increasing mandatory student fees or meal plan rates, thereby limiting additional cost burdens on students. This coordinated approach improves outcomes while reinforcing the University's commitment to access, affordability, and responsible stewardship of resources.

Strategic Resource Alignment and Financial Sustainability

North Carolina A&T continues to strategically align institutional resources to ensure investments directly support academic excellence, research growth, and mission fulfillment. The University's resource allocation model emphasizes optimization rather than reduction, ensuring that funds are deployed where they generate the greatest institutional impact.
As part of this approach, the University conducted a comprehensive three-year expenditure analysis comparing average historical spending patterns with base annual budget allocations across organizational units. This analysis identified areas that were:

- Under-budgeted, where operational demand exceeded recurring allocations; and
- Over-budgeted, where allocated resources consistently exceeded actual expenditure levels.

These insights inform data-driven budget reallocations, allowing the University to redirect resources toward academic programs, research expansion, and student success initiatives without compromising affordability or financial stability.

This integrated approach strengthens fiscal alignment, enhances transparency, and promotes a more adaptable and responsive financial structure that positions the University to sustain long-term growth while advancing its strategic goals, including progress toward R1 research status.

Impact on the University Financial Sustainability if Enrollment Growth Funding is Not Funded

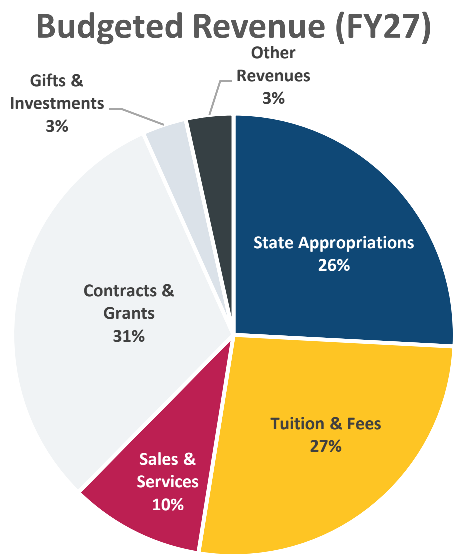
North Carolina A&T increased enrollment to more than **15,000 students**, resulting in approximately **$9.5 million** in funding generated through the enrollment funding model. These resources are critical to improving the student-to-faculty ratio and supporting strategic investments aligned with the University's progress toward achieving R1 status.
Without this funding, the University's ability to improve the student-to-faculty ratio would be significantly constrained, limiting its capacity to recruit and retain competitive faculty talent. This constraint would place increased pressure on course capacity, class size, and faculty workload, potentially slowing progress in both academic quality and research productivity. Absent enrollment growth funding, the University would be required to delay or scale back planned investments, reducing momentum toward institutional and System-level goals.

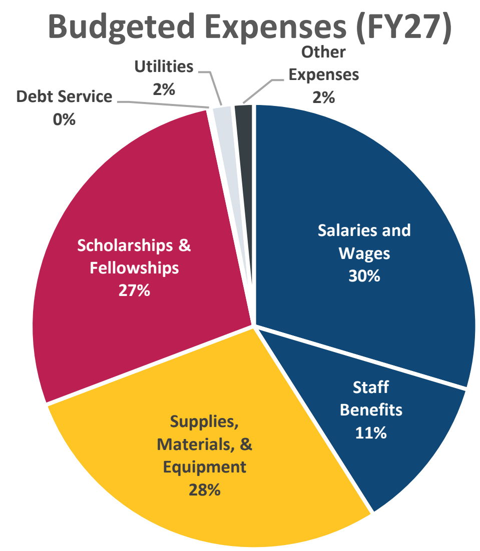
Sincerely,

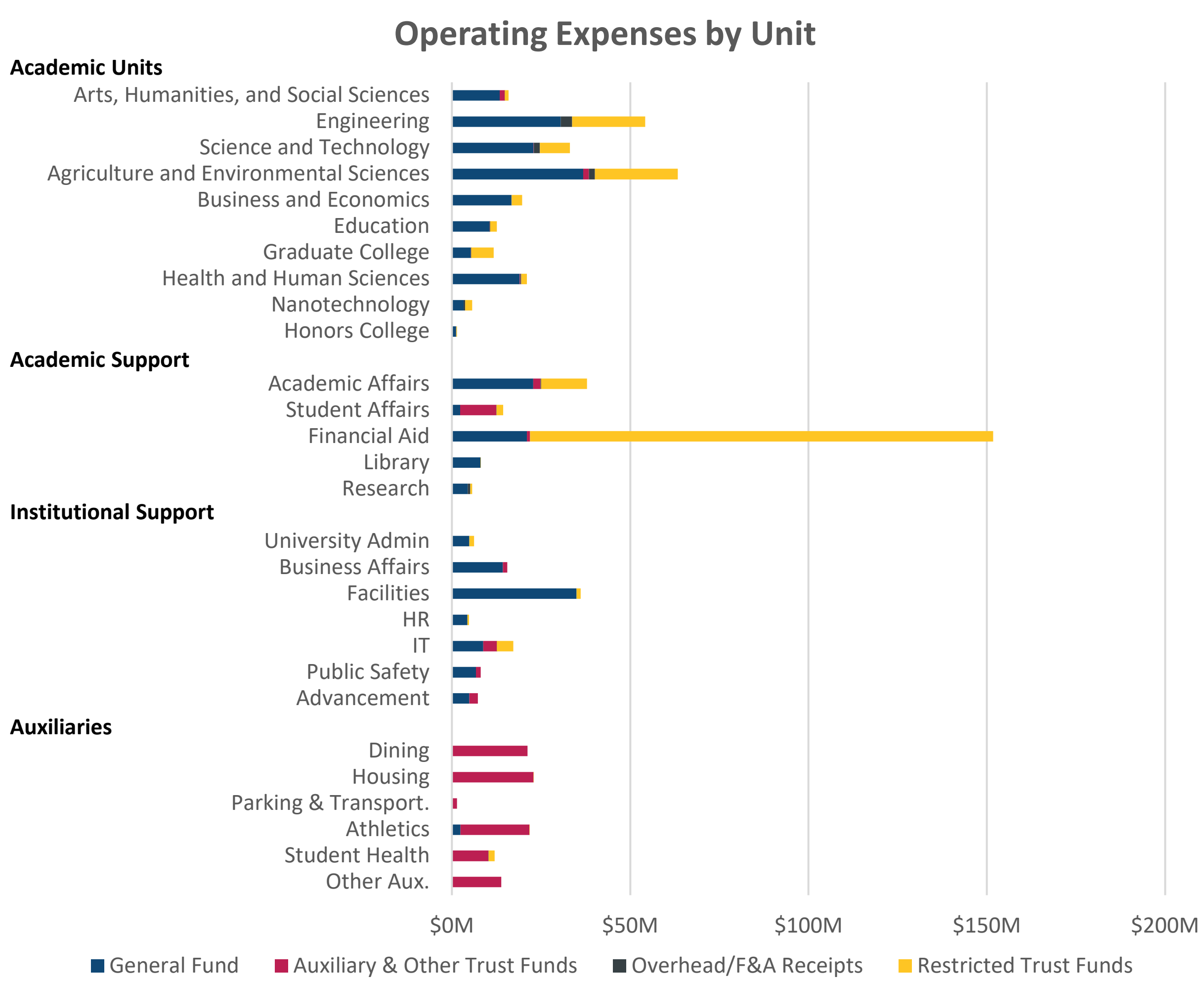
Virginia Teachey

Virginia Teachey
Vice Chancellor for Business and Finance/Chief Financial Officer

North Carolina A&T State University







North Carolina A&T State University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 173,457,000	$ -	$ -	$ -	**$ 173,457,000**
	Tuition & Fees	$ 130,787,000	$ 48,450,000	$ -	$ -	**$ 179,237,000**
	Less Discounts and Allowances	*$ (22,742,000)*	*$ (4,116,000)*	*$ -*	*$ (58,127,000)*	***$ (84,985,000)***
	Sales & Services	$ 1,785,000	$ 64,387,000	$ -	$ -	**$ 66,172,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 1,522,000	$ 8,847,000	$ 197,010,000	**$ 207,379,000**
	Gifts & Investments	$ -	$ 7,448,000	$ -	$ 14,240,000	**$ 21,688,000**
	Other Revenues	$ 5,644,000	$ 5,902,000	$ -	$ 11,805,000	**$ 23,351,000**
Revenues Total		$ 288,931,000	$ 123,593,000	$ 8,847,000	$ 164,928,000	**$ 586,299,000**
Expenses	Salaries and Wages	$ 147,429,000	$ 30,013,000	$ 500,000	$ 16,500,000	**$ 194,442,000**
	Staff Benefits	$ 56,626,000	$ 11,225,000	$ 202,000	$ 6,882,000	**$ 74,935,000**
	Services, Supplies, Materials, & Equip.	$ 75,341,000	$ 65,681,000	$ 8,121,000	$ 36,244,000	**$ 185,387,000**
	Scholarships & Fellowships	$ 22,742,000	$ 4,116,000	$ -	$ 153,365,000	**$ 180,223,000**
	Less Discounts and Allowances	*$ (22,742,000)*	*$ (4,116,000)*	*$ -*	*$ (58,127,000)*	***$ (84,985,000)***
	Debt Service	$ -	$ 1,366,000	$ -	$ -	**$ 1,366,000**
	Utilities	$ 8,947,000	$ 1,448,000	$ -	$ 1,000	**$ 10,396,000**
	Other Expenses	$ 588,000	$ 262,000	$ -	$ 9,261,000	**$ 10,111,000**
Expenses Total		$ 288,931,000	$ 109,995,000	$ 8,823,000	$ 164,126,000	**$ 571,875,000**
Net Transfers		$ -	$ -	$ -	$ -	**$ -**
Change in Fund Balance			$ 13,598,000	$ 24,000	$ 802,000	**$ 14,424,000**

North Carolina Central University is amid a sustained period of strong enrollment growth. For the first time in its history, total enrollment reached 9,300 students in Fall 2025, and current projections indicate that Fall 2026 will continue this upward trajectory. This growth has touched nearly every area of the university, including undergraduate, graduate, and professional programs, as well as the continued expansion of Project Kitty Hawk. Every day, more Eagles are *Soaring to New Heights*.

However, this enrollment growth – when coupled with funding shortfalls – has strained the FY26 university budget. The enrollment funding model already places pressure on growing institutions by operating on a funding delay. This feature has been further exacerbated by funding shortfalls. The university's FY26 budget was built with the assumption of $4.7M in enrollment growth funding due to the prior year, yet only half of that total has been received. Tuition and fee growth have not been sufficient to cover this widening gap. As a result, increased enrollment without corresponding revenue has placed considerable pressure on student-facing units, many of which have had to reduce services or rely on temporary faculty and staff to meet essential needs. Securing the full amount of earned enrollment growth funding in FY27 will be critical to right-sizing these units and maintaining progress toward key performance metrics.

Strategic Restructuring

NCCU began its FY27 budget process with a clearly defined goal:

> Establish a balanced budget addressing critical operating needs and strategic investments while maintaining academic excellence and student success and sustaining the student experience despite economic pressures and resource constraints.

In response to limited revenue growth, the university has prioritized the reallocation of existing resources to support critical investments in FY27. A new zero-based budget process was implemented to provide a more comprehensive understanding of university expenses and to identify opportunities for savings. Strategic reductions planned for FY27 include $2.7M in personnel savings from organizational restructuring, $400,000 in reduced professional development travel, and $500,000 in decreased student activities spending. These reallocations will enable targeted investments guided by UNC System strategic priorities and the university's strategic plan, *Soaring to New Heights: Vision 2030*.

The university has taken deliberate steps to address structural budget deficits. The university has identified funds from within Campus Enterprises to resolve auxiliary deficits in the ticket office and Eagle Card services. Multiple funding sources have been identified to support existing scholarship commitments and athletic expenses, alongside efforts to reduce costs. Additionally, adjustments have been made to better align funding sources with their intended purposes. For example, personnel supporting research compliance, student services, and other key administrative functions will be funded through state resources in accordance with state budget policy; student recreation personnel will be supported through student activities fees; and the Campus Security fee will be more effectively utilized to support police officer salaries.

New internal allocation models have been established for facilities and administrative costs within auxiliary units to ensure each unit fully supports the cost of its operations. The university has also implemented investment in plant requirements to ensure auxiliaries are addressing deferred maintenance needs and planning for long-term capital investments.

Investments in Strategic Priorities

Given constrained revenue, investments in FY27 are focused on the university's highest priorities as defined by its strategic plan.

Academic Excellence and Student Experience

The university is making targeted investments in faculty and student-facing positions most affected by increased demand. Faculty hiring is concentrated in high-growth areas such as Business, Physical Sciences, Social Sciences, and the School of Law. Additional investments support advising, student accounting, and student services. By reallocating resources from lower-priority areas, the university aims to strengthen student support and advance key student success outcomes.

University Infrastructure

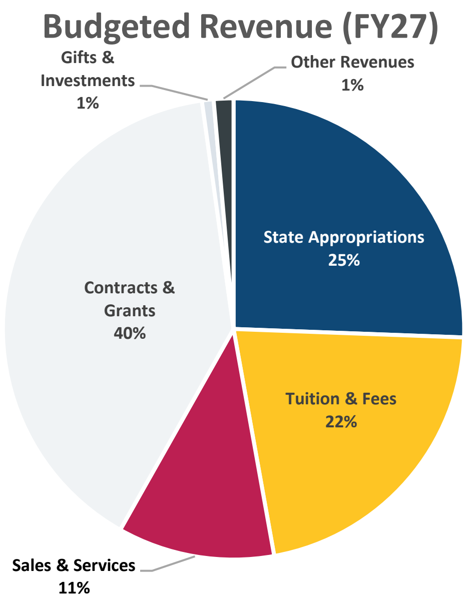
The university is addressing critical infrastructure needs after years of deferred investment. The FY27 All-Funds Budget includes dedicated support for facilities across both state-funded and auxiliary operations. Reallocations within the state budget have increased funding for academic and administrative facilities. The removal of non-housing expenses from the housing fund has allowed for greater investment in residential facilities. Additionally, the university is making a strategic one-time investment in a campus-wide Wi-Fi refresh using Educational and Technology fees.

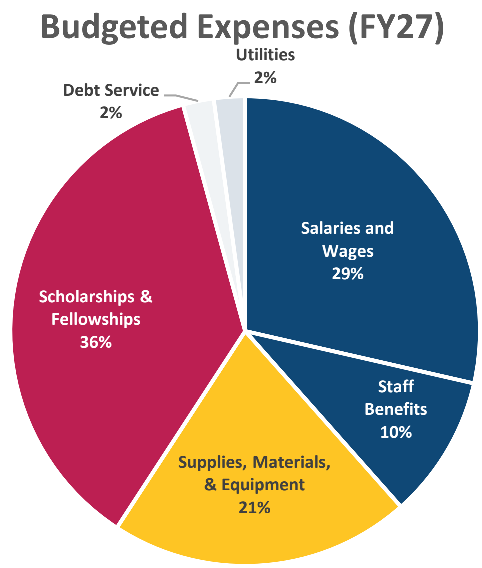
Looking Ahead to FY28

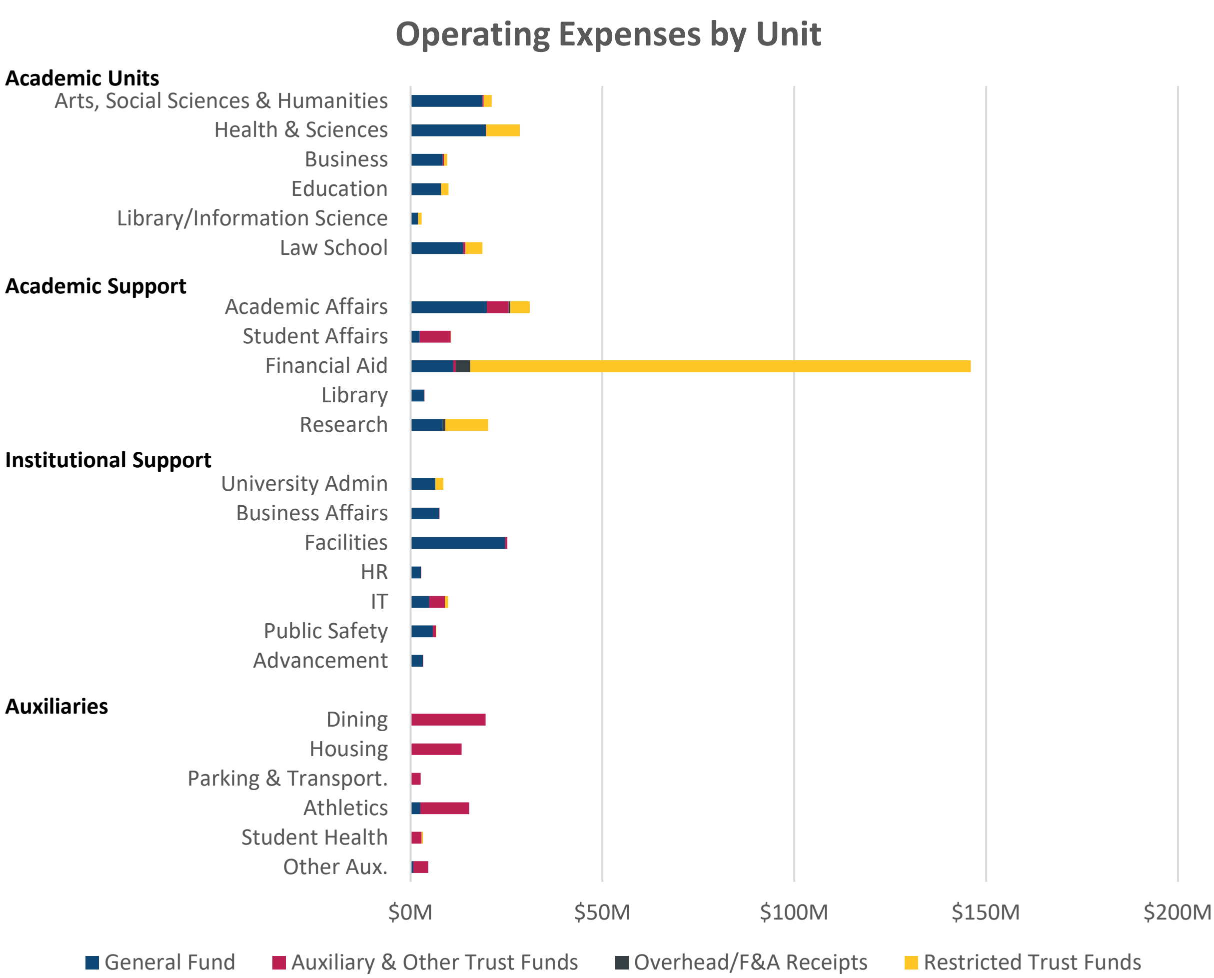
The FY27 budget process marked meaningful progress in strengthening the university's financial structure and stewardship. Looking ahead, the university will continue refining financial practices to better optimize resources and mitigate risks. This process plays a critical role in supporting academic excellence, advancing student success, and promoting long-term institutional sustainability – positioning NCCU to continue *Soaring to New Heights*.

North Carolina Central University

THE UNIVERSITY OF NORTH CAROLINA SYSTEM







North Carolina Central University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 110,312,000	$ -	$ -	$ -	**$ 110,312,000**
	Tuition & Fees	$ 62,486,000	$ 30,589,000	$ -	$ -	**$ 93,075,000**
	Less Discounts and Allowances	*$ (11,021,000)*	*$ (5,893,000)*	*$ -*	*$ (8,086,000)*	***$ (25,000,000)***
	Sales & Services	$ -	$ 47,373,000	$ -	$ 70,000	**$ 47,443,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 45,000	$ 4,951,000	$ 165,824,000	**$ 170,820,000**
	Gifts & Investments	$ -	$ 693,000	$ -	$ 2,833,000	**$ 3,526,000**
	Other Revenues	$ 2,400,000	$ 3,430,000	$ -	$ 127,000	**$ 5,957,000**
Revenues Total		$ 164,177,000	$ 76,237,000	$ 4,951,000	$ 160,768,000	**$ 406,133,000**
Expenses	Salaries and Wages	$ 94,045,000	$ 13,415,000	$ 19,000	$ 13,490,000	**$ 120,969,000**
	Staff Benefits	$ 33,780,000	$ 4,840,000	$ 4,000	$ 3,157,000	**$ 41,781,000**
	Services, Supplies, Materials, & Equip.	$ 27,195,000	$ 41,422,000	$ 906,000	$ 18,322,000	**$ 87,845,000**
	Scholarships & Fellowships	$ 11,021,000	$ 5,893,000	$ 4,022,000	$ 133,674,000	**$ 154,610,000**
	Less Discounts and Allowances	*$ (11,021,000)*	*$ (5,893,000)*	*$ -*	*$ (8,086,000)*	***$ (25,000,000)***
	Debt Service	$ 658,000	$ 8,325,000	$ -	$ -	**$ 8,983,000**
	Utilities	$ 9,079,000	$ 3,000	$ -	$ -	**$ 9,082,000**
	Other Expenses	$ -	$ -	$ -	$ -	**$ -**
Expenses Total		$ 164,757,000	$ 68,005,000	$ 4,951,000	$ 160,557,000	**$ 398,270,000**
Net Transfers		$ 582,000	$ (8,009,000)	$ -	$ -	**$ (7,427,000)**
Change in Fund Balance			$ 223,000	$ -	$ 211,000	**$ 434,000**

NCSSM Budget Alignment with Strategic Priorities - FY 2026-27 All Funds Budget

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 interdisciplinary curriculum for students in our enrolled programs, as well as curriculum in data science for students in our enrolled programs and students across North Carolina. We continue expanding our virtual learning programs that now enroll more than 1100 students from across North Carolina to take courses via NCSSM's Online and NCSSM Connect Programs. We have been able to use enrollment growth funding to more than double enrollment in these programs over the past six years. The $261,527 in anticipated enrollment growth funding in the FY 2026-27 budget is critical to supporting our increased enrollment in 2025-26 and the anticipated enrollment increases for 2026-27.

With the final two buildings on our Morganton campus coming online in 2025-26, we hope to receive our final allocation of Building Reserve Funds in the FY 2026-27 budget. This $156,767 is critical to address the increased operating costs related to these facilities.

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 1,500 students in 2021 to more than 2,100 students in 2026-27. This growth in our enrolled programs, coupled with our growing summer programs in which we served nearly 2,500 students in summer 2025, is allowing NCSSM to grow its mission to advance public education in North Carolina. With the growth in our programs, we have been able to serve more students from counties in North Carolina who have lower post-secondary enrollment for high school graduates, which is aligned with our strategic priorities and those of the UNC System.

As we have expanded over the past several years, we have focused our efforts on 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. I think that it is particularly important to note that as we have opened a second campus and grown all our programs, we have not increased 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. As we strive to operate as efficiently as possible, our funding model provides significant challenges given our dependence on state appropriations. I greatly appreciate our collaboration with Jennifer Haygood and her team to help identify a Small School Funding Formula that, if included in the state budget, will help address this challenge and keep pace with inflation. We will be advocating including the $261,410 in funding from this formula in the FY 2026-27 budget. Since we have no ability to increase tuition or fees, this funding is critical for NCSSM to address inflationary pressures from utilities, contracting for campus safety, and other non-personnel costs.

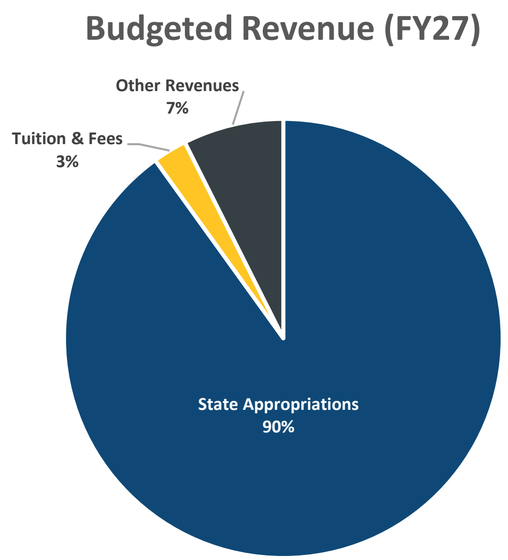
A very important strategic goal of our Board of Trustees is to ensure our employees are adequately compensated. We are hopeful that the FY 2026-27 state budget will provide compensation increases for all our employees. In particular our faculty, who are paid on a salary schedule similar to K-12 teachers, have fallen further behind state K-12 teachers as these teachers have continued to receive step increases, even in FY 2025-26, while our faculty have not. This is increasingly becoming a challenge, especially in the Triangle market where teachers in the Wake, Durham, and Chapel Hill school districts are paid more than NCSSM faculty in the first 20 years of their careers. This gap has only grown over the past few years as teachers in these school districts have received larger state pay increases, as well as local county supplement increases. Finally, when the compensation model changed for NCSSM faculty four years ago, the state stopped providing funding to support the 12% compensation increase teachers receive if they receive National Board of Professional Teaching Standards certification (NBPTS). We have had to fund these costs from our budget each year to ensure that our faculty can continue to pursue NBPTS and receive the associated compensation increase.

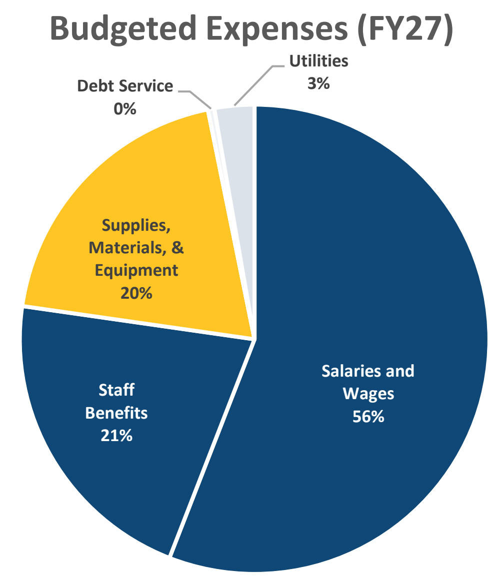
As an institution with very limited funding sources – only state appropriations and private philanthropic funding – we have worked very intentionally to align our resources to meet our core mission and to align with our strategic priorities, which are all focused on how we can best meet our mission of serving talented students across North Carolina and advancing public education in our state. We closed out our multi-year Ignite + Transform fundraising campaign in June 2025 a year early, having exceeded our $50 million fundraising goal by $36 million dollars. These private dollars, along with state funding, are helping us extend our reach and impact, as well as building our Morganton campus and significantly improve the facilities on our Durham campus. The capital and repair and renovation funding included in the Board of Governors FY 2026-27 priorities are critical for us to be able to continue the much-needed renovations to our Durham campus as we hope to have the Durham campus largely renovated by 2030. I would like to thank Katherine Lynn and her team for the tremendous support they have provided NCSSM to help us manage the significant amount of capital projects our very small NCSSM team has been managing across our two campuses. We could not have made the progress we have made without them.

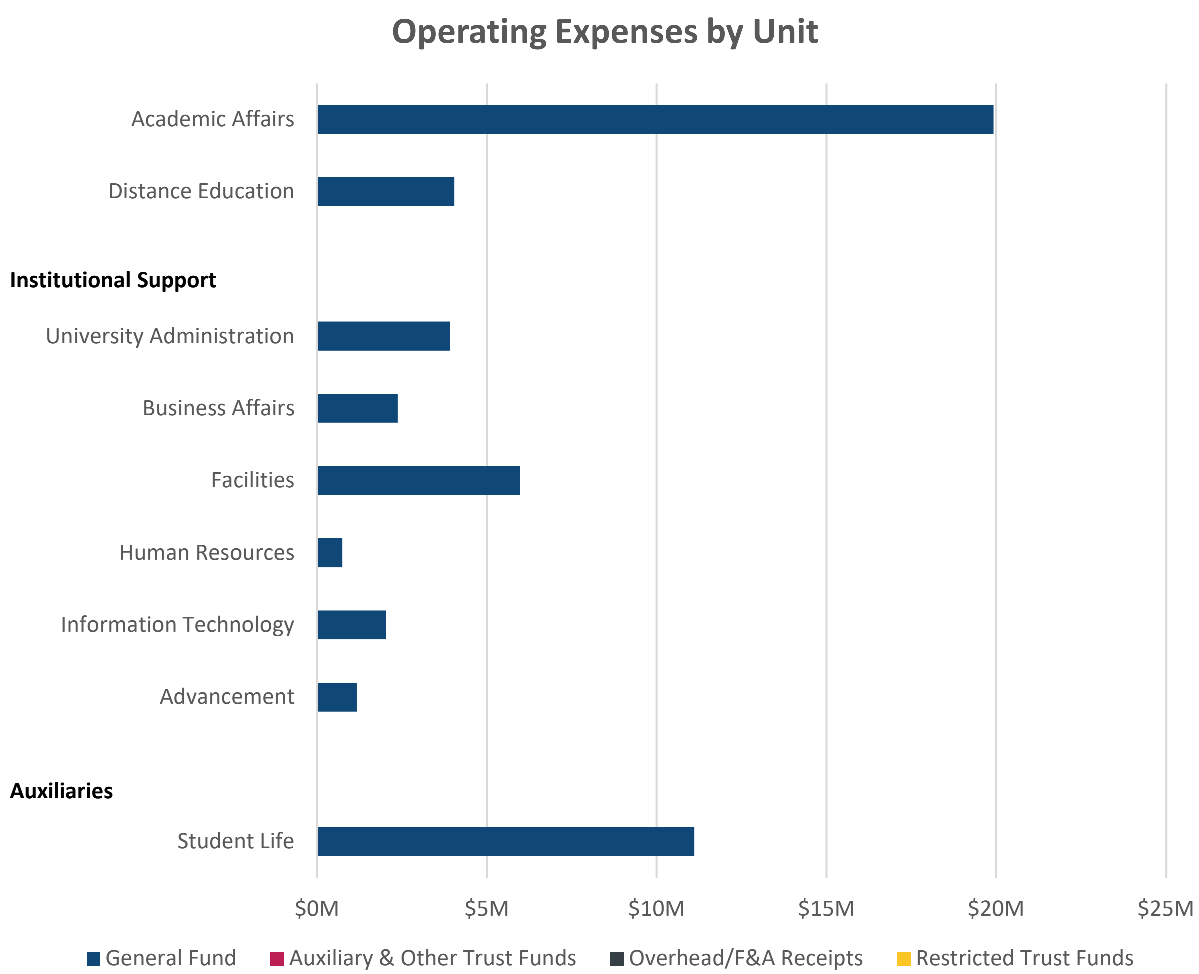
We believe that NCSSM does a very effective job managing and deploying our resources to meet our mission and we greatly appreciate the support we receive from the UNC System, Board of Governors, the state that allows us to serve students from across our great state.

North Carolina School of Science and Mathematics

THE UNIVERSITY OF NORTH CAROLINA SYSTEM







North Carolina School of Science and Mathematics
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 46,181,000	$ -	$ -	$ -	**$ 46,181,000**
	Tuition & Fees	$ 1,300,000	$ -	$ -	$ -	**$ 1,300,000**
	Less Discounts and Allowances	*$ -*	*$ -*	*$ -*	*$ -*	**$ -**
	Sales & Services	$ -	$ -	$ -	$ -	**$ -**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ -	$ -	$ -	**$ -**
	Gifts & Investments	$ -	$ -	$ -	$ -	**$ -**
	Other Revenues	$ 3,805,000	$ -	$ -	$ -	**$ 3,805,000**
Revenues Total		$ 51,286,000	$ -	$ -	$ -	**$ 51,286,000**
Expenses	Salaries and Wages	$ 28,671,000	$ -	$ -	$ -	**$ 28,671,000**
	Staff Benefits	$ 10,960,000	$ -	$ -	$ -	**$ 10,960,000**
	Services, Supplies, Materials, & Equip.	$ 10,016,000	$ -	$ -	$ -	**$ 10,016,000**
	Scholarships & Fellowships	$ -	$ -	$ -	$ -	**$ -**
	Less Discounts and Allowances	*$ -*	*$ -*	*$ -*	*$ -*	**$ -**
	Debt Service	$ 232,000	$ -	$ -	$ -	**$ 232,000**
	Utilities	$ 1,407,000	$ -	$ -	$ -	**$ 1,407,000**
	Other Expenses	$ -	$ -	$ -	$ -	**$ -**
Expenses Total		$ 51,286,000	$ -	$ -	$ -	**$ 51,286,000**
Net Transfers		$ -	$ -	$ -	$ -	**$ -**
Change in Fund Balance			$ -	$ -	$ -	**$ -**

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

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

From: Josh Lassiter
Interim Vice Chancellor for Budget & Finance, UNC Asheville

Date: May 1, 2026

Re: UNC Asheville FY27 All-Funds Budget Narrative

The fiscal year 2026-27 (FY27) All-Funds budget for the University of North Carolina Asheville (UNC Asheville) was adopted by the Board of Trustees during its April 2026 meeting. The FY27 All-Funds Budget is balanced and includes new investments in academic program innovations that will continue to strengthen UNC Asheville's position as a student-centered public liberal arts and sciences university.

Hurricane Helene had a significant adverse impact on UNC Asheville's Fall 2025 class, most notably contributing to a smaller incoming freshman class. While the University is aggressively advancing efforts to strengthen recruitment, retention, and graduation rates—and remains deeply committed to student affordability—rebuilding enrollment momentum in the near term will be challenging. UNC Asheville continues to prioritize strategic actions to support enrollment growth.

Strategic Resource Alignment

The budget development process for FY27 was guided by five strategic objectives:

- Student Career & Leadership Development
- Technology-Integrated Curriculum
- Student Experience
- Future-Facing Academic Curriculum
- Operational Efficiency & Relevance

The FY27 budget adopted by UNC Asheville aligns with these strategic objectives by investing in a refresh of classroom technology, providing summer tuition grants, increasing summer faculty salary, continuing to invest in the UNC System Shared Services model, and launching a new women's flag football team.

Student Affordability

Demonstrating a commitment to access and affordability, UNC Asheville continues its Access Asheville program, which ensures NC residents with a household adjusted gross income (AGI) of $90,000 or less can attend UNC Asheville free of tuition and fees. In addition, students from Georgia, South Carolina, Tennessee, and Virginia with a household AGI of $90,000 or less will have their tuition and fees reduced to no more than $10,000.

In 2024, the North Carolina General Assembly appropriated funds to UNC Asheville to be used as tuition grants following Hurricane Helene. Remaining funds are being used to provide tuition grants in summer 2026. Summer tuition grants in 2025 were key to a fifty-six percent increase in summer student credit hours, which enabled students to get back on track for graduation after the disruption caused by Hurricane Helene.

Financial Sustainability

UNC Asheville's budget is structurally balanced – i.e. no non-recurring source of funds is being used to fund a recurring obligation. Without enrollment funding, recurring reductions will be necessary to maintain a structurally balanced budget.

Enrollment funding from the state is key to continuing existing operations at UNC Asheville.

Inflationary pressures, especially in utilities and information technology, create new recurring obligations in our budget each year. Meeting these recurring obligations requires either additional revenue or cost savings.

UNC Asheville is committed to pursuing efficiencies that create cost savings. To this end, UNC Asheville is participating in the System Office Shared Services program in Human Resources, Payroll, and Information Technology. Through this program, UNC Asheville generated salary savings and is helping to pilot the shared services model in these areas.

UNC Asheville is also demonstrating restraint in administrative spending by remaining well below the administrative FTE cap established by the System Office.

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."

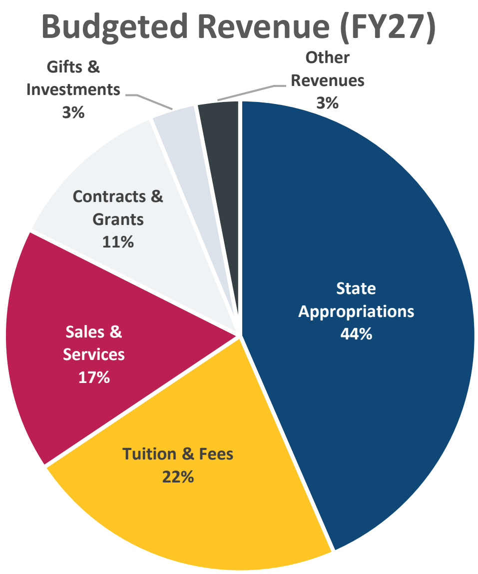
Together, the actions summarized above position UNC Asheville to navigate near-term financial pressures while maintaining alignment with its long-term strategic priorities.

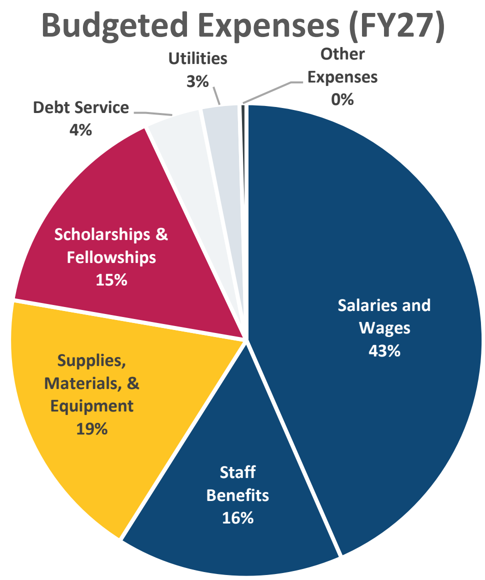
As UNC Asheville presents its FY27 budget, we express our gratitude to faculty, staff, students and our leadership team for their thoughtful engagement in the University budget process, a process that has matured significantly over the last 3 fiscal years.

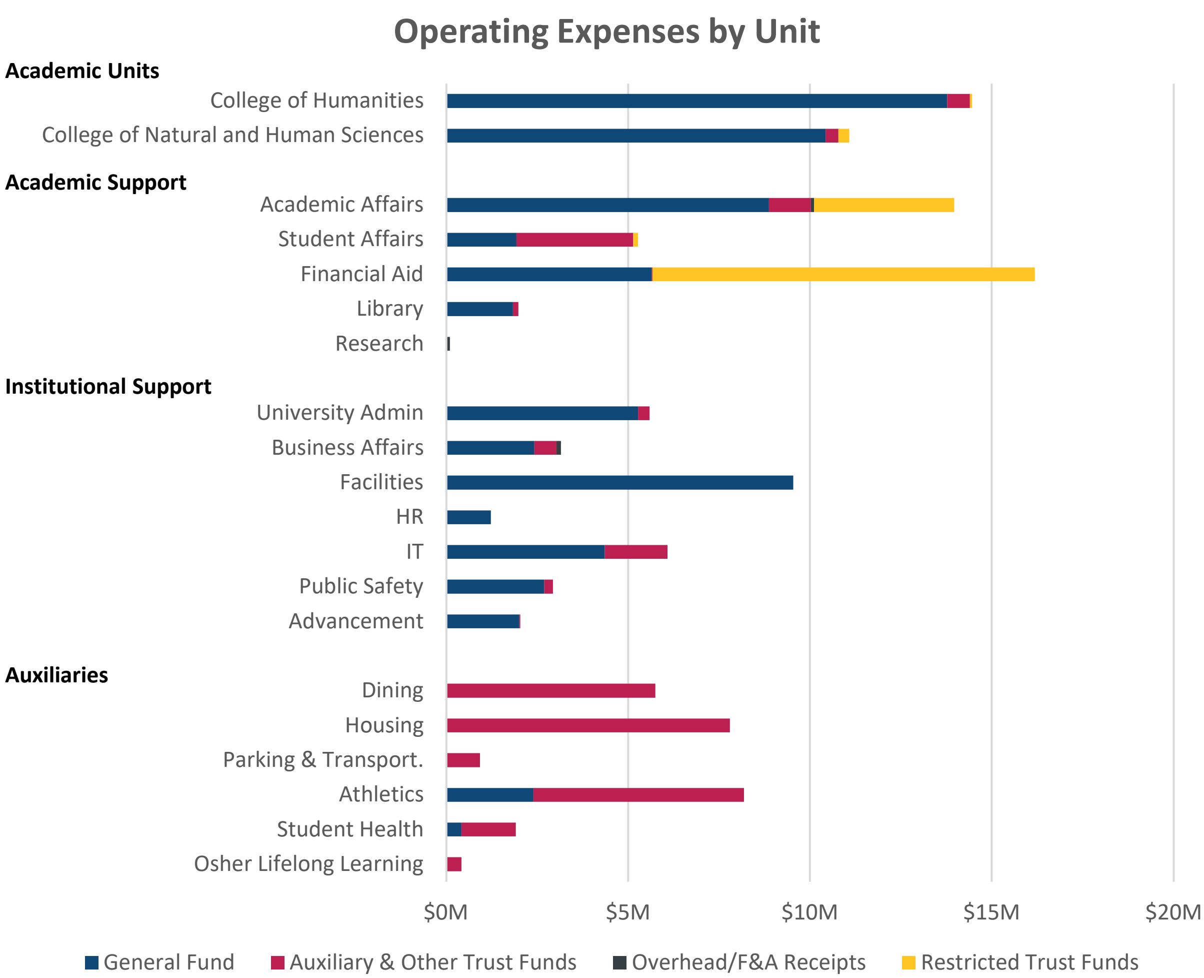
As always, please contact me if you have questions or need additional information.

Cc: Chancellor Kimberly van Noort

UNC Asheville







University of North Carolina Asheville
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 53,459,000	$ -	$ -	$ -	**$ 53,459,000**
	Tuition & Fees	$ 17,054,000	$ 10,157,000	$ -	$ -	**$ 27,211,000**
	Less Discounts and Allowances	*$ (5,259,000)*	*$ (2,337,000)*	*$ -*	*$ (6,975,000)*	***$ (14,571,000)***
	Sales & Services	$ -	$ 20,644,000	$ -	$ -	**$ 20,644,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 719,000	$ -	$ 13,259,000	**$ 13,978,000**
	Gifts & Investments	$ -	$ 2,317,000	$ -	$ 1,604,000	**$ 3,921,000**
	Other Revenues	$ 2,400,000	$ 859,000	$ 470,000	$ -	**$ 3,729,000**
Revenues Total		$ 67,654,000	$ 32,359,000	$ 470,000	$ 7,888,000	**$ 108,371,000**
Expenses	Salaries and Wages	$ 41,669,000	$ 7,571,000	$ 153,000	$ 2,144,000	**$ 51,537,000**
	Staff Benefits	$ 14,815,000	$ 2,763,000	$ 65,000	$ 784,000	**$ 18,427,000**
	Services, Supplies, Materials, & Equip.	$ 8,984,000	$ 12,331,000	$ 93,000	$ 840,000	**$ 22,248,000**
	Scholarships & Fellowships	$ 5,259,000	$ 2,337,000	$ -	$ 10,534,000	**$ 18,130,000**
	Less Discounts and Allowances	*$ (5,259,000)*	*$ (2,337,000)*	*$ -*	*$ (6,975,000)*	***$ (14,571,000)***
	Debt Service	$ -	$ 4,583,000	$ -	$ -	**$ 4,583,000**
	Utilities	$ 2,161,000	$ 999,000	$ -	$ -	**$ 3,160,000**
	Other Expenses	$ -	$ -	$ -	$ 560,000	**$ 560,000**
Expenses Total		$ 67,629,000	$ 28,247,000	$ 311,000	$ 7,887,000	**$ 104,074,000**
Net Transfers		$ (29,000)	$ (1,226,000)	$ -	$ -	**$ (1,255,000)**
Change in Fund Balance			$ 2,886,000	$ 159,000	$ 1,000	**$ 3,046,000**

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

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

Date: May 1, 2026

Re: UNC-Chapel Hill FY27 All-Funds Budget Narrative

It is my pleasure to share the fiscal year 2026-27 (FY27) budget for the University of North Carolina at Chapel Hill, which was approved by the Board of Trustees on March 26, 2026. Savings from our $89M budget sequestration initiative created the capacity to reinvest in four key priorities that you will see reflected in the FY27 budget.

This comprehensive, all-funds budget conforms to all UNC System guidelines, providing the adequate structural foundation to execute the University's strategic goals, while supporting the delivery of UNC-Chapel Hill's world-class teaching, research and service mission in a financially sustainable manner. The FY27 All-Funds Budget, totaling $4.6 billion, reflects not only the complexity, broad scope and impact of the University's mission but also a commitment to fiscal stewardship with emphasis on affordability for students and families.

The University's budget process started in fall 2025 and incorporated dedicated time for units to review and revise their base budgets prior to submitting any new budget requests. Our Chancellor, Provost, and our Finance and Budget leadership teams held more than 30 meetings with campus units to discuss fiscal challenges, opportunities and priorities. In our fifth consecutive year of developing an all-funds budget, we benefited from four years of accumulated budget data, continuous improvement of the budget process, unit-specific metrics to better inform decision-making, and the engagement and dedication of our campus partners.

FY27 Budget Priorities

The FY27 All Funds Budget reflects a conservative approach to spending, with a focus on four strategic priorities:

- **Fiscal Responsibility:** Guided by mandate of the UNC-Chapel Hill Board of Trustees, our $89M budget sequestration — including our $25M ServiceFirst administrative efficiency initiative — strengthens our financial foundation and addresses financial pressure. Savings generated through this approach are reinvested in strategic priorities, reflecting our commitment to a transparent, all-funds budget and to affordability for students and families.
- **Campus Safety, Renewal and Expansion:** The FY27 budget directs targeted investments toward campus safety and critical infrastructure, including a Real Time Information Center, an exterior camera project, life-safety upgrades such as fire alarms and lab ventilation improvements, and expanded Narcan availability across campus.
- **ROI to the State:** Reflecting a strong commitment to North Carolina's workforce needs as represented in the Workforce Report presented at the April Board of Governors meeting, the budget prioritizes enrollment

funding to bring more in-state students into high-demand degree programs like engineering, invests in classroom and lab renovation, and provides startup funding for STEM and Engineering faculty and Civic Life and Leadership support.

- **Adapting to a Changing Research Environment:** In response to shifts in the federal research landscape, the University is adjusting its sponsored research and F&A budget while channeling resources into an AI Investment Fund and facilities maintenance to ensure long-term compliance and research capacity.

Strategic Resource Alignment

UNC-Chapel Hill's budget planning process is grounded in a data-driven, unit-level metrics framework that tracks key indicators — credit hour production, student enrollment, faculty FTE, student-to-faculty ratio, and research activity — to ensure resource allocation decisions are tied to academic performance and mission outcomes. These metrics, reviewed annually with each unit as part of their budget submission, inform how the University directs investments toward areas of growth and efficiency, with the goals of supporting high degree completion rates, managing the cost of education per degree, and ensuring students are progressing toward graduation without accumulating unnecessary debt.

Financial Sustainability

Operating in an environment of significant funding uncertainty — the absence of a state budget, an unresolved enrollment funding question, and a shifting federal research landscape — the University identified Fiscal Responsibility as one of our four core budget priorities for FY 2027. Our commitment to financial sustainability is further underscored by a budget planning exercise that challenged units to identify efficiencies equivalent to a 5% reduction of centrally allocated funds.

Carolina has begun implementation of a budget sequestration plan (launched in 2025 by mandate of the Board of Trustees) that spans a broad range of operational areas, with total planned savings projected to reach $89.2 million by year three. Already, $17.5 million in savings has been realized in FY2026, growing to $45.2 million in cumulative savings by the end of FY2027. Some highlights of these savings include:

- Administrative Staff Reductions: The single largest savings lever, targeting $25 million (or roughly a 5% reduction target) in recurring annual savings by FY2028 through attrition and ServiceFirst-driven restructuring. Over the past nine months, more than $7 million in base salary savings was achieved through attrition and strategic management of vacant positions.
- Nonresident Financial Aid: A phased reduction generating $4.3 million in FY2026 and scaling to $17.2 million in total planned savings, reflecting a strategic recalibration of aid awards to prioritize support for North Carolina’s high school graduates.
- Centers and Institutes: A consolidation effort yielding $7 million in recurring savings through operational efficiencies and the absorption or restructuring of select centers back into academic units.
- Low Performing Academic Programs: A targeted review of underenrolled and lower-return programs, generating up to $2 million in planned savings as resources are redirected toward higher-demand areas of study.
- Food Purchases & Procurement: A combination of procurement efficiencies and a campus-wide initiative to reduce food/catering expenditures, projected to achieve more than $9 million in combined annual savings.

Taken together, these savings targets, among others, reflect a disciplined, multi-year approach to reducing costs while preserving the University's capacity to invest in its core academic and research mission.

Student Affordability and Value

UNC-Chapel Hill proves that it is possible to deliver both excellence and affordability. Ranked No. 1 for best value among public institutions in the 2026 U.S. News & World Report Best Colleges rankings for the 21st year, Carolina continues to deliver a world-class education at a cost that makes it accessible to students from all backgrounds. 70% of Carolina undergraduates graduate without any student loan debt, an achievement that distinguishes the University from its peer institutions.

Affordability is a core responsibility that is embedded directly into the budget planning process. This year, campus units were asked to identify opportunities to support student affordability — from eliminating duplicative programs and consolidating offices to reducing administrative layers and carefully weighing any rate increases that could affect overall cost of attendance — and to reflect those efforts in their FY27 budget submissions.

Importance of State Enrollment Funding

A critical component of Carolina's FY27 budget is the anticipated receipt of state enrollment funding, approximately $17.7 million in recurring funding across the biennium. This revenue is foundational to our ability to sustain the internal resource allocation model the University developed to support student credit hour growth. Without a state budget, we have not yet received the enrollment funding allotted for our freshman and sophomore classes, which creates real uncertainty in our planning and our ability to sustain strategic goals around serving more North Carolina residents. We remain hopeful that the legislature will pass a budget this session that includes enrollment funding.

Additional requests from the state include participation in sports revenue allocation and infrastructure funding for Carolina North.

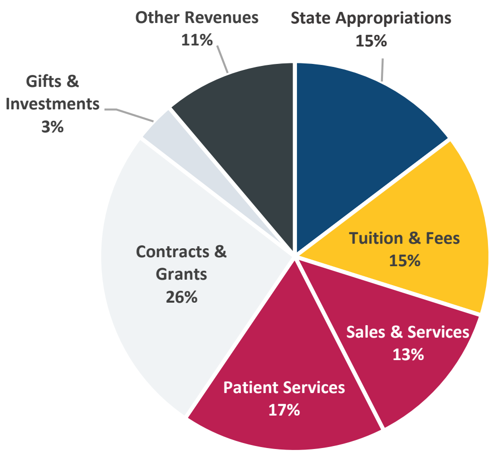
In Summary

Carolina's FY 2026-27 All-Funds Budget reflects a University that is adapting thoughtfully to a complex and shifting environment: maintaining fiscal discipline, investing in the safety and growth of our campus, and expanding opportunity for North Carolinians. Our budget remains anchored in a commitment to student affordability, transparent stewardship of public resources, and the long-term outstanding academic and research mission that defines UNC-Chapel Hill.

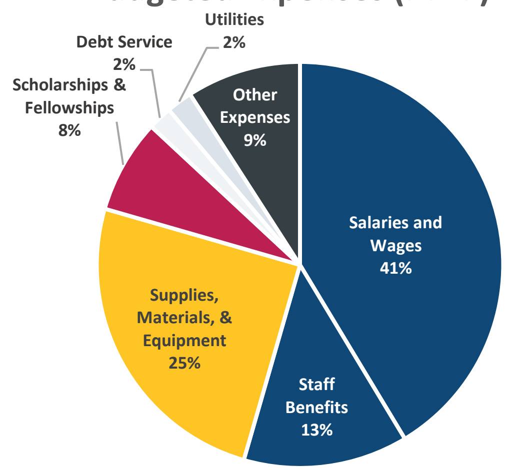
UNC-Chapel Hill

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

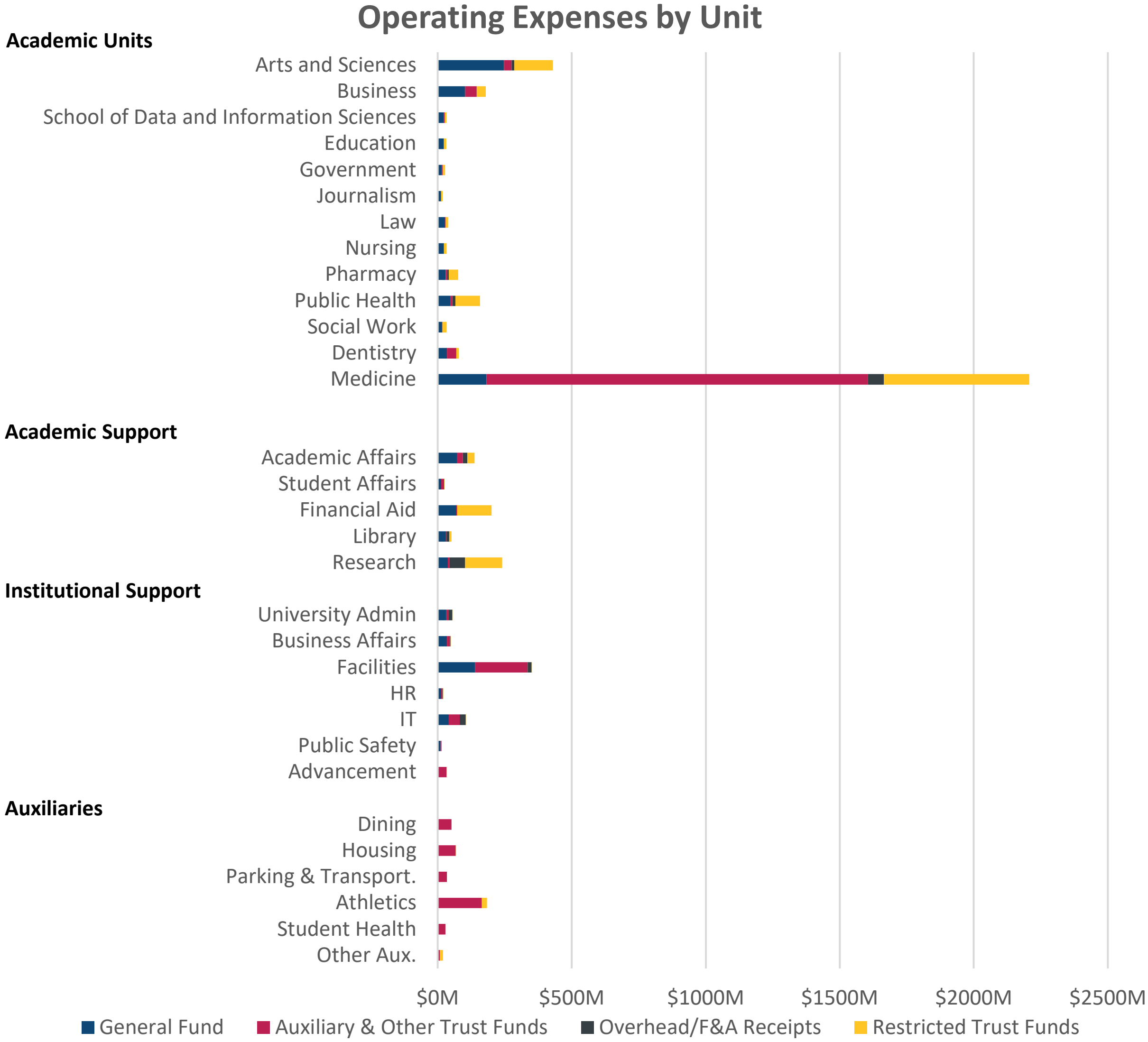
Budgeted Revenue (FY27)



Budgeted Expenses (FY27)



Operating Expenses by Unit



University of North Carolina at Chapel Hill
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 705,421,000	$ -	$ -	$ -	**$ 705,421,000**
	Tuition & Fees	$ 591,433,000	$ 138,658,000	$ -	$ 15,000	**$ 730,106,000**
	Less Discounts and Allowances	*$ (106,720,000)*	*$ (14,524,000)*	*$ -*	*$ (81,126,000)*	***$ (202,370,000)***
	Sales & Services	$ 892,000	$ 603,430,000	$ -	$ 2,010,000	**$ 606,332,000**
	Patient Services	$ -	$ 817,175,000	$ -	$ -	**$ 817,175,000**
	Contracts & Grants	$ 200,000	$ 8,361,000	$ 246,055,000	$ 993,733,000	**$ 1,248,349,000**
	Gifts & Investments	$ -	$ 17,871,000	$ -	$ 145,153,000	**$ 163,024,000**
	Other Revenues	$ 56,000	$ 388,949,000	$ -	$ 147,262,000	**$ 536,267,000**
Revenues Total		$ 1,191,282,000	$ 1,959,920,000	$ 246,055,000	$ 1,207,047,000	**$ 4,604,304,000**
Expenses	Salaries and Wages	$ 643,654,000	$ 823,770,000	$ 71,726,000	$ 443,548,000	**$ 1,982,698,000**
	Staff Benefits	$ 214,678,000	$ 258,305,000	$ 26,154,000	$ 128,626,000	**$ 627,763,000**
	Services, Supplies, Materials, & Equip.	$ 146,122,000	$ 627,487,000	$ 79,476,000	$ 345,218,000	**$ 1,198,303,000**
	Scholarships & Fellowships	$ 106,720,000	$ 14,524,000	$ 5,131,000	$ 231,762,000	**$ 358,137,000**
	Less Discounts and Allowances	*$ (106,720,000)*	*$ (14,524,000)*	*$ -*	*$ (81,126,000)*	***$ (202,370,000)***
	Debt Service	$ -	$ 70,736,000	$ 19,682,000	$ 791,000	**$ 91,209,000**
	Utilities	$ 77,089,000	$ 21,225,000	$ 314,000	$ 95,000	**$ 98,723,000**
	Other Expenses	$ 108,973,000	$ 176,572,000	$ 43,373,000	$ 107,357,000	**$ 436,275,000**
Expenses Total		$ 1,190,516,000	$ 1,978,095,000	$ 245,856,000	$ 1,176,271,000	**$ 4,590,738,000**
Net Transfers		$ (768,000)	$ 4,024,000	$ (200,000)	$ (13,420,000)	**$ (10,364,000)**
Change in Fund Balance			$ (14,151,000)	$ (1,000)	$ 17,356,000	**$ 3,204,000**

May 1, 2026

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 2026-267

Dear Ms. Haygood,

The All-Funds Budget for the University of North Carolina at Charlotte for fiscal year 2026-27 was developed consistent with UNC System guidelines to support the System and University strategic plans. The budget process began in late 2025 and included significant cross-university collaboration and support with the final budget approved by the UNC Charlotte Board of Trustees on April 29, 2026. 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 2026-27 All-Funds Budget aligns resources with strategic priorities.

Change from the Prior Year

Changes to the University's All-Funds Budget from the prior year include legislative appropriations for enrollment growth, higher sales and services, and gift revenue for construction projects. State appropriations anticipated for enrollment growth increased the University's general fund budget. Like last year, the FY 2026-27 budget anticipates a one percent increase in student enrollment. Additional tuition revenue from higher-than- expected enrollment in the prior year is also reflected. Likewise, additional sales and services revenues from auxiliary units (and corresponding expenses) are reflected in this budget. $18 million (of a larger gift) is reflected in gifts and investments and net transfers for the Richardson stadium expansion project expected to be expended in FY 2026-27.

Strategic Realignment of Resources

UNC Charlotte remains dedicated to maximizing administrative efficiency and strategically reallocating campus resources to directly benefit the student educational experience. This FY 2026-27 budget contains internal reallocations for academic programs where faculty lines were reallocated from low enrollment to high-demand programs. Additionally, despite the significant and continuing impact of inflationary pressures on all operational units, the university's commitment to energy-saving projects, organizational realignment, and process improvement has enabled sustained and improved operations without relying on increased revenues. Given that inflation continues to be a significant concern across all expense classes such as food, supplies, software, equipment, and travel, this budget reflects our commitment to proactive and strategic financial planning to maintain the university's mission and quality.

Student Affordability

The University prioritized student affordability in the development of the FY 2026-27 budget. Although FY 2026-27 will contain a small increase to the undergraduate resident student tuition rate for the first time in nine years, a concerted effort was made to not increase any mandatory fees. Over the nine years of the flat tuition rate, inflation grew by 25 percent, providing students a $1,000 annual savings

Vice Chancellor for Business Affairs

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in real dollar purchasing power. With significant investments in undergraduate professional advising, graduate assistantship expansion, and faculty positions to educate a growing student population, this budget prioritizes improvements in retention, four-year graduation rates, and student affordability. Additionally, the budget includes the continuation of the Niner Course Pack program that saves students hundreds of dollars on textbooks each semester.

Financial Sustainability

To maintain financial stability in FY 2026–27, we will use auxiliary fund balances for capital projects in dining, housing, and parking. Using cash from these funds will support critical infrastructure maintenance, facility renovations, and asset improvements, and alleviate the need for debt financing. Fund balances from fees, F&A research revenue, and restricted sources will also be directed toward essential equipment investments to strengthen campus IT, research, and academic programs, consistent with a multi-year financial strategy.

Enrollment Funding

A significant threat to the FY 2026-27 budget plan would be realized if the State does not appropriate enrollment growth in the next state budget. UNC Charlotte is educating a growing number of North Carolina students—particularly in high-demand fields—while operating with fewer resources per student than other UNC System institutions. Enrollment funding makes that possible. At UNC Charlotte, 38 percent of the earned enrollment funding built into this budget supports Engineering and Nursing—two of the state's highest-demand, highest-cost fields. These are precisely the areas where North Carolina needs more graduates. However, growth without funding creates strain. For UNC Charlotte to sustain its success, enrollment funding is essential to support key priorities, including hiring additional faculty to accommodate growth, expanding the nursing program, improving the student–faculty ratio, and increasing professional advising capacity, which contributed to a 5 percent increase in graduation rates last year.

UNC Charlotte is making every effort to grow responsibly, align programs with workforce demand, and maintain affordability.

Sincerely,

Dr. Richard Amon
Vice Chancellor for Business Affairs

Cc: Dontá L. Wilson, Board of Trustees Chair
Dr. Sharon Gaber, Chancellor
Dr. Jennifer Troyer, Vice Chancellor for Academic Affairs/Provost
Kim Bradley, Chief of Staff
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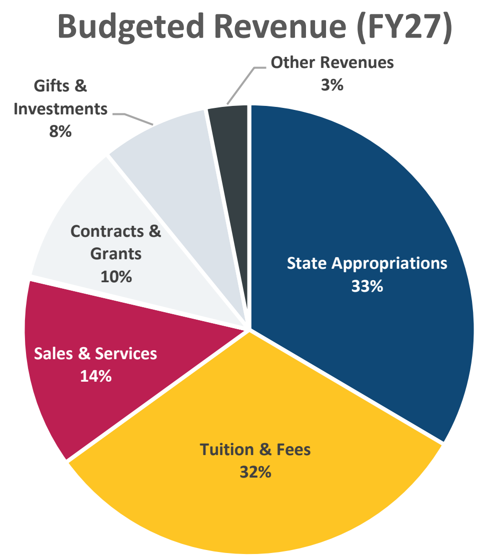
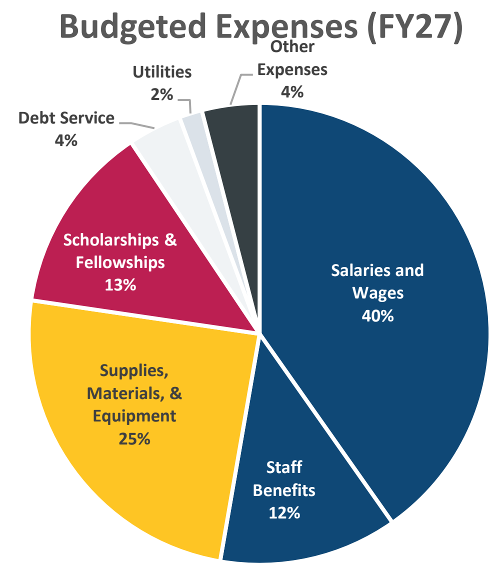
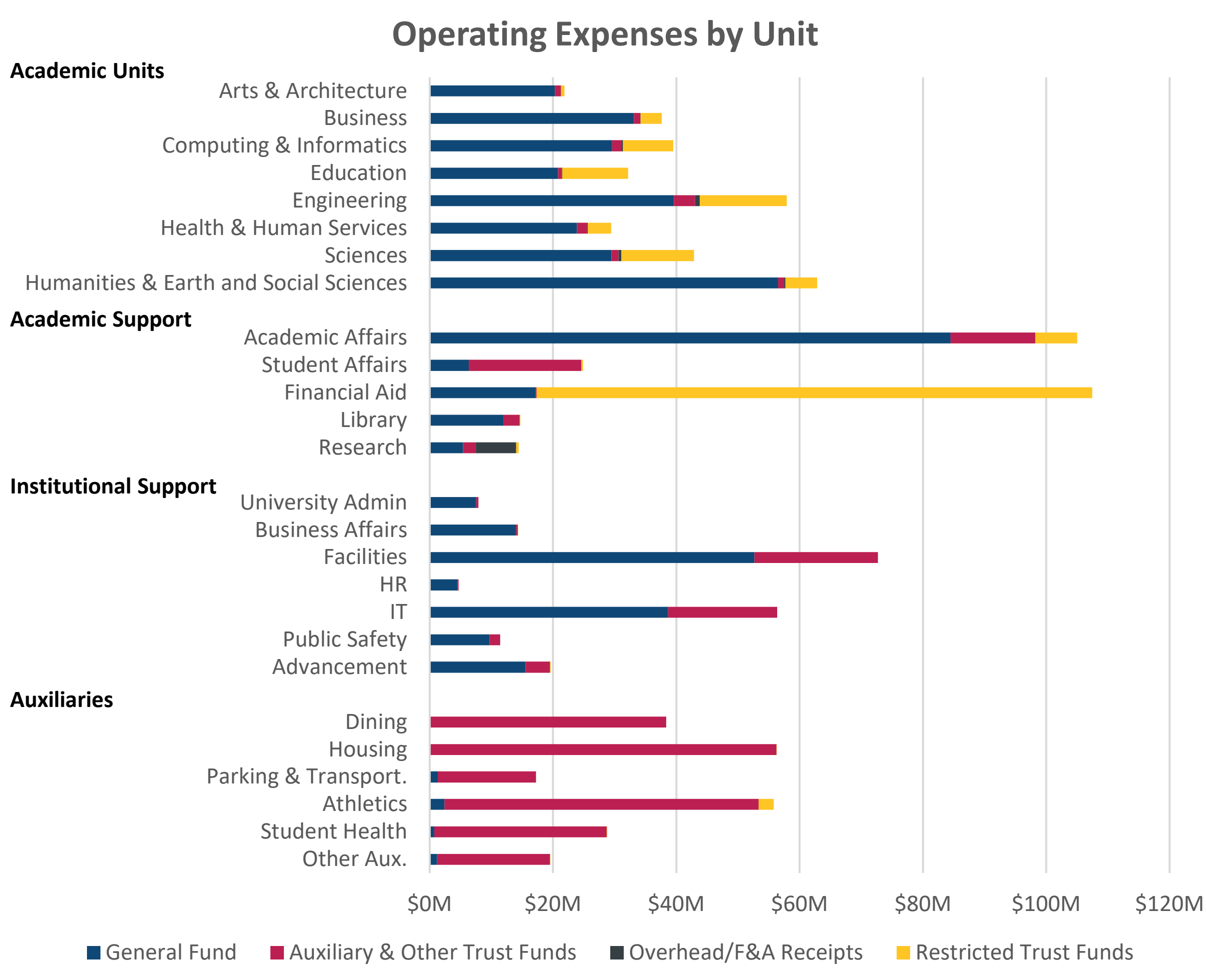






UNC Charlotte
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 365,938,000	$ -	$ -	$ -	**$ 365,938,000**
	Tuition & Fees	$ 197,094,000	$ 147,785,000	$ -	$ -	**$ 344,879,000**
	Less Discounts and Allowances	*$ (25,676,000)*	*$ (9,604,000)*	*$ -*	*$ (47,351,000)*	***$ (82,631,000)***
	Sales & Services	$ -	$ 145,646,000	$ -	$ 3,028,000	**$ 148,674,000**
	Patient Services	$ -	$ 1,985,000	$ -	$ -	**$ 1,985,000**
	Contracts & Grants	$ 100,000	$ 288,000	$ 10,413,000	$ 102,162,000	**$ 112,963,000**
	Gifts & Investments	$ -	$ 18,070,000	$ -	$ 66,638,000	**$ 84,708,000**
	Other Revenues	$ 18,750,000	$ 14,983,000	$ 1,000	$ 243,000	**$ 33,977,000**
Revenues Total		$ 556,206,000	$ 319,153,000	$ 10,414,000	$ 124,720,000	**$ 1,010,493,000**
Expenses	Salaries and Wages	$ 331,047,000	$ 57,079,000	$ 4,332,000	$ 23,515,000	**$ 415,973,000**
	Staff Benefits	$ 102,963,000	$ 20,276,000	$ 1,441,000	$ 4,531,000	**$ 129,211,000**
	Services, Supplies, Materials, & Equip.	$ 65,071,000	$ 169,137,000	$ 2,135,000	$ 17,814,000	**$ 254,157,000**
	Scholarships & Fellowships	$ 25,676,000	$ 9,604,000	$ 38,000	$ 101,810,000	**$ 137,128,000**
	Less Discounts and Allowances	*$ (25,676,000)*	*$ (9,604,000)*	*$ -*	*$ (47,351,000)*	***$ (82,631,000)***
	Debt Service	$ -	$ 37,168,000	$ 1,750,000	$ -	**$ 38,918,000**
	Utilities	$ 12,338,000	$ 4,309,000	$ -	$ 13,000	**$ 16,660,000**
	Other Expenses	$ 37,190,000	$ 4,495,000	$ -	$ -	**$ 41,685,000**
Expenses Total		$ 548,609,000	$ 292,464,000	$ 9,696,000	$ 100,332,000	**$ 951,101,000**
Net Transfers		$ (7,597,000)	$ (38,113,000)	$ (2,680,000)	$ (18,500,000)	**$ (66,890,000)**
Change in Fund Balance			$ (11,424,000)	$ (1,962,000)	$ 5,888,000	**$ (7,498,000)**

UNCG All-Funds Budget Narrative: FY 2026-27

The FY 2026-27 All-Funds Budget advances UNCG's Forward Together strategic plan and fulfills the University's responsibility under G.S. 116-1 to deploy resources efficiently in support of high-quality educational outcomes for North Carolina. Approved by the Board of Trustees on March 19, 2026, this budget marks a deliberate shift from stabilization to strategic reinvestment, focused on enrollment recovery, student success, and research growth.

I. Strategic Resource Alignment

This budget aligns resources with important UNC System initiatives, including enhancing on-time graduation, eliminating superfluous credit hours, and increasing degree efficiency. This is accomplished by building on the successes of the fiscal year 2025–26, which included the largest enrollment at UNCG since 2021 (18,682 students) and a 7.1% increase in first-year enrollment.

To reach the University's goal of 45% four-year and 65% six-year graduation rates by 2030, the budget continues to focus its investments on student success. With the aim of providing clear, degree-applicable pathways and to strengthen degree efficiency, the expansion of academic planning and investments in higher education technological tools and systems (i.e. Navigate360 and Ellucian Smart Plan) is essential. The utilization and optimization of these tools aid in fostering more effective and efficient faculty-student interactions, promote timely credit accrual, increase the average number of credits earned per year, and ensure that students make consistent progress toward degree completion. These investments, along with other initiatives, are aimed at reducing course withdrawals, providing stronger academic momentum for transfer students, and eliminating curricular blockages.

The budget also supports UNCG's aspiration to achieve Carnegie R1 status by 2030 through targeted investments in faculty recruitment, research infrastructure, and facilities in high-demand areas such as Health Sciences, Cybersecurity, and Energy Technology. UNCG's BRIGHT, iCOMMAND, and ARCADE are key research and innovation initiatives launched to advance technology, support the military, and foster applied digital research. In addition, the UNCG SparkHub is North Carolina's first university-based, high-tech learning lab, a partnership between UNCG, SparkNC, and Guilford County Schools. These efforts and others enhance the University's contribution to statewide workforce needs while delivering strong value to students and taxpayers.

In addition, UNCG is modernizing administrative and student-facing processes through digitization, automation, and cross-functional redesign under the "Business of Being a Student" framework. These reforms reduce friction in enrollment, registration, and degree planning, freeing resources for direct investment in instruction and student success while improving long-term operational efficiency.

II. Student Affordability

UNCG remains one of the most affordable universities in the UNC System. The FY 2026-27 budget continues a multi-year strategy to balance cost pressures with affordability and student debt reduction.

The Board of Trustees recommended no increase in mandatory student fees, made possible through ongoing operational efficiencies, disciplined auxiliary management, and targeted affordability programs such as First Day Complete, which lowers textbook and course material costs. Over the past five years, UNCG has reduced average student debt by 24% for first-time students and 25% for transfer students. The

FY 2026-27 budget builds on this progress by prioritizing need-based financial aid, including Finish Line grants that help first-generation and high-need students overcome short-term financial barriers to completion. Moreover, centralized, integrated student support services further reinforce affordability by minimizing administrative delays and excess credits. High-volume advising, academic policy support, and extended in-person and virtual services help students stay on track, persist, and graduate efficiently.

III. Financial Sustainability

The FY 2026-27 budget transitions UNCG from short-term corrective actions to long-term financial health. The successful conclusion of the Light the Way campaign, which raised $266 million and established 236 scholarships and 12 professorships, significantly strengthens student access and academic excellence. These philanthropic resources are leveraged to complement, not supplant, recurring State funding. Following structural reductions in FY 2024–25, UNCG has stabilized its operating base and created a strategic reinvestment reserve to manage volatility and support mission priorities. Recurring savings from operational efficiencies, including service center consolidations and reductions in administrative layers in Facilities, Communications, and Information Technology Services to mitigate other recurring costs that have increased due to inflation.

Consistent with UNCSO guidance, UNCG continues to streamline processes, reduce duplication, and align recurring expenditures with sustainable revenues. Enhanced data governance and centralized budget oversight improve transparency and ensure disciplined, evidence-based decision-making. These measures strengthen institutional resilience while protecting instructional quality and student outcomes.

IV. Impact of Unfunded Enrollment Growth

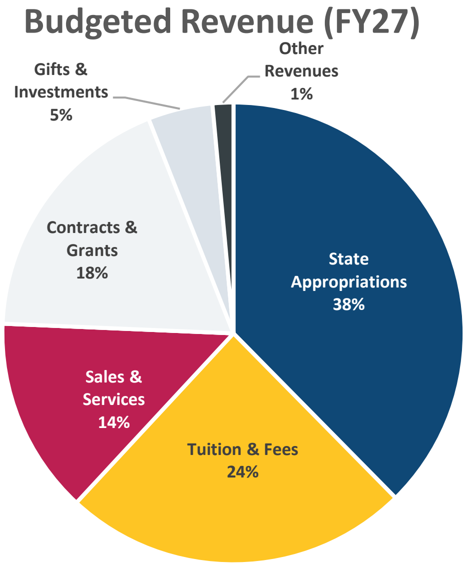
UNCG is currently educating nearly 1,800 students above its previous funded baseline, reflecting strong demand from North Carolina families. Without corresponding enrollment appropriations, this growth creates a structural imbalance that threatens State and System priorities. This risk cascades across financial, operational, and strategic dimensions. The primary concern extends beyond mere revenue loss; it lies in the disparity between fixed expenses and unallocated growth opportunities.

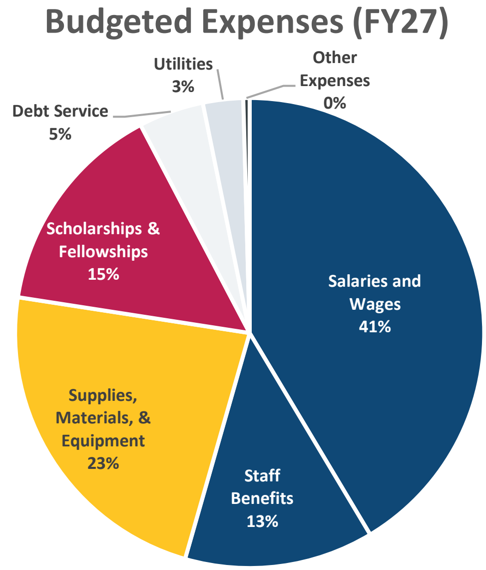
Without additional funding, student-to-faculty ratios will rise, and course availability will decline, creating progression bottlenecks and delaying graduation. This will directly undermine recent gains in degree efficiency. Student success infrastructure, including advising, academic coaching, and mental health services, would face pressure exactly when demand is increasing, disproportionately affecting first-generation and high-need students which makes up much of UNCG's student population. Ironically, this could undermine the very enrollment and retention gains that generated the funding in the first place.

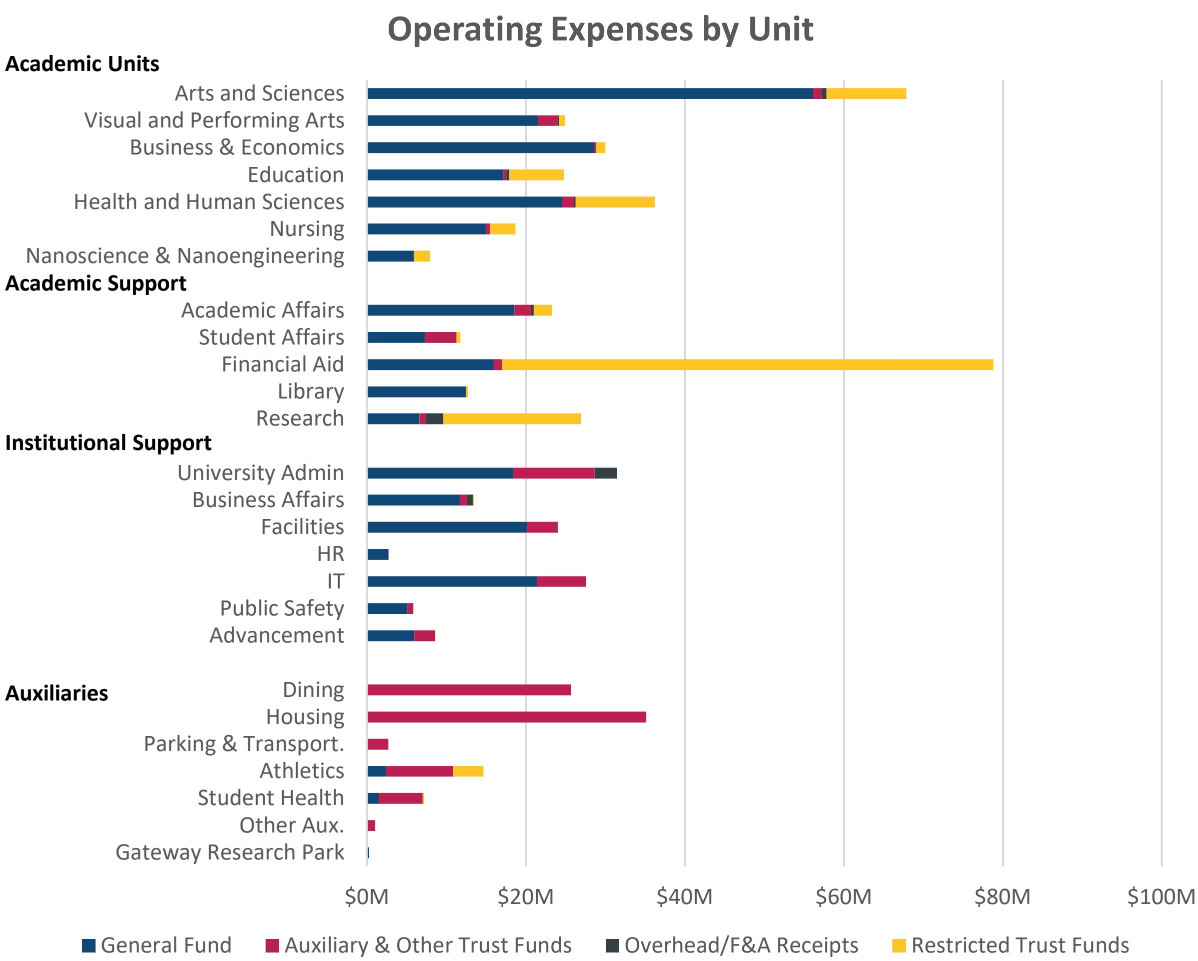
Unfunded growth could also constrain expansion in critical workforce programs such as Nursing, Cybersecurity, and STEM fields, limiting UNCG's ability to meet North Carolina's economic development needs and slowing progress toward R1 research status. The University would need to reallocate from other priorities, use non-replenishable reserves, or delay investments. This would limit the University's ability to respond to new opportunities.

Enrollment funding plays a crucial role in maintaining the quality of instruction and ensuring it remains affordable. Additionally, not receiving the funding can make multi-year planning more challenging as the situation evolves, leading to more intricate future budget requests and potential concerns for the University's long-term financial stability.

UNC Greensboro







UNC Greensboro
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 226,793,000	$ -	$ -	$ -	**$ 226,793,000**
	Tuition & Fees	$ 100,334,000	$ 45,954,000	$ -	$ 24,000	**$ 146,312,000**
	Less Discounts and Allowances	*$ (14,100,000)*	*$ (1,195,000)*	*$ -*	*$ (61,207,000)*	***$ (76,502,000)***
	Sales & Services	$ -	$ 81,762,000	$ -	$ 1,273,000	**$ 83,035,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ 43,000	$ -	$ 6,937,000	$ 103,558,000	**$ 110,538,000**
	Gifts & Investments	$ -	$ 10,991,000	$ -	$ 16,317,000	**$ 27,308,000**
	Other Revenues	$ 2,400,000	$ 6,158,000	$ -	$ 243,000	**$ 8,801,000**
Revenues Total		$ 315,470,000	$ 143,670,000	$ 6,937,000	$ 60,208,000	**$ 526,285,000**
Expenses	Salaries and Wages	$ 186,465,000	$ 27,710,000	$ 1,772,000	$ 20,864,000	**$ 236,811,000**
	Staff Benefits	$ 56,627,000	$ 10,514,000	$ 574,000	$ 6,832,000	**$ 74,547,000**
	Services, Supplies, Materials, & Equip.	$ 61,862,000	$ 41,670,000	$ 5,180,000	$ 22,800,000	**$ 131,512,000**
	Scholarships & Fellowships	$ 14,100,000	$ 1,195,000	$ 80,000	$ 69,615,000	**$ 84,990,000**
	Less Discounts and Allowances	*$ (14,100,000)*	*$ (1,195,000)*	*$ -*	*$ (61,207,000)*	***$ (76,502,000)***
	Debt Service	$ -	$ 25,702,000	$ -	$ -	**$ 25,702,000**
	Utilities	$ 10,515,000	$ 5,352,000	$ -	$ 4,000	**$ 15,871,000**
	Other Expenses	$ -	$ 2,483,000	$ -	$ -	**$ 2,483,000**
Expenses Total		$ 315,469,000	$ 113,431,000	$ 7,606,000	$ 58,908,000	**$ 495,414,000**
Net Transfers		$ -	$ (13,718,000)	$ -	$ 4,772,000	**$ (8,946,000)**
Change in Fund Balance			$ 16,521,000	$ (669,000)	$ 6,072,000	**$ 21,924,000**

The University of North Carolina at Pembroke
FY 2027 All-Funds Budget Narrative

The University of North Carolina at Pembroke's proposed FY27 All-Funds Budget includes $3.8 million of enrollment funding which has not yet been approved by the Legislature. This funding is critical for the operation of the university. Enrollment funding is the formulaic allocation of funds for *completed* student credit hours taught in the past calendar year. The university has already taught the courses and needs these funds to be made whole, or operations will have to be cut to make up the difference. If enrollment funding does not get appropriated, the university will suffer significant distress in three areas: new health profession degree programs; recruitment and retention of staff (and students); and inflation of utilities and IT/software.

New Healthcare Profession Degree Programs: In the past two years the university launched a Doctor of Nursing Practice; a master's in occupational therapy; and a master's in health administration. All three of these programs fit the System's strategic goal of increasing Health and STEM degrees. Collectively these three programs should get $1.3 million from the enrollment funding model to support their operations in FY27. All new programs approved by the UNC System have financial models that are predicated on the availability of enrollment funding. If enrollment funding is not provided, the fundamental assumptions on new programs will have to be reconsidered. UNCP's signature effort to open a College of Optometric Medicine is not viable if enrollment funding is not available in the future.

Recruitment and Retention of Faculty and Staff (and Students): For the second year in a row, the Workforce Report provided as additional information in February 2026 Budget and Finance Committee meeting shows that, *on average*, UNCP has the **lowest** paid workforce in the system. Zooming in on faculty, UNCP has, *on average*, the **second lowest** paid faculty in the system (Chart 1, Appendix A). Recruitment and retention of students require strong academic programs and strong student services, which in turn rely on accomplished and experienced faculty and staff. UNCP is hampered by low salaries and geography. Although the university's rural setting appeals to some faculty and staff, the lack of a large city or natural amenities like the mountains or the beach make recruitment and retention difficult. Based on the system's Turnover Metrics Dashboard (excluding NSSM), UNCP had the **highest** or **second highest** Voluntary Turnover of Faculty **in four of the past eight years**. In the other four years, UNCP Faculty had the *fourth* or *sixth* highest voluntary turnover rates in the system (Chart 2 Appendix A). If you average the rate over eight years, UNCP has the highest average voluntary faculty turnover. The voluntary turnover for Exempt Professional Staff (EPS) is not so dramatic, but it is higher than the system overall. The eight-year average shows UNCP as having the **sixth highest** voluntary EPS turnover in the system (Chart 3, Appendix A). In the eight-year period, there is *not* a single year when UNCP's EPS turnover isn't higher than the system's overall rate. And just like last year, UNCP has **the *most students per employee*** (Chart 4, Appendix A). Turnover is more problematic for schools that are already thinly staffed. Whenever someone leaves, someone else must pick up the slack which means our students get worse service and the remaining employees feel more stress, which leads to more turnover. Enrollment funding is needed to make headway on this problem.

Inflation: Inflation, despite constant economizing, is getting ahead of the university's ability to manage. In the current fiscal year, utilities are projected to cost $250,000 more than last year. Property insurance has also increased by almost $40,000. Both are expected to increase again next year. It's worth noting that insurance is procured through the state; inflation is not only coming from outside vendors. The UNC System and the State Auditor's Office are charging more for the same services. For the second year in a row, the fund balance in the Educational and Technology Fee account will decrease by $1 million because of unsustainable increases in software subscriptions and equipment replacement costs. Some of this is due to cybersecurity but we see it in every software package deployed around the campus. The system office's contract for Canvas has helped a bit ($25,000 in savings) but is nowhere near the gap. Another need in IT is for AI investments, both in academic and administrative areas. Enrollment funding is the only way the university will be able to resolve this imbalance and introduce new technologies needed to support STEM focused degrees.

Enrollment funding should increase next year because Fall 2025 witnessed the payoff from the investments the university made in recruitment and retention over the past three years through internal reallocations. Undergraduate (Fall) headcount increased by 223 or 4.1% and graduate headcount (Fall) increased by 190, or 8.5%. The undergraduate credits taken increased by approximately 7%. The FY27 revenue budgets are based on increasing the undergraduate headcount by about 3.7%, of which 85% will come just from having this year's larger freshman class and transfer students retaining at historical retention rates into FY27. Graduate enrollment is assumed to be flat.

These changes in headcount drive the University's General Fund revenue to $144.7 million for FY27, an increase of $8.6 million, or 6.3% over FY26. Noteworthy changes in revenue are an expected $3.8 million in enrollment funding ($3.4 million for FY27 and $400,000 million still due from FY26), a $2.2 million increase in tuition, $1.5 million from buydown, and a $390,000 increase from gaming receipts.

One presentation change from last year is showing carryforward (which for UNCP includes ARPA funding for new health care programs) is now in State Appropriations versus Other Revenues.

Overall General Fund expenses have increased by $8.5 million with large increases in Services and Supplies and Other Expenses. Some of the increases in Services and Supplies and Other Expenses are the shifting uses and needs for ARPA funding. As enrollment funding and tuition support a greater portion of new programs, ARPA funding is refocused on developing new programs (more consultants less salary) or will be rolled to a future year (FY26 is year 3 or 10 for the ARPA program). Other increases in Services and Supplies include inflationary increases for insurance and IT costs. Finally, the university has just completed its new five-year strategic plan. Five hundred thousand dollars have been allocated to support the new plan, and a placeholder budget has been created. The Vice Chancellor for Strategic Initiatives will create a process to allocate these funds in the coming months. Salary and benefits are largely flat with overall headcount expected to remain roughly flat. Utilities are also increasing by $250,000. Finally, the budget continues new investment into recruitment and retention for a fourth consecutive year with $256,000 for ReUP, Scholarship Universe, and ECMC.

For the third year in a row, the Institutional Trust Fund budget shows improved performance by auxiliary operations. Revenue is projected to increase $2.2 million while expenses are only increasing $1.8 million. Both the dining and bookstore contracts went to new vendors at the beginning of FY26 and the campus has seen some quality improvements and some financial improvements. Of note, Meal Plans for students will cost **5% less** next year due to the new contract. Also Housing occupancy has shown significant improvement in FY26 going from 85% to 92% in the Fall, and we expect that trend to continue.

The Restricted Trust Funds budget is showing a significant decrease largely due to revising the estimate of Pell funding that will flow through to our students. The large increases we budgeted for FY26 based on changing federal law did not happen, so we are adjusting the revenue and the scholarship accounts lower.

UNCP is an exceptionally well-run and very lean institution. UNCP continues to have both *the lowest* total average salary per employee and *the highest* student-to-employee ratio in the system. Through significant internal reallocations focused on recruitment and retention, enrollment in FY26 meaningfully increased, which should lead to more enrollment funding. Enrollment funding is critical to the operation of new healthcare degree programs, recruiting and retaining staff, and managing very real inflationary pressures. If we don't have the resources to address these challenges, the services and support we provide to our students will erode. UNCP is the comprehensive regional public institution serving southeastern North Carolina. If we erode our ability to serve our students, then we erode the region's economic prospects.

Appendix A

Chart 1

Average Salary By Job Category

	Executive Admin.	Academic Admin.	Faculty	Academic & Student Affairs	Research	IT	Fiscal Affairs	Comms. & Fundraising	Functional Prof.	Service/ Maint.	Technical	Office/ Clerical	Other	Total
ASU	$171,285	$125,626	$87,231	$65,082	$54,625	$87,483	$79,136	$86,412	$85,149	$44,055	$63,445	$50,720	$60,416	$75,763
ECU	$198,786	$160,560	$148,620	$67,201	$66,493	$100,950	$80,388	$80,031	$101,635	$41,303	$55,859	$45,453	$68,006	$97,982
ECSU	$118,208	$73,643	$78,429	$58,735	$67,005	$67,786	$67,349	$63,117	$74,188	$46,595	$51,431	$47,644	$54,583	$71,704
FSU	$145,207	$118,436	$91,965	$60,845	$64,815	$90,248	$72,166	$78,115	$78,403	$47,487	$54,140	$48,623	$68,448	$76,061
N.C. A&T	$180,952	$102,462	$103,305	$64,929	$70,632	$90,371	$74,463	$86,818	$89,423	$43,620	$54,604	$49,119	$58,993	$80,602
NCCU	$149,176	$77,977	$88,149	$64,468	$74,299	$77,951	$71,724	$76,172	$82,867	$46,235	$57,874	$49,131	$59,346	$74,719
NC State	$230,040	$162,636	$127,877	$75,215	$77,636	$100,730	$84,423	$90,476	$112,063	$45,985	$55,618	$53,480	$69,430	$89,839
UNCA	$142,578	$95,621	$85,340	$62,970	$73,427	$80,905	$70,555	$66,296	$65,343	$43,727	$49,305	$46,844	$51,745	$71,619
UNC-CH	$269,084	$152,685	$193,368	$85,478	$88,060	$107,649	$86,924	$94,569	$112,366	$44,302	$59,085	$54,176	$90,910	$116,195
UNCC	$188,586	$138,957	$112,033	$70,534	$78,332	$99,896	$78,630	$78,784	$93,229	$43,122	$55,875	$49,188	$63,888	$86,391
UNCG	$167,336	$119,679	$91,008	$63,611	$62,796	$97,301	$77,219	$77,605	$81,524	$41,656	$56,114	$49,113	$66,988	$76,978
UNCP	$152,754	$100,948	$82,627	$60,445	$62,913	$84,688	$70,894	$63,203	$70,208	$42,599	$56,846	$44,155	$50,390	$71,503
UNCW	$175,846	$117,708	$93,195	$66,121	$68,945	$90,512	$79,164	$70,667	$78,372	$44,167	$56,516	$46,878	$60,317	$77,146
UNCSA	$138,650	$74,776	$83,360	$56,759		$74,417	$66,056	$74,594	$73,822	$46,199	$51,759	$50,813	$50,788	$72,643
WCU	$153,039	$108,643	$86,587	$59,006	$64,745	$92,210	$74,256	$65,852	$74,559	$41,650	$55,562	$46,230	$53,962	$71,654
WSSU	$142,795	$92,402	$89,444	$59,846	$81,031	$78,191	$72,569	$72,050	$76,386	$45,552	$53,616	$49,478	$62,917	$76,064
Total	$183,647	$130,884	$134,146	$70,686	$76,129	$98,976	$82,081	$84,022	$97,918	$44,004	$57,402	$50,442	$77,892	$93,185
UNCP Rank	10	11	15	12	13	11	13	15	15	13	4	16	16	16

Chart 2

Faculty Voluntary Turnover

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Average
ASU	2.0%	3.0%	1.3%	1.3%	1.8%	2.1%	2.7%	2.1%	2.0%
ECSU	7.8%	5.6%	5.0%	2.0%	4.0%	5.9%	5.9%	1.9%	4.8%
ECU		5.6%	4.9%	4.9%	4.7%	3.8%	3.9%	4.3%	4.6%
FSU	4.1%	3.4%	1.9%	3.3%	2.4%	3.1%	3.5%	3.6%	3.2%
NCA&T	2.4%	4.4%	1.9%	2.9%	2.1%	4.1%	5.0%	3.5%	3.3%
NCCU	2.4%	6.2%	3.0%	2.0%	4.9%	5.3%	5.5%	2.6%	4.0%
NCSU		3.0%	2.4%	1.5%	2.6%	2.7%	2.9%	2.2%	2.5%
UNC-CH	4.2%	3.6%	3.8%	3.2%	5.8%	4.5%	3.5%	3.0%	3.9%
UNCA	2.9%	3.9%	3.9%	2.4%	0.9%	4.3%	5.2%	3.7%	3.4%
UNCC		3.3%	1.7%	1.2%	3.3%	2.7%	2.5%	1.6%	2.3%
UNCG	2.1%	2.4%	3.0%	2.6%	3.7%	4.7%	6.0%	4.3%	3.6%
UNCP	4.4%	4.3%	4.2%	4.4%	3.4%	8.0%	6.3%	3.6%	4.8%
UNCSA		0.7%	2.0%	2.3%	2.1%	5.1%	2.9%	2.7%	2.6%
UNCW	1.7%	1.6%	0.9%	1.9%	2.7%	3.3%	3.2%	3.3%	2.3%
WCU	0.8%	4.8%	2.3%	2.3%	3.0%	5.3%	1.6%	3.5%	2.9%
WSSU	0.3%	3.7%	4.7%	3.7%	3.1%	4.7%	4.9%	6.1%	3.9%
Overall	2.0%	3.7%	3.0%	2.7%	3.9%	3.9%	3.6%	3.0%	3.2%
UNCP Rank	2	6	4	2	6	1	1	6	1

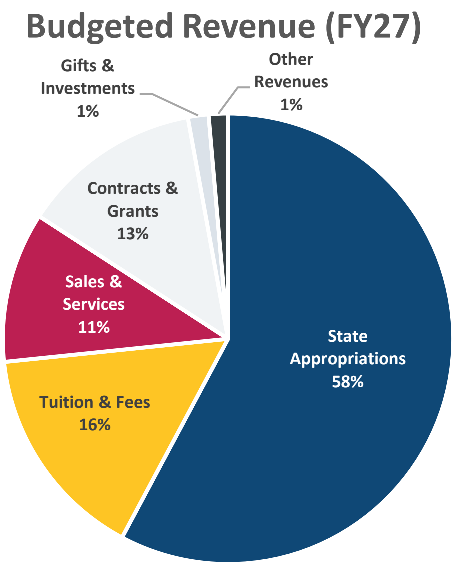
Chart 3

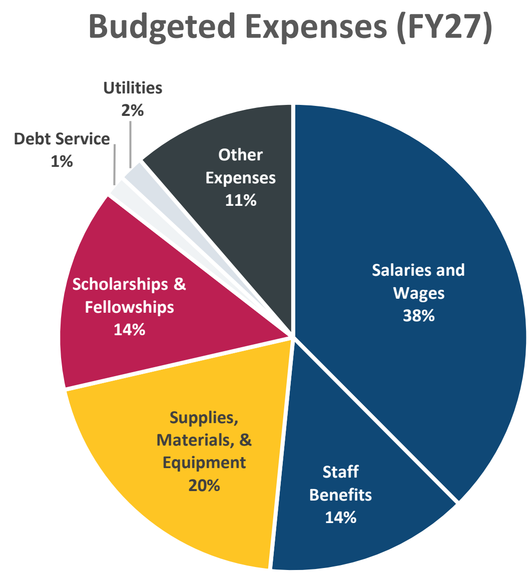
EPS Voluntary Turnover									
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Average
ASU	9.9%	10.9%	9.5%	9.5%	17.0%	11.1%	12.3%	7.5%	11.0%
ECSU	19.6%	11.3%	4.6%	8.7%	17.4%	18.4%	19.0%	17.8%	14.6%
ECU	14.1%	12.1%	8.8%	9.7%	15.7%	11.2%	11.2%	11.3%	11.8%
FSU	8.3%	15.8%	12.8%	13.5%	13.0%	14.8%	7.0%	10.1%	11.9%
NCA&T	11.9%	9.6%	9.6%	9.6%	14.4%	17.1%	10.1%	9.4%	11.5%
NCCU	11.8%	17.4%	10.3%	10.9%	16.6%	20.0%	13.4%	15.8%	14.5%
NCSU	0.7%	11.1%	8.3%	8.4%	13.2%	10.0%	7.3%	7.3%	8.3%
UNC-CH	8.9%	8.2%	7.2%	7.4%	12.9%	9.1%	6.6%	6.6%	8.3%
UNCA	18.3%	21.0%	12.2%	14.1%	17.9%	12.7%	12.5%	14.4%	15.4%
UNCC	10.8%	9.1%	8.8%	8.9%	15.9%	9.5%	8.1%	8.8%	10.0%
UNCG	1.8%	7.7%	13.2%	11.3%	18.8%	14.5%	14.3%	14.5%	12.0%
UNCP	10.2%	14.8%	14.0%	11.0%	17.9%	18.5%	11.1%	10.1%	13.5%
UNCSA	5.5%	9.3%	12.8%	8.8%	8.5%	19.2%	12.1%	8.1%	10.5%
UNCW	11.4%	10.0%	10.1%	9.7%	14.7%	11.4%	9.2%	9.5%	10.8%
WCU	11.8%	13.4%	11.2%	15.8%	23.3%	13.5%	10.9%	10.2%	13.8%
WSSU	9.6%	10.8%	11.4%	10.7%	26.8%	17.6%	13.1%	12.0%	14.0%
Overall	8.0%	10.7%	9.0%	9.2%	15.0%	11.3%	9.1%	8.9%	10.1%
UNCP Rank	9	4	1	5	5	3	9	9	6

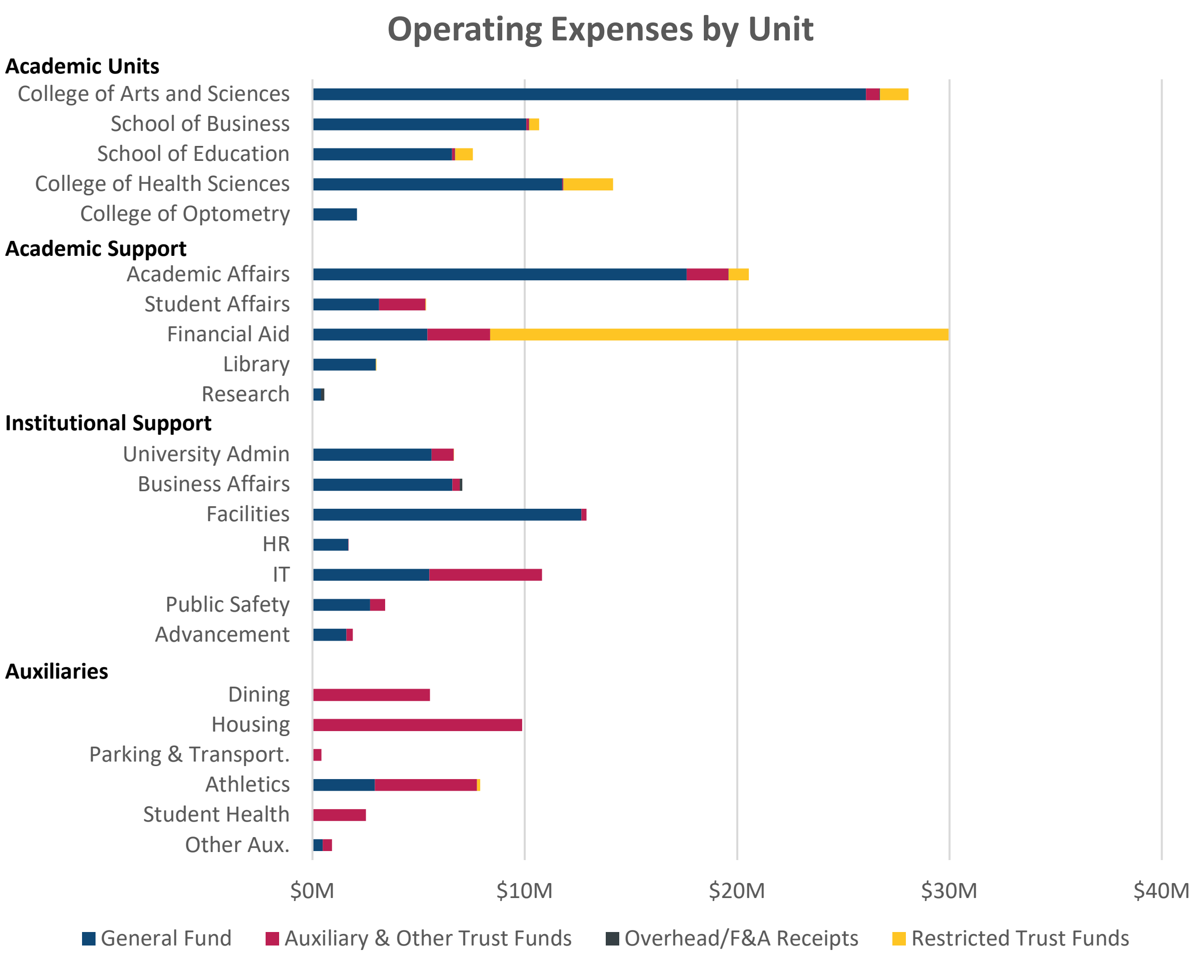
Chart 4

School	Worker Headcount FY26	Enrollment Fall 2025	Students per Staff
ASU	3,247	21,798	6.71
ECU	4,451	27,153	6.10
ECSU	373	2,358	6.32
FSU	844	7,607	9.01
N.C. A&T	1,954	15,275	7.82
NCCU	1,132	9,281	8.20
NC State	9,140	39,259	4.30
UNCA	607	2,874	4.73
UNC-CH	14,274	34,099	2.39
UNCC	3,719	32,207	8.66
UNCG	2,434	18,682	7.68
UNCP	887	8,075	9.10
UNCW	2,404	19,895	8.28
UNCSA	488	1,150	2.36
WCU	1,668	11,845	7.10
WSSU	768	4,972	6.47
Total	48,390	256,530	5.30
UNCP Rank			1

UNC Pembroke







UNC Pembroke
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 127,865,000	$ -	$ -	$ -	**$ 127,865,000**
	Tuition & Fees	$ 20,000,000	$ 14,405,000	$ -	$ -	**$ 34,405,000**
	Less Discounts and Allowances	*$ (5,824,000)*	*$ (3,452,000)*	*$ -*	*$ (7,366,000)*	***$ (16,642,000)***
	Sales & Services	$ 38,000	$ 23,854,000	$ -	$ -	**$ 23,892,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 2,749,000	$ 247,000	$ 25,701,000	**$ 28,697,000**
	Gifts & Investments	$ -	$ 2,274,000	$ -	$ 1,007,000	**$ 3,281,000**
	Other Revenues	$ 2,567,000	$ 491,000	$ -	$ -	**$ 3,058,000**
Revenues Total		$ 144,646,000	$ 40,321,000	$ 247,000	$ 19,342,000	**$ 204,556,000**
Expenses	Salaries and Wages	$ 71,622,000	$ 7,817,000	$ 175,000	$ 2,027,000	**$ 81,641,000**
	Staff Benefits	$ 27,453,000	$ 2,513,000	$ 59,000	$ 482,000	**$ 30,507,000**
	Services, Supplies, Materials, & Equip.	$ 17,719,000	$ 21,498,000	$ 129,000	$ 3,778,000	**$ 43,124,000**
	Scholarships & Fellowships	$ 5,824,000	$ 3,452,000	$ -	$ 21,359,000	**$ 30,635,000**
	Less Discounts and Allowances	*$ (5,824,000)*	*$ (3,452,000)*	*$ -*	*$ (7,366,000)*	***$ (16,642,000)***
	Debt Service	$ 444,000	$ 2,728,000	$ -	$ -	**$ 3,172,000**
	Utilities	$ 2,466,000	$ 1,266,000	$ -	$ -	**$ 3,732,000**
	Other Expenses	$ 24,614,000	$ -	$ -	$ -	**$ 24,614,000**
Expenses Total		$ 144,318,000	$ 35,822,000	$ 363,000	$ 20,280,000	**$ 200,783,000**
Net Transfers		$ -	$ 208,000	$ -	$ 933,000	**$ 1,141,000**
Change in Fund Balance			$ 4,707,000	$ (116,000)	$ (5,000)	**$ 4,586,000**

University of North Carolina School of the Arts
All-Funds Budget Narrative FY 2026-2027

The FY26–27 All-Funds Budget reflects UNCSA's continued commitment to advancing student access, success, and affordability while sustaining the high-quality, conservatory-based training that defines its mission. Aligned with UNC System Office priorities, the budget strategically invests in student support services, instructional capacity, and financial aid to build on strong student outcomes. At the same time, it incorporates targeted cost-saving measures and operational efficiencies to address inflationary pressures and ensure long-term financial sustainability. This budget balances prudent stewardship with essential investments in mission-aligned activities, industry relevance, and interdisciplinary collaboration that prepare students for success in the evolving arts landscape of global entertainment and entrepreneurship.

Budget Alignment with UNC System Office Policy Priorities

UNCSA continues to prioritize investments in student access and success, as reflected in strong outcomes across key performance metrics. In 2025, the institution exceeded its stretch goals for four-year graduation rates (including Pell recipients), undergraduate degree efficiency, and average credits earned per year.

To sustain and build on this momentum, the FY26–27 All-Funds Budget includes targeted investments in key areas. The Division of Student Affairs serves as a central hub for students navigating campus policies, challenges, and resources. Through early intervention, conduct education, and case management, the division helps students remain enrolled, engaged, and on track, reducing barriers to academic and artistic progress.

The Office of the Provost supports instructional continuity across the conservatories through strategic faculty support and flexible faculty resource allocation. These efforts ensure sufficient course availability, interdisciplinary work among the conservatories, support timely degree completion, and provide world-class faculty responsiveness to enrollment growth fluctuations.

Student affordability remains a top priority for UNCSA, as demonstrated by exceeding our stretch goal to reduce first-time student debt at graduation. The FY27 budget reflects continued, strategic investment in both need-based and merit-based financial aid to support access and persistence.

UNCSA will implement a modest tuition increase for AY2026–2027 (capped at 3% for new undergraduate residents), while only one mandatory fee increases ($23), and Housing and Dining rates remain flat. This approach keeps UNCSA in the bottom quartile of peer institutions for tuition and mandatory fees based on IPEDS 2024–2025 data. Additional investments advancing affordability include:

- **The School of Design and Production** sustains industry-specific resources within its workshops and computer labs, ensuring all students—regardless of financial background—have access to the supplies, materials, tools, and equipment essential to their academic and artistic success.
- **The School of Filmmaking** provides frequent, zero-cost film screenings, giving students access to critical cultural and industry content without the added expense of streaming subscriptions or off-campus theater visits.
- **The UNCSA Festival of Dance** generates scholarship funding that helps ensure talented dancers have the financial support needed to continue their training and fully participate in the conservatory experience.

Financial sustainability remains central to UNCSA's resource planning and allocation processes. During the FY25–26 budget cycle, campus units implemented cost-saving measures to offset inflation and address structural gaps, focusing on operational efficiencies and eliminating redundancies. Examples include:

- **Facilities Management:** Investments in energy-efficient equipment and optimization practices to reduce long-term costs

- **Human Resources:** Transition to the UNC System Benefits Shared Services model
- **Information Technology:** Reduction of redundant platforms, including cloud storage and training tools
- **Strategic Communications:** Reductions in subscriptions, travel, temporary staffing, and contracted services

Collectively, these actions reflect UNCSA's commitment to prudent financial stewardship and the strategic alignment of resources to sustain operations while advancing institutional priorities.

Enrollment funding is critical to UNCSA as a small arts conservatory with limited and less diversified revenue sources. Due to limited economies of scale, adjustments to tuition and fee-based revenues yield only modest gains, making state appropriations essential to sustaining investments in student access, success, and other mission-aligned priorities.

Enrollment funding directly supports the faculty resources required to accommodate enrollment growth. This is particularly important in a conservatory environment, where instructional capacity cannot be expanded simply by increasing class size. Space and instructional constraints, such as limits on the number of dancers on a stage, actors in a scene, or filmmakers on a set necessitate smaller, specialized cohorts to preserve the quality, integrity, and safety of training. Enrollment funding also sustains critical student support services and ongoing investment in facilities infrastructure.

Investment in Mission-Aligned Activities

Maintaining & Expanding Industry Relevance

- **School of Filmmaking**: Faculty and staff are trained in the most current media technologies including AI production, digital production, motion capture, and premiere editing software programs, offering students an elevated level of instruction. Experience in these areas is among the most employable skills for recent School of Film graduates.
- **School of Drama**: The Senior Showcase in the School of Drama connects students with agents, casting directors, and producers who shape current professional standards. Presenting work in major markets ensures that the curriculum remains aligned with industry expectations and that students receive timely, actionable feedback from working professionals. These interactions help graduates enter the field with a clear understanding of contemporary practices and with relationships that can lead to auditions, representation, and employment.
- **School of Music**: The School of Music invests in expanded course offerings in the Improvised Music and Jazz (IMJ) program. The program continues to see growing student participation with just over 25% of the music student population participating in various course offerings in the Fall of 2025. Through the curriculum, students involved in the IMJ studio perform in real-world venues including music festivals, listening rooms, lounges, and other locales.

Interdisciplinary Work in the Arts

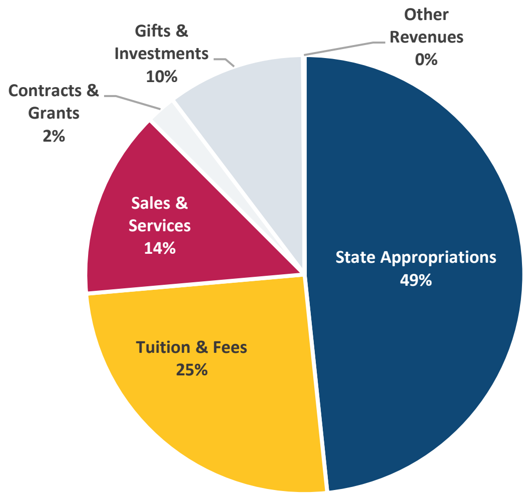
- **School of Dance**: The School of Dance's affiliation with The American Ballet Theatre (ABT) connects students and faculty to a broad network of choreographers, musicians, designers, and teaching artists. ABT repertory and master classes often incorporate collaborative elements across artistic disciplines, enriching students' creative vocabulary and deepening their understanding of how dance interacts with music, theatre, and design.
- **School of Drama**: The Patrons Series in the School of Drama creates additional productions that engage students and faculty across acting, directing, design, and technical theatre. Their investment in a dedicated line producer facilitates smooth collaboration among designers, directors, performers, and production teams across multiple artistic disciplines. Their coordination ensures that each production has the organizational framework needed to support complex, cross-disciplinary creative processes.

In summary, the FY26–27 All-Funds Budget positions UNCSA to sustain its strong trajectory in student outcomes while responsibly navigating financial constraints. UNCSA continues to be recognized by leading industry publications and organizations for the exceptional training it provides artists across disciplines. Through a balanced budgeting approach that prioritizes student support, instructional excellence, and operational efficiency, the institution remains focused on delivering a high-impact, conservatory-based education. These investments and strategic resource decisions ensure that UNCSA continues to provide accessible, industry-relevant training while maintaining the fiscal discipline necessary to support its mission in the years ahead.

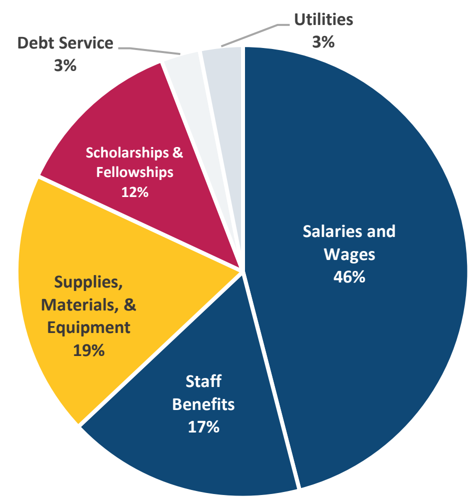
University of North Carolina School of the Arts

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

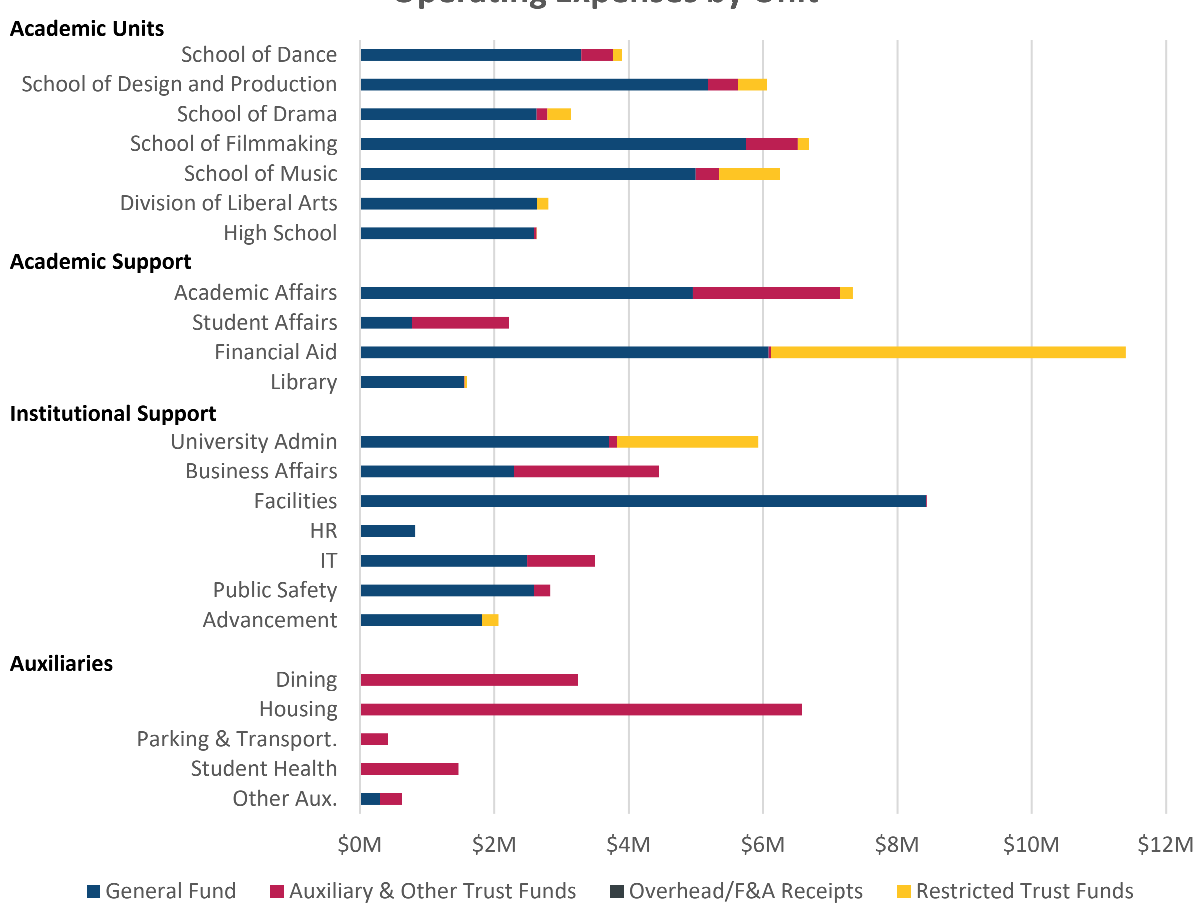
Budgeted Revenue (FY27)



Budgeted Expenses (FY27)



Operating Expenses by Unit



University of North Carolina School of the Arts
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 44,922,000	$ -	$ -	$ -	**$ 44,922,000**
	Tuition & Fees	$ 18,044,000	$ 5,405,000	$ -	$ -	**$ 23,449,000**
	Less Discounts and Allowances	*$ (5,728,000)*	*$ (65,000)*	*$ -*	*$ (1,272,000)*	***$ (7,065,000)***
	Sales & Services	$ -	$ 12,907,000	$ -	$ -	**$ 12,907,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 9,000	$ -	$ 2,029,000	**$ 2,038,000**
	Gifts & Investments	$ -	$ 1,520,000	$ -	$ 7,941,000	**$ 9,461,000**
	Other Revenues	$ -	$ 122,000	$ -	$ -	**$ 122,000**
Revenues Total		$ 57,238,000	$ 19,898,000	$ -	$ 8,698,000	**$ 85,834,000**
Expenses	Salaries and Wages	$ 34,583,000	$ 6,980,000	$ -	$ 1,816,000	**$ 43,379,000**
	Staff Benefits	$ 13,488,000	$ 2,135,000	$ -	$ 434,000	**$ 16,057,000**
	Services, Supplies, Materials, & Equip.	$ 6,504,000	$ 9,374,000	$ -	$ 2,027,000	**$ 17,905,000**
	Scholarships & Fellowships	$ 5,728,000	$ 65,000	$ -	$ 5,721,000	**$ 11,514,000**
	Less Discounts and Allowances	*$ (5,728,000)*	*$ (65,000)*	*$ -*	*$ (1,272,000)*	***$ (7,065,000)***
	Debt Service	$ -	$ 2,644,000	$ -	$ -	**$ 2,644,000**
	Utilities	$ 2,571,000	$ 318,000	$ -	$ -	**$ 2,889,000**
	Other Expenses	$ -	$ -	$ -	$ -	**$ -**
Expenses Total		$ 57,146,000	$ 21,451,000	$ -	$ 8,726,000	**$ 87,323,000**
Net Transfers		$ (90,000)	$ 152,000	$ -	$ -	**$ 62,000**
Change in Fund Balance			$ (1,401,000)	$ -	$ (28,000)	**$ (1,429,000)**

UNC Wilmington
FY27 All Funds Budget Narrative

The University of North Carolina Wilmington's FY27 All-Funds Budget reflects a disciplined, data-informed approach to resource allocation that aligns with UNC System priorities while advancing the institution's academic mission. The budget builds on a demonstrated record of operational efficiency and strong student outcomes, while making targeted investments necessary to support sustained enrollment demand, workforce-aligned academic programs, and student success.

UNCW continues to operate as one of the most efficient institutions within its peer group, with comparatively low education and general expenditures per student and per degree and strong performance on key student success indicators. Accordingly, the FY27 budget is not designed to address structural inefficiencies, but to preserve and scale a model already delivering strong outcomes. Within this context, the University is making targeted recurring investments across core academic, student success, and operational priorities while maintaining operating flexibility to align instructional capacity with final enrollment outcomes.

Strategic Resource Alignment

The FY27 budget reflects deliberate alignment of resources to institutional and UNC System priorities, with investments organized across four areas: (1) Academic Growth and Program Delivery; (2) Student Lifecycle (Enrollment and Success); (3) Workforce and Talent Strategy; and (4) Operations and Core Infrastructure.

A significant portion of new resources is directed toward academic capacity and program delivery in high-demand, workforce-aligned disciplines. Investments in faculty hiring and instruction are tied to sustained student credit hour demand and are essential to maintaining course availability, optimizing class section offerings, reducing time to degree, and supporting continued progress on graduation and degree efficiency metrics. Additional investments support program growth in areas of sustained demand, including business and nursing, which are critical to meeting regional and statewide workforce needs.

Investments in the student lifecycle support both access and outcomes. Expanded advising capacity, academic support services, and enrollment infrastructure are designed to improve persistence, progression, and completion. These investments align directly with UNC System performance metrics related to retention, graduation rates, and degree efficiency.

Student Affordability

UNCW remains committed to maintaining affordability while delivering high-quality academic programs. The FY27 budget reflects this commitment through both direct financial support and continued cost discipline.

The University is increasing need-based financial aid by approximately $855,000 on a recurring basis, ensuring that aid scales with enrollment and tuition revenue. This supports students with demonstrated financial need while helping to mitigate increases in borrowing.

UNCW's cost structure also contributes to affordability. The University delivers strong outcomes at a relatively low cost per student and per degree. Investments in advising, course availability, and academic support further reduce excess credit accumulation and extended time to degree – two primary drivers of total student cost.

Financial Sustainability

The FY27 budget reflects a structurally balanced plan grounded in disciplined governance and resource prioritization, with recurring resources allocated through a structured framework that prioritizes mandatory obligations, prior commitments, and the highest-impact institutional needs.

The budget includes targeted investments in workforce and talent strategy, including $1.5 million to address market and compression pressures in critical roles. It also addresses core operating needs – including utilities, insurance, technology systems, facilities maintenance, and campus safety – to ensure that the University's infrastructure remains capable of supporting continued academic and enrollment activity.

The University has maintained a measured level of operating flexibility within the FY27 plan to allow for final alignment of faculty hiring, course section offerings, and instructional delivery with actual enrollment outcomes. This flexibility enables adjustments to sections, instructional capacity, and faculty deployment as enrollment is finalized and is necessary to manage a demand-driven academic model.

Enrollment Funding Risk

The FY27 financial plan is significantly dependent on enrollment-related state appropriations that have not yet been finalized through the legislative process. These funds represent a substantial portion of the recurring resources required to support the University's academic and operational plan.

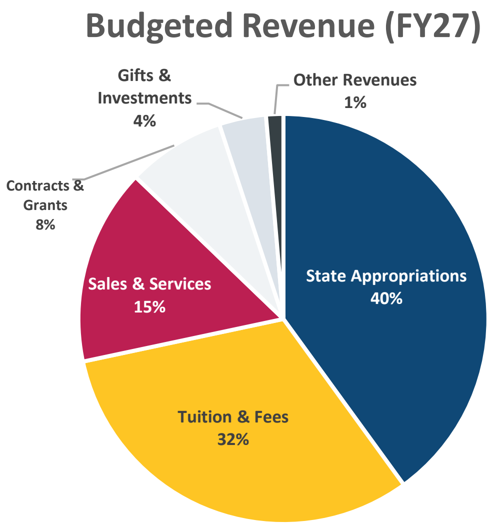
The impact of not receiving this appropriation would be immediate and consequential. These resources are directly tied to the University's ability to scale academic programs aligned with workforce needs, expand instructional capacity, and sustain student support infrastructure necessary to drive retention and degree completion.

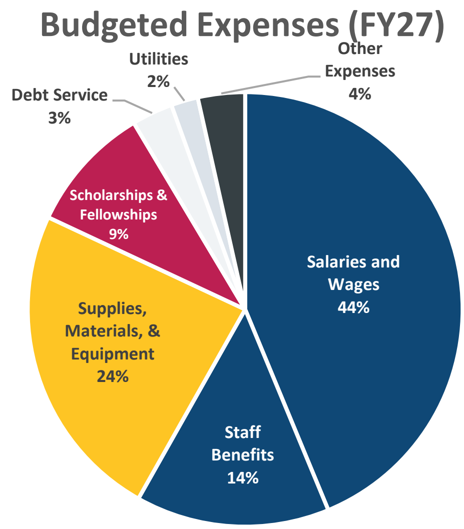
Given the University's current operating posture, there is limited capacity to absorb a material shortfall without direct impact to core academic and student success functions. Planned investments are concentrated in faculty hiring, course delivery, advising, and essential infrastructure – areas fundamental to maintaining course access, minimizing time to degree, and supporting student outcomes.

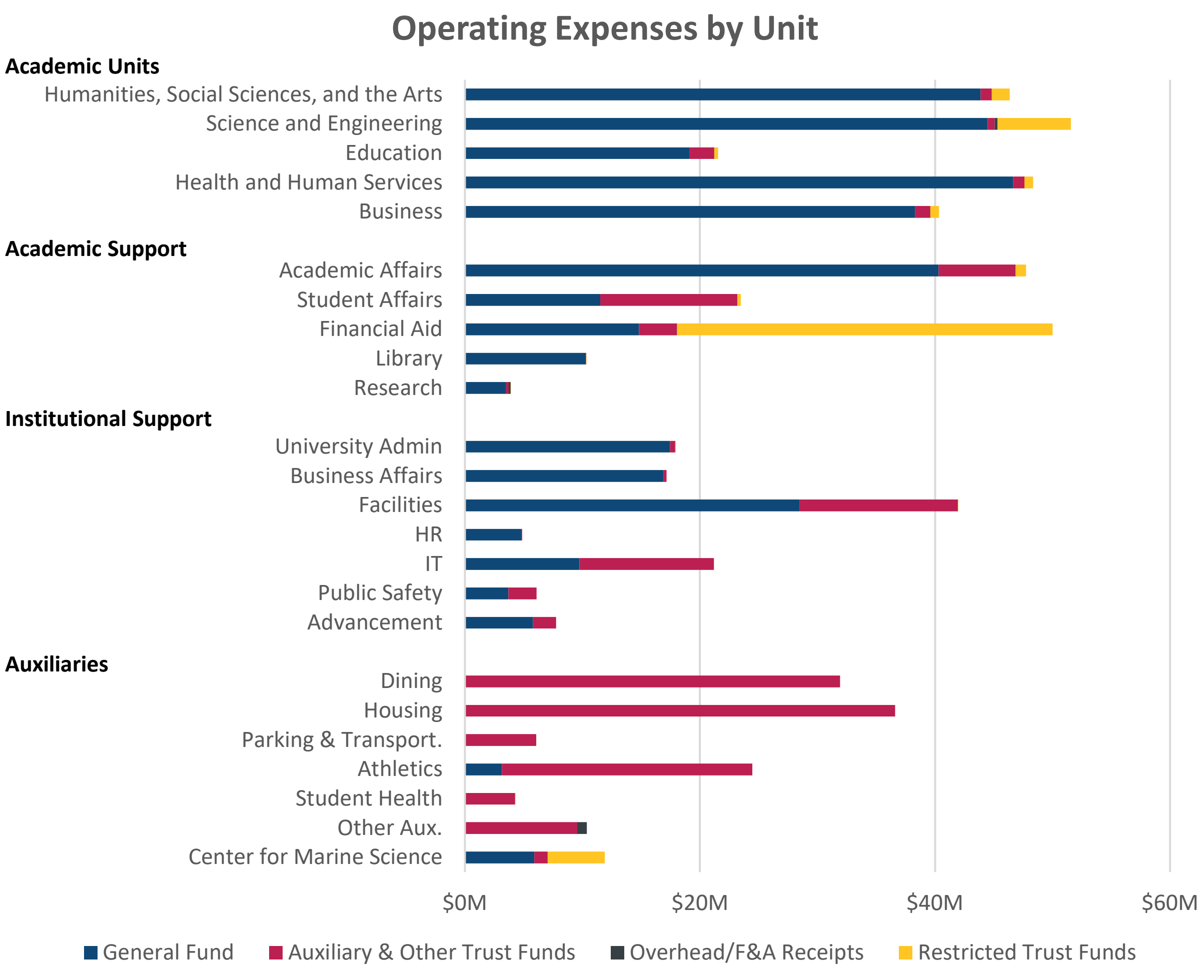
If enrollment funding is not fully appropriated, the University will be required to take immediate actions to realign expenditures. These would include delaying or reducing hiring, limiting course section availability, scaling back program delivery in high-demand disciplines, and deferring critical operational investments. Such adjustments would directly impact the University's ability to meet student demand, support timely degree completion, and respond to workforce needs across the state.

While the University has maintained limited flexibility to manage short-term uncertainty, that flexibility is not sufficient to offset a sustained funding gap of this magnitude. The realization of enrollment funding is therefore critical to execution of the FY27 financial plan.

UNC Wilmington







UNC Wilmington
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 237,639,000	$ -	$ -	$ -	**$ 237,639,000**
	Tuition & Fees	$ 136,465,000	$ 51,630,000	$ -	$ -	**$ 188,095,000**
	Less Discounts and Allowances	*$ (14,288,000)*	*$ (8,772,000)*	*$ -*	*$ (9,344,000)*	***$ (32,404,000)***
	Sales & Services	$ 236,000	$ 91,908,000	$ 19,000	$ -	**$ 92,163,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ 2,409,000	$ 152,000	$ 2,416,000	$ 41,096,000	**$ 46,073,000**
	Gifts & Investments	$ -	$ 15,317,000	$ -	$ 6,657,000	**$ 21,974,000**
	Other Revenues	$ 2,575,000	$ 5,220,000	$ -	$ 301,000	**$ 8,096,000**
Revenues Total		$ 365,036,000	$ 155,455,000	$ 2,435,000	$ 38,710,000	**$ 561,636,000**
Expenses	Salaries and Wages	$ 220,094,000	$ 25,377,000	$ 112,000	$ 6,815,000	**$ 252,398,000**
	Staff Benefits	$ 71,432,000	$ 10,602,000	$ 16,000	$ 1,138,000	**$ 83,188,000**
	Services, Supplies, Materials, & Equip.	$ 49,212,000	$ 79,632,000	$ 337,000	$ 8,092,000	**$ 137,273,000**
	Scholarships & Fellowships	$ 14,288,000	$ 8,772,000	$ 2,000	$ 31,553,000	**$ 54,615,000**
	Less Discounts and Allowances	*$ (14,288,000)*	*$ (8,772,000)*	*$ -*	*$ (9,344,000)*	***$ (32,404,000)***
	Debt Service	$ 896,000	$ 15,893,000	$ 815,000	$ -	**$ 17,604,000**
	Utilities	$ 7,387,000	$ 4,184,000	$ -	$ -	**$ 11,571,000**
	Other Expenses	$ 15,950,000	$ 4,132,000	$ 7,000	$ 136,000	**$ 20,225,000**
Expenses Total		$ 364,971,000	$ 139,820,000	$ 1,289,000	$ 38,390,000	**$ 544,470,000**
Net Transfers		$ (65,000)	$ (6,185,000)	$ (53,000)	$ 904,000	**$ (5,399,000)**
Change in Fund Balance			$ 9,450,000	$ 1,093,000	$ 1,224,000	**$ 11,767,000**

Memorandum

To:	Jennifer Haygood, Senior VP for Finance and Administration and CFO, UNCSO
From:	Michael T. Byers, Vice Chancellor for Administration and Finance
Date:	May 1, 2026
Subject:	2026-27 All-Funds Budget Narrative
CC:	Chancellor Kelli R. Brown

Western Carolina University (WCU) maintains a long-standing commitment to transparency and broad campus engagement in its incremental budget development process. As part of this approach, the All-Funds Budget forecast is fully integrated into annual budget planning. This integration enables colleges and departments to articulate budget priorities while developing an understanding of the fund sources available to support those priorities. The process also reinforces the principles of strategic resource alignment, student affordability, and financial sustainability that are required to justify significant budgetary changes.

Planning for the 2026–27 fiscal year began in spring 2025 with the development of Tuition, Fees, Rates, and Charges (TFRC). This annual process requires campus units with responsibility for or interest in tuition and fee proposals to communicate their intentions with their respective division heads and the Budget Office. After internal vetting, proposals may be presented during the Chancellor's Leadership Council summer retreat, where deans and department heads formally present proposed changes and participate in a mock Board of Governors-style review. Proposals that advance through this process are compiled into a slate of recommended changes and reviewed in accordance with UNC System policies, including scrutiny by the Tuition and Fee Committee, Executive Council, and the Board of Trustees. As a result, tuition, fees, rates, and charges are typically finalized for inclusion in the All-Funds Budget forecast by March each year. This robust review process promotes transparency and ensures that student affordability remains a central consideration throughout decision-making.

The process for requesting changes to funding levels for the 2026–27 fiscal year followed WCU's standard incremental budget model and began in fall 2025. Departments submit requests for both recurring and non-recurring funds to the Budget Office by December 31. Following a series of open divisional budget forums, each division finalizes its requests in the spring. All submissions are required to address the anticipated impact on enrollment, affordability, retention, graduation, risk mitigation, health and safety, efficiency, and overall effectiveness. Division heads present their finalized requests at a campus-wide forum and are expected to disclose any resource reallocations made or planned within their divisions for the prior and upcoming periods.

In April, campus leadership—including the Chancellor's Leadership Council and the Budget

Advisory Committee—conducts a prioritization exercise. This effort, when paired with divisional requests, informs allocation and reallocation decisions made by executive leadership in the fall, following legislative action establishing enrollment funding levels. Although neither these priorities nor potential legislative outcomes are formally incorporated into the All-Funds Budget forecast, the development process itself provides meaningful value by enhancing transparency and reinforcing the importance of aligning departmental requests with UNC System priorities.

For fiscal year 2027, the All-Funds Budget includes approximately $2.6 million in enrollment growth funding within the general fund, primarily supporting academic units. In light of proposed state budget reductions included in both the North Carolina House and Senate budget bills in the 2025 session, the university conducted a scenario-planning exercise requiring divisions to model a two percent reduction in state appropriations. This reduction would equate to approximately $3.2 million. The projected enrollment growth funding would significantly offset these potential cuts, effectively maintaining spending levels at current-year benchmarks. Absent this backfill, however, divisions would need to implement modeled budget reductions. Under such circumstances, the university would likely impose a hiring freeze that prioritizes academic positions while leaving non-academic vacancies unfilled, along with reductions in discretionary expenditures such as travel and maintenance supplies to essential levels only.

WCU's budget process requires all funding requests to be explicitly aligned with the university's Strategic Plan through citation of the relevant strategic direction and section. Division heads are also required to report annually, during divisional budget forums, on resource reallocations made from less productive initiatives to higher-impact activities or to initiatives that help constrain cost increases for students and taxpayers. This practice supports the UNC System's strategic priority of resource alignment. For fiscal year 2027, the All-Funds Budget reflects the creation of a new Enrollment Management and Student Success unit. This unit represents a reorganization of selected functions from Academic Affairs and Student Affairs into a consolidated structure focused on recruitment, retention, and student success.

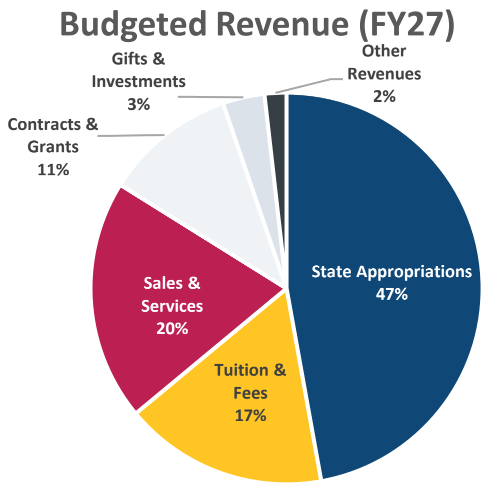
The university has also strategically realigned auxiliary resources to expand financial aid offerings and improve affordability through the Catamount Commitment program. This initiative provides first-year resident students with varying levels of financial support over eight semesters based on high school GPA. Eligible resident transfer students may also receive support under the program if they meet established criteria, including enrollment in designated STEM, health science, or education programs. This expanded aid directly reduces the amount of student loan debt required to complete a degree.

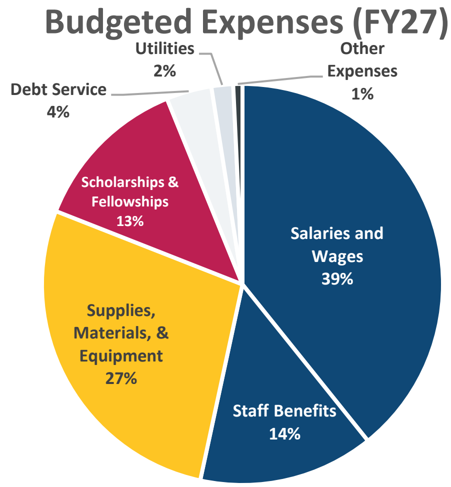
Financial sustainability remains a core institutional priority. Final budget decisions are reviewed with careful consideration of their impact on credit, risk, and compliance with reserve balance requirements, particularly for self-liquidating and auxiliary units. All auxiliary operations are required to maintain reserves equal to six months of operating expenses. Additionally, both academic and administrative program reviews are conducted regularly to identify efficiencies and improve processes. Outcomes from these reviews may include program elimination or realignment, with resulting cost savings redirected to offset inflation-driven increases in other recurring expenses.

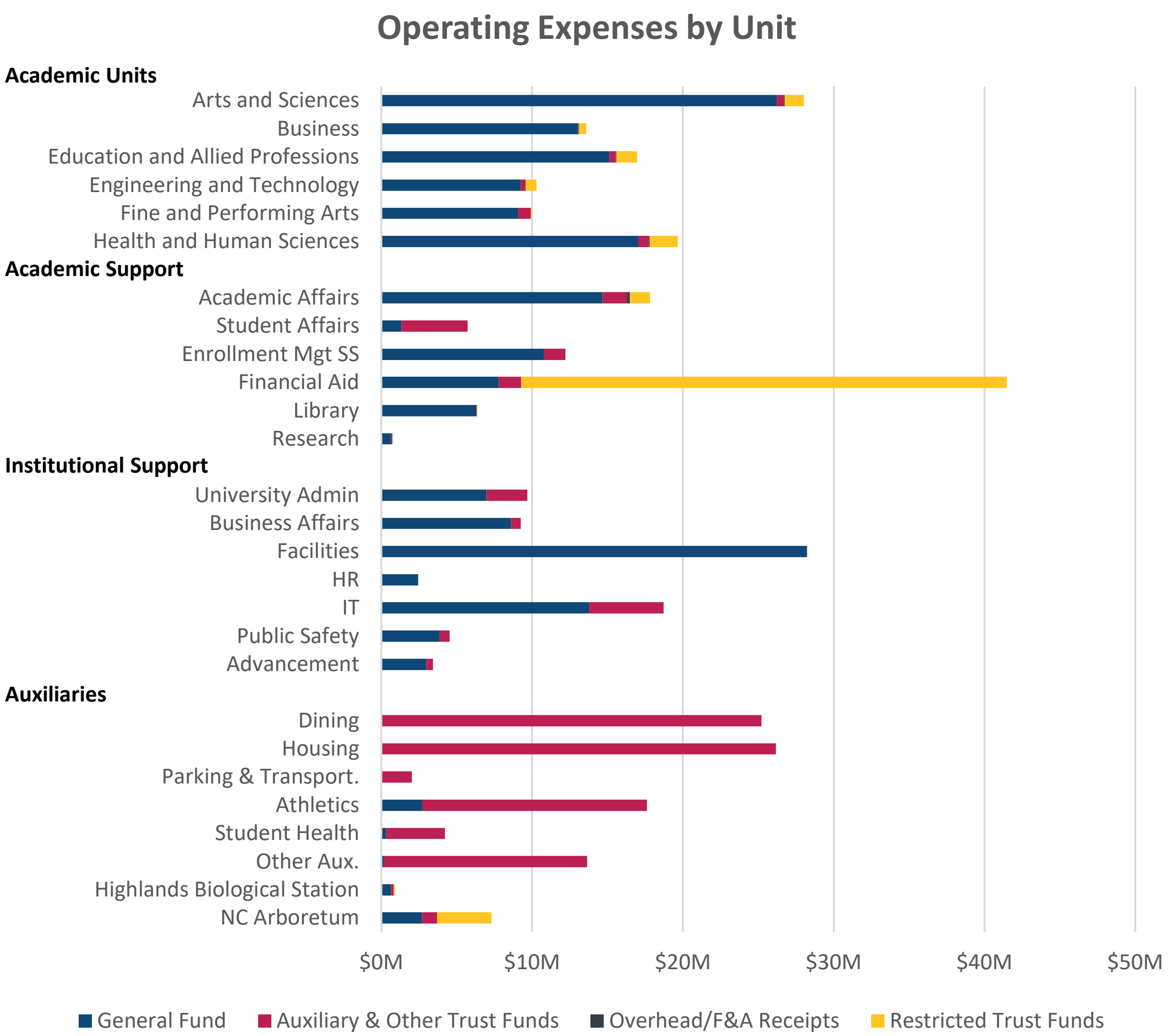
The Board of Trustees approved the attached All-Funds Budget forecast at its March 2026 meeting. Please contact me with any questions or requests for additional information.

Western Carolina University

THE UNIVERSITY OF NORTH CAROLINA SYSTEM







Western Carolina University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 169,189,000	$ -	$ -	$ -	**$ 169,189,000**
	Tuition & Fees	$ 31,210,000	$ 29,084,000	$ -	$ -	**$ 60,294,000**
	Less Discounts and Allowances	*$ (6,492,000)*	*$ (5,887,000)*	*$ -*	*$ -*	***$ (12,379,000)***
	Sales & Services	$ -	$ 71,417,000	$ -	$ -	**$ 71,417,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ 1,158,000	$ -	$ -	$ 37,794,000	**$ 38,952,000**
	Gifts & Investments	$ -	$ 8,838,000	$ -	$ 3,551,000	**$ 12,389,000**
	Other Revenues	$ 3,124,000	$ 1,996,000	$ 1,128,000	$ 222,000	**$ 6,470,000**
Revenues Total		$ 198,189,000	$ 105,448,000	$ 1,128,000	$ 41,567,000	**$ 346,332,000**
Expenses	Salaries and Wages	$ 112,286,000	$ 21,696,000	$ 86,000	$ 5,695,000	**$ 139,763,000**
	Staff Benefits	$ 40,673,000	$ 8,161,000	$ 29,000	$ 1,529,000	**$ 50,392,000**
	Services, Supplies, Materials, & Equip.	$ 40,345,000	$ 55,965,000	$ 368,000	$ 1,547,000	**$ 98,225,000**
	Scholarships & Fellowships	$ 6,492,000	$ 5,887,000	$ -	$ 33,536,000	**$ 45,915,000**
	Less Discounts and Allowances	*$ (6,492,000)*	$ (5,887,000)	$ -	$ -	***$ (12,379,000)***
	Debt Service	$ -	$ 13,029,000	$ -	$ -	**$ 13,029,000**
	Utilities	$ 4,069,000	$ 2,160,000	$ -	$ -	**$ 6,229,000**
	Other Expenses	$ 816,000	$ 1,141,000	$ 3,000	$ 685,000	**$ 2,645,000**
Expenses Total		$ 198,189,000	$ 102,152,000	$ 486,000	$ 42,992,000	**$ 343,819,000**
Net Transfers		$ -	$ 3,619,000	$ (642,000)	$ 1,425,000	**$ 4,402,000**
Change in Fund Balance			$ 6,915,000	$ -	$ -	**$ 6,915,000**

JEREMY ALLTOP | CHIEF OPERATING OFFICER
Winston-Salem State University | 601 S. Martin Luther King Jr. Drive
Blair Hall, Suite 103 Winston-Salem, NC 27110

P: 336-750-2703 | F: 336-750-2707 | E: alltopjc@wssu.edu

To: UNC System Office

From: Jeremy Alltop, Chief Operating Officer | Winston-Salem State University

Date: April 30, 2026

Subject: All Funds Budget

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.

Student Success (Increase Retention Rates and Four-Year Graduation Rates)
At WSSU, student success is central to the university's strategic plan and institutional metrics. During the 2026-27 academic year, WSSU will continue to focus on impacting student success in a positive manner. This includes the development of a professional academic advising model, whereby each undergraduate student will have an opportunity to be advised by one academic advisor during their entire undergraduate academic experience. WSSU will continue investing in its student success technology infrastructure to provide real-time personalized support services based on intensive student success monitoring and tracking through utilization of EAB Navigate. WSSU has successfully hired the Vice Provost for Student Success, which provides leadership for all student success focused offices, units and initiatives (e.g., university college, academic advising, retention services, undergraduate research, civic engagement, tutorial services and online and extended education).

To elevate the university's focus and intentionality on diversifying its enrollment, during the previous academic year, the Office of Transfer and Adult Student Services was developed. As such, this office has led the charge for increasing the enrollment of adult and transfer student populations. To add to this, WSSU understands the importance of establishing a stronger online student population. Therefore, WSSU has dedicated resources to develop a partnership with Project Kitty Hawk (PKH) whereby specific undergraduate degree programs will be offered online, along with the in-person option.

Improve Undergraduate Degree Efficiency
WSSU leadership understands that undergraduate degree efficiency, defined as the number of undergraduate credentials awarded per 100 Full-Time Equivalent students, is critical to student success. They recognize that employees must implement strategies that help students graduate on time. Central to this effort is the extent to which the institution invests in its faculty to deliver high-quality instruction and engage learners effectively. WSSU senior leadership is aware that accumulating Ds, Fs, Ws, and Incompletes adversely affects students' on-time degree completion and financial resources, as they must retake courses to meet degree requirements. To assist with these endeavors, the university was selected by the Thurgood Marshall College Fund (TMCF) as a Gallup Strengths university. As a member institution of TMCF, WSSU is fortunate to be the benefactor of this partnership between TMCF and Clifton's Gallup Strengths. This partnership will be implemented on the WSSU campus by engaging faculty who provide instruction for general education courses, many of which are those that witness high DFW and I rates. Essentially, Gallup Strengths is designed to assist faculty in exploring andragogical instructional practices that assist college-aged students explore their greatest strengths and developing strategies for them to apply those skills to their in and out-of-class experiences as first-time college students.

At the same time, this initiative provides the opportunity for faculty to maximize their innate talents, such that they can apply those skills in the teaching and learning process. Enhancing the teaching and learning process in this way will assist in creating a unified and targeted approach for increasing the faculty's focus on increasing the success of students in courses that have high DFW or I rates. While these partnerships are greatly appreciated, the leadership team, especially in the Division of Academic Affairs, is directly focused on enhancing accountability and excellence of faculty and academic administrators (e.g., deans and department chairs). To assist in this area, WSSU's leadership will continue to invest in leadership and management training for these individuals, helping them leverage data to facilitate difficult conversations, provide effective feedback and coaching to employees, manage employee performance, and emphasize accountability regarding high expectations.

Reduced Average Cumulative Debt and Education-Related Expenses

To reduce the average cumulative debt and education-related expenses for undergraduate students, especially first-time freshmen and transfer students in FY27, WSSU did not increase in-state tuition or fees for in-state students and committed $30M from our Scott gift to financial aid to add to the $17.5M previously committed for this purpose. Additionally, WSSU received approval for a Title III endowment match program which will continue to benefit scholarship endowments. WSSU will also coordinate efforts to provide financial literacy to new students, continuing students, and their families, recognizing that increased awareness of financial options among families is a crucial method for reducing student debt.

Fiscal and Operational Resilience

WSSU is planning on limited new funds for FY 27 based on enhanced State support for enrollment growth, continued on-campus enrollment growth, new online programs, and auxiliary rate increases coupled with a modest tuition increase on out-of-state undergraduate and all graduate students. Through these new revenues, cost savings identified through contract review, strategic realignment of vacant positions, a reduction in several management positions through a realignment of duties, and a strategic review of available fee incomes and other revenues, WSSU is submitting a balanced budget that supports the University's Strategic Goals. A modest margin exists within our auxiliary units and certain trust funds consistent with prior years.

New resources are proposed to enhance public safety, support our new public health academic programs, make permanent a prior term limited role as a mental health case manager, add additional mental health services, continue capital investments in our Housing and Dining units, provide enhanced annual funding for information security and hardware replacement, and meet inflationary costs associated with utilities and items such as software contracts. Should additional State enrollment growth funding not be provided, WSSU would likely be unable to invest in public safety or additional student mental health services, would need to continue to rely on limited one time funds to fund information security and hardware replacement, and would have to reduce other operating budgets and eliminate or hold vacant other positions to support inflationary costs and new investments in Public Health programs.

We will continue to evaluate positions for realignment as they become vacant or opportunities arise and will continue to closely monitor overall expenses to evaluate an opportunity to reduce expenditures as appropriate.

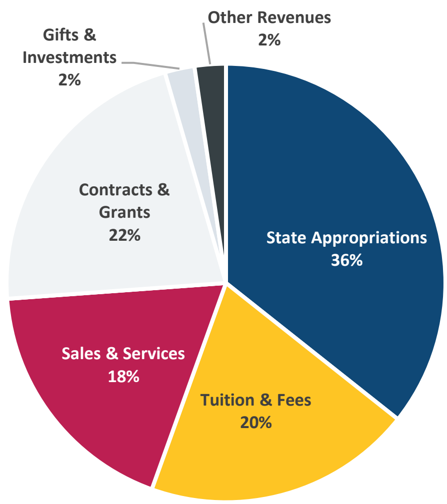
Conclusion

The Winston-Salem State University FY27 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.

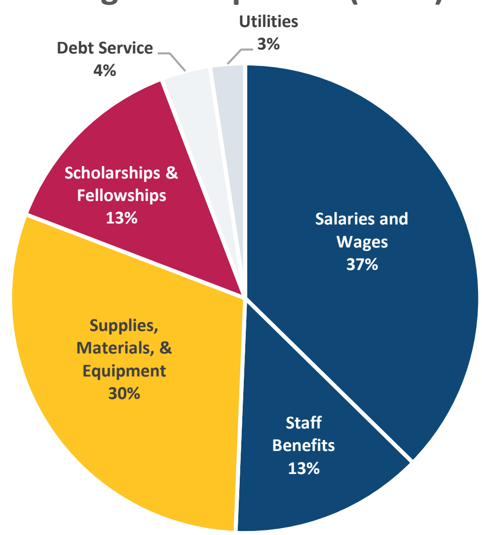
The WSSU Board of Trustees met and approved the All-Funds Budget on April 24, 2026.

Winston-Salem State University

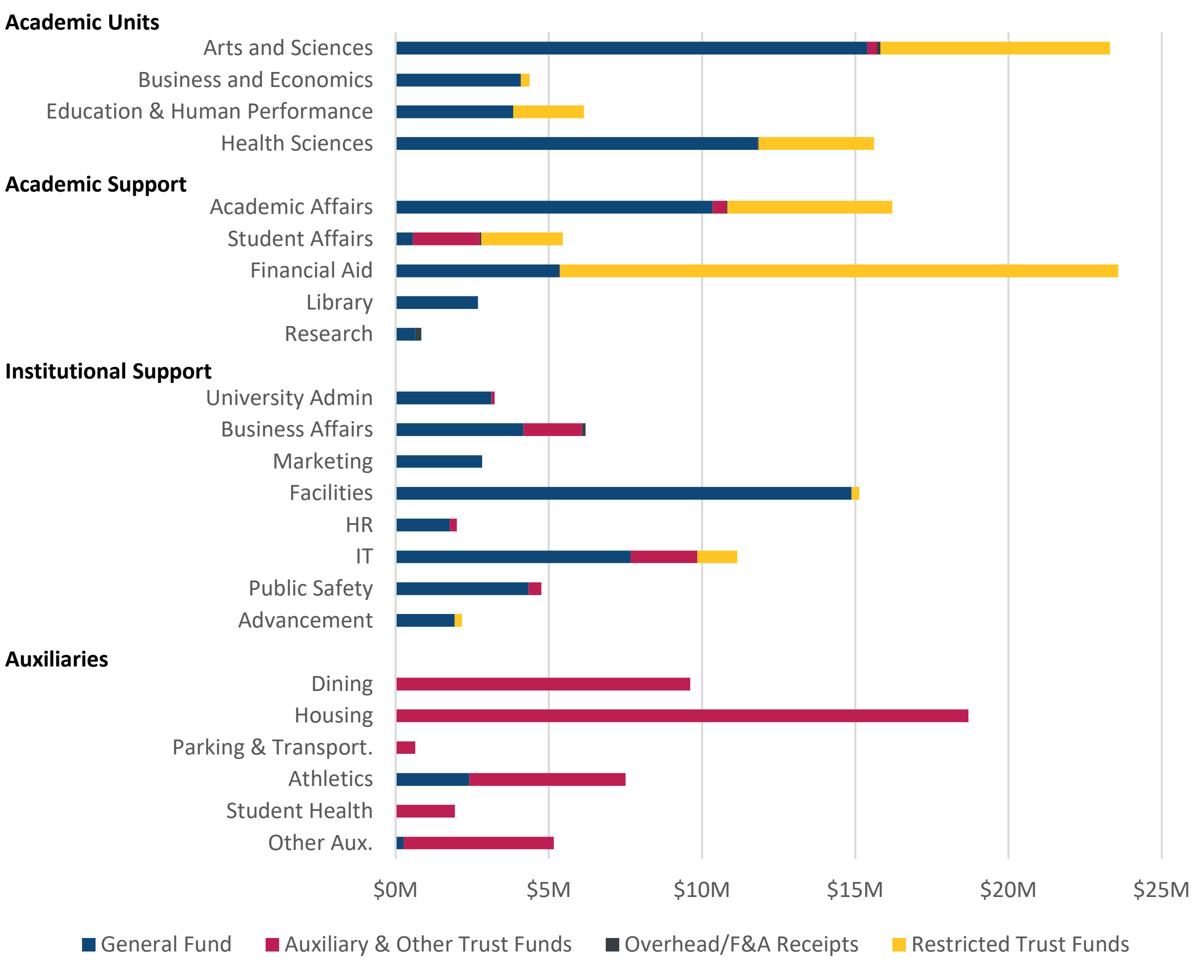
Budgeted Revenue (FY27)



Budgeted Expenses (FY27)



Operating Expenses by Unit



Winston-Salem State University
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 70,490,000	$ -	$ -	$ -	**$ 70,490,000**
	Tuition & Fees	$ 27,096,000	$ 12,066,000	$ -	$ -	**$ 39,162,000**
	Less Discounts and Allowances	*$ (4,825,000)*	*$ (1,697,000)*	*$ -*	*$ (29,078,000)*	***$ (35,600,000)***
	Sales & Services	$ -	$ 36,277,000	$ -	$ -	**$ 36,277,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 19,000	$ 860,000	$ 41,905,000	**$ 42,784,000**
	Gifts & Investments	$ -	$ 4,331,000	$ -	$ -	**$ 4,331,000**
	Other Revenues	$ 2,400,000	$ 2,153,000	$ -	$ -	**$ 4,553,000**
Revenues Total		$ 95,161,000	$ 53,149,000	$ 860,000	$ 12,827,000	**$ 161,997,000**
Expenses	Salaries and Wages	$ 50,956,000	$ 9,990,000	$ 153,000	$ 10,274,000	**$ 71,373,000**
	Staff Benefits	$ 17,891,000	$ 4,651,000	$ 52,000	$ 2,830,000	**$ 25,424,000**
	Services, Supplies, Materials, & Equip.	$ 22,545,000	$ 25,022,000	$ 334,000	$ 9,746,000	**$ 57,647,000**
	Scholarships & Fellowships	$ 4,825,000	$ 1,697,000	$ -	$ 19,055,000	**$ 25,577,000**
	Less Discounts and Allowances	*$ (4,825,000)*	*$ (1,697,000)*	*$ -*	*$ (29,078,000)*	***$ (35,600,000)***
	Debt Service	$ 723,000	$ 5,777,000	$ -	$ -	**$ 6,500,000**
	Utilities	$ 3,046,000	$ 1,533,000	$ -	$ -	**$ 4,579,000**
	Other Expenses	$ -	$ -	$ -	$ -	**$ -**
Expenses Total		$ 95,161,000	$ 46,973,000	$ 539,000	$ 12,827,000	**$ 155,500,000**
Net Transfers		$ -	$ 56,000	$ -	$ -	**$ 56,000**
Change in Fund Balance			$ 6,232,000	$ 321,000	$ -	**$ 6,553,000**

UNC System Office
FY 2027 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 includes PBS North Carolina (PBS NC), an affiliate for the UNC System, which is directed by statute to develop, produce, and distribute non-commercial educational television programming through the broadcasting licenses issued to the UNC Board of Governors, and to enhance the uses of television for public purposes.

Through its budgeting process, the System Office has prioritized resources to support its critical leadership role in driving system-wide progress towards our strategic goals. These priorities not only address critical operational and academic needs but also lay the groundwork for scalable, systemwide solutions. This forward-thinking approach ensures that the System Office remains an effective steward of state resources while supporting innovation and resilience across all 17 institutions. Specific highlights include:

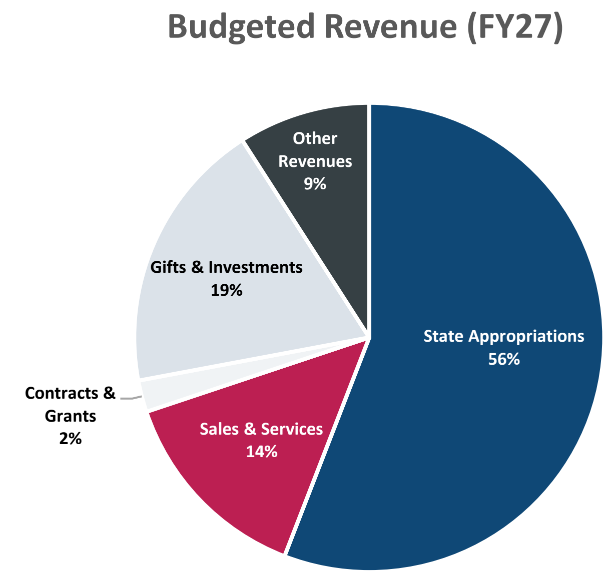
- **Artificial Intelligence Enablement:** We are making significant investments in building out the infrastructure, knowledge base, and relationships necessary to deliver AI enabled advancements across the UNC System. Partnerships with industry leaders are providing the affordable backbone necessary for our institutions to develop their AI capabilities, provide students with the essential skills and access to tools needed for today's workforce, along with bringing new models and capabilities to our research and operations.
- **Civil Discourse:** The UNC System will invest in a coordinated, systemwide effort to strengthen civil discourse by supporting course development, faculty and staff training, and student-led initiatives that promote constructive dialogue across campuses. This initiative will also establish ongoing measurement through a systemwide free expression survey, positioning the UNC System as a national leader in fostering open inquiry and respectful exchange as core components of student success. Together, these investments will scale existing campus efforts, build institutional capacity, and create durable structures that advance civic engagement and viewpoint diversity.
- **Commission on Public Higher Education:** As a founding member, we are supporting the launch of the Commission on Public Higher Education (CPHE), a first-of-its-kind accrediting body formed by leading public university systems to advance academic quality through an outcomes-based, peer-driven model of accreditation. It is designed to improve student success while streamlining accreditation processes, emphasizing transparency, efficiency, and accountability for public institutions. As a founding member, the UNC System is helping shape a modern accreditation framework focused on measurable outcomes and continuous institutional improvement.

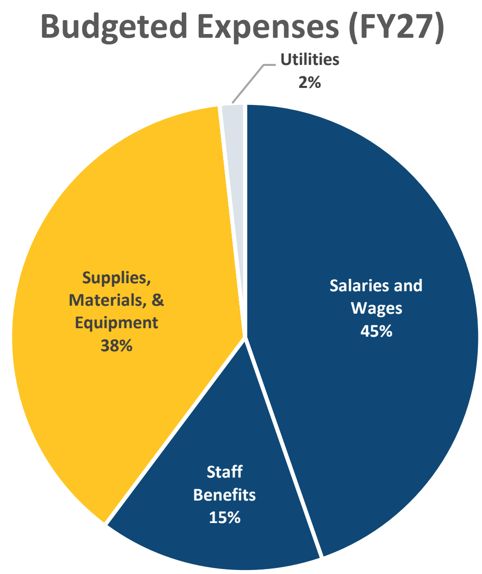
- **Expanding Shared Services:** We continue to leverage shared services in areas such as HR, benefits, payroll, advancement, and IT to reduce operational overhead and improve data quality. Strategic investments in managed ERP services, CRM support, a consolidated LRM and system-wide IT contracts drive measurable efficiency gains and unlock recurring cost savings. To improve transparency, these functions are budgeted in a separate organizational unit.

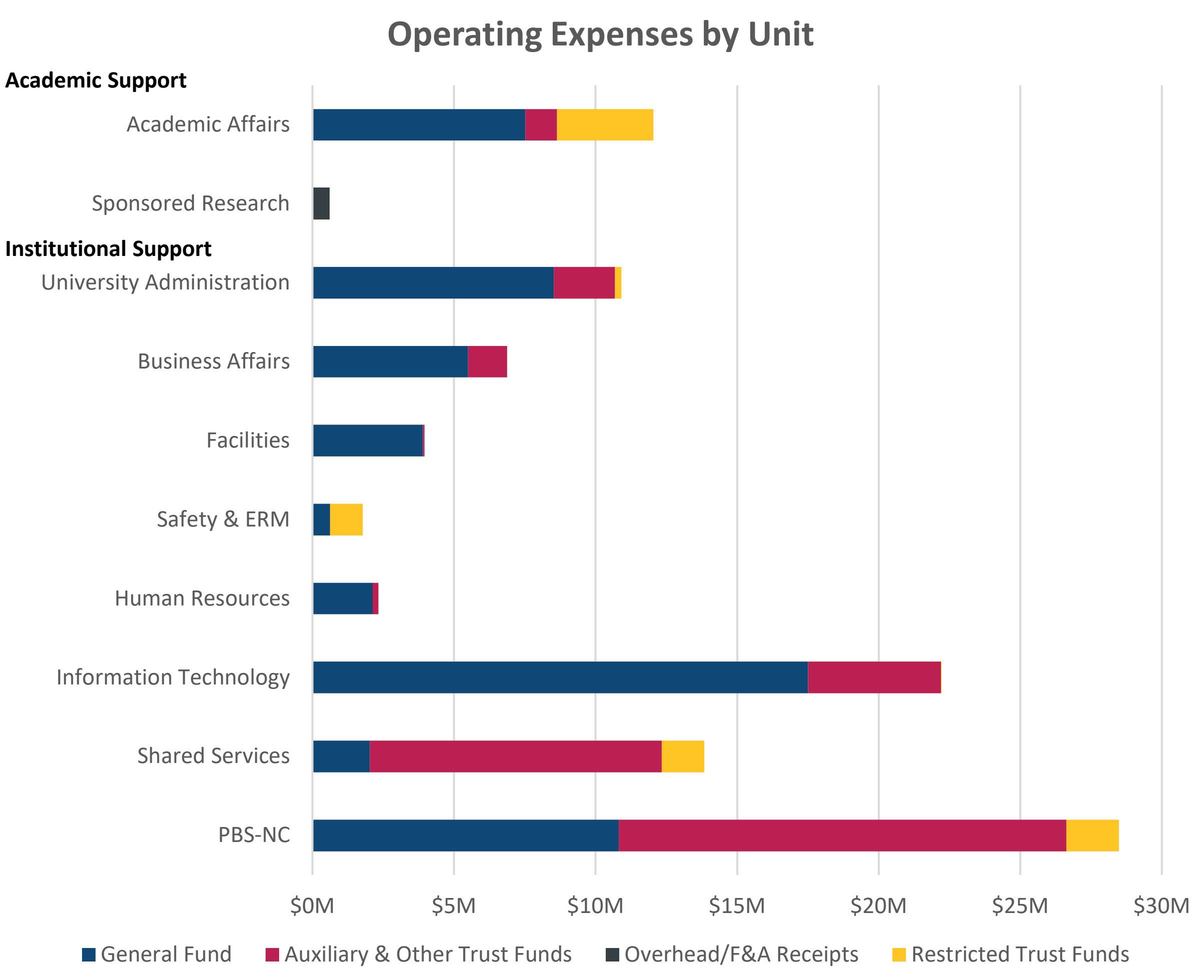
The System Office also provides administrative support to the State Education Assistance Authority (SEAA). SEAA promotes access to education by administering financial aid and savings programs, informing students and families about paying for education, teaching educators about financial aid administration, and advocating for resources to support students. While SEAA is administratively housed within the UNC System Office, it exercises its statutory powers independently; therefore, its budget is presented separately.

UNC System Office

THE UNIVERSITY OF NORTH CAROLINA SYSTEM







UNC System Office
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriations	$ 52,696,000	$ -	$ -	$ -	**$ 52,696,000**
	Tuition & Fees	$ -	$ -	$ -	$ -	**$ -**
	Less Discounts and Allowances	*$ -*	*$ -*	*$ -*	*$ -*	***$ -***
	Sales & Services	$ -	$ 12,545,000	$ -	$ 652,000	**$ 13,197,000**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 230,000	$ 300,000	$ 1,527,000	**$ 2,057,000**
	Gifts & Investments	$ -	$ 17,781,000	$ -	$ -	**$ 17,781,000**
	Other Revenues	$ 3,863,000	$ 3,211,000	$ -	$ 1,503,000	**$ 8,577,000**
Revenues Total		$ 56,559,000	$ 33,767,000	$ 300,000	$ 3,682,000	**$ 94,308,000**
Expenses	Salaries and Wages	$ 29,426,000	$ 13,376,000	$ 406,000	$ 3,208,000	**$ 46,416,000**
	Staff Benefits	$ 10,073,000	$ 4,758,000	$ 155,000	$ 1,148,000	**$ 16,134,000**
	Services, Supplies, Materials, & Equip.	$ 17,113,000	$ 19,638,000	$ 35,000	$ 2,745,000	**$ 39,531,000**
	Scholarships & Fellowships	$ -	$ -	$ -	$ -	**$ -**
	Less Discounts and Allowances	*$ -*	*$ -*	*$ -*	*$ -*	***$ -***
	Debt Service	$ -	$ -	$ -	$ -	**$ -**
	Utilities	$ 1,814,000	$ -	$ -	$ -	**$ 1,814,000**
	Other Expenses	$ -	$ -	$ -	$ -	**$ -**
Expenses Total		$ 58,426,000	$ 37,772,000	$ 596,000	$ 7,101,000	**$ 103,895,000**
Net Transfers		$ 1,987,000	$ 2,424,000	$ -	$ 3,107,000	**$ 7,518,000**
Change in Fund Balance			$ (1,581,000)	$ (296,000)	$ (312,000)	**$ (2,189,000)**

State Education Assistance Authority
FY 2026-27 All-Funds Budget

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	**Total**
Revenues	State Appropriation, Tuition, & Fees	$ 913,279,000.00	$ -	$ -	$ -	**$ 913,279,000**
	Sales & Services	$ -	$ -	$ -	$ -	**$ -**
	Patient Services	$ -	$ -	$ -	$ -	**$ -**
	Contracts & Grants	$ -	$ 2,963,000.00	$ -	$ -	**$ 2,963,000**
	Gifts & Investments	$ -	$ -	$ -	$ -	**$ -**
	Other Revenues	$ 196,935,000.00	$ 251,000.00	$ -	$ -	**$ 197,186,000**
Revenues Total		$ 1,110,214,000	$ 3,214,000	$ -	$ -	**$ 1,113,428,000**
Expenses	Salaries and Wages	$ -	$ 217,000	$ -	$ 4,833,000	**$ 5,050,000**
	Staff Benefits	$ -	$ -	$ -	$ 1,698,000	**$ 1,698,000**
	Services, Supplies, Materials, & Equip.	$ -	$ -	$ -	$ 3,184,000	**$ 3,184,000**
	Scholarships & Fellowships	$ -	$ 2,963,000	$ -	$ 1,092,956,000	**$ 1,095,919,000**
	Debt Service	$ -	$ -	$ -	$ -	**$ -**
	Utilities	$ -	$ -	$ -	$ -	**$ -**
	Other Expenses	$ -	$ 34,000	$ -	$ 16,348,000	**$ 16,382,000**
Expenses Total		$ -	$ 3,214,000	$ -	$ 1,119,019,000	**$ 1,122,233,000**
Net Transfers		$ (1,110,214,000)	$ -	$ -	$ 1,110,472,000	**$ 258,000**
Change in Fund Balance			$ -	$ -	$ (8,547,000)	**$ (8,547,000)**

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
July 23, 2026

AGENDA ITEM

A-5. Authorized Use of Special Obligation Bonds "Commercial Paper" – University of North Carolina at Chapel Hill ....Jennifer Haygood

Situation: The University of North Carolina at Chapel Hill ("UNC-Chapel Hill") requests that the University of North Carolina Board of Governors authorize UNC-Chapel Hill to finance, under its existing commercial paper program, all or a portion of the costs of the capital improvement projects previously approved by the Board and authorized by the North Carolina General Assembly under S.L. 2026-9 (H.B. 1123):

- New Residence Hall I ($141,200,000)
- Parker & Teague Halls-Demolition and Replacement ($112,000,000)

The total aggregate principal amount shall not exceed $253,200,000.

Background: The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvements projects that have been approved by the General Assembly. All projects in this request have been previously approved by the Board of Governors and were approved by the General Assembly under S.L. 2026-9 (HB 1123).

Assessment: In October 2025, the Board approved the University of North Carolina at Chapel Hill General Revenue Bond, Commercial Paper Bonds (the "Commercial Paper"), to establish a new commercial paper program and provide short-term, construction period financing for capital projects at UNC-Chapel Hill authorized by the General Assembly. Amounts outstanding under the commercial paper program are repaid from time to time from university funds or from proceeds of long-term financings. This request would authorize UNC-Chapel Hill to finance the projects approved under S.L. 2026-9 under its existing commercial paper program.

UNC-Chapel Hill currently has an issuer credit rating of "Aaa" with a stable outlook by Moody's Ratings, an issuer credit rating of "AAA" with a stable outlook by S&P Global Ratings, and an issuer credit rating of "AAA" with a stable outlook by Fitch Ratings. The transaction is expected to have no impact on UNC-Chapel Hill's credit ratings.

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

Authorized Use of Special Obligation Bonds "Commercial Paper" – University of North Carolina at Chapel Hill

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 an institution when retiring these bonds, special obligation bonds are generally payable from all institution revenues excluding tuition, state appropriations, and restricted reserves.

The Board previously issued the University of North Carolina at Chapel Hill General Revenue Bond, Commercial Paper Bonds (the "Commercial Paper") to establish a new commercial paper program and provide short-term, construction period financing for capital projects for UNC-Chapel Hill that have been previously approved by the Board and the General Assembly. Amounts outstanding under the commercial paper program are repaid from time to time from university funds or from proceeds of long-term financings. Pursuant to the bond resolution, adopted by the Board on October 16, 2025, the senior vice president for finance and administration may authorize and deliver to the issuing and paying agent proposed issuances of new money commercial paper bonds.

UNC-Chapel Hill requests permission from the Board to finance under its commercial paper program all or a portion of the costs of the capital improvement projects previously approved by the Board and authorized by the General Assembly under S.L. 2026-9 (H.B. 1123). The aggregate principal amount shall not exceed $253,200,000 and includes the following:

- New Residence Hall I ($141,200,000)
- Parker & Teague Halls-Demolition and Replacement ($112,000,000)

The New Residence Hall 1 project includes the construction of two new residence halls with approximately 730 beds. The estimated completion date is August 2028. The Parker & Teague Halls Demolition and Replacement project will demolish Parker and Teague residence halls and construct a new residence hall including approximately 550 total beds. The estimated completion date is August 2030.

UNC-Chapel Hill plans to refund commercial paper with long-term debt when the commercial paper outstanding balance is approximately $100 million. Based on estimated construction schedules, the conversion to permanent debt financings will occur in FY27, FY28, and FY30.

UNC-Chapel Hill currently has an issuer credit rating of "Aaa" with a stable outlook by Moody's Ratings, an issuer credit rating of "AAA" with a stable outlook by S&P Global Ratings, and an issuer credit rating of "AAA" with a stable outlook by Fitch Ratings. The transaction is expected to have no impact on UNC-Chapel Hill's credit ratings.

Parker Poe Adams & Bernstein LLP is bond counsel, and PFM is the financial advisor.

RECOMMENDATION

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

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA SYSTEM AUTHORIZING SPECIAL OBLIGATION BOND PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

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");

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 bond 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;

WHEREAS; the Board has authorized the issuance of Commercial Paper Bonds (UNC-Chapel Hill) (the "Commercial Paper"), pursuant to a Bond Resolution adopted by the Board on October 16, 2025, proceeds of which are available to the University of North Carolina at Chapel Hill ("UNC-Chapel Hill") in order to finance the costs of certain projects on the campus of UNC-Chapel Hill;

WHEREAS; the Board has determined to add to the list of projects eligible to be financed with the proceeds of the Commercial Paper and any other special obligation bonds (collectively, the "Bonds") issued by the Board on behalf of UNC Chapel Hill under the Act, the projects approved by the North Carolina General Assembly in S.L. 2026-9 (HB 1123), AN ACT TO MAKE VARIOUS CHANGES RELATED TO THE UNIVERSITY OF NORTH CAROLINA AND UPDATES TO STATUTES RELATED TO CONTRACTING FOR CAPITAL PROJECTS, and listed in Exhibit A to this resolution (collectively, the "Special Obligation Bond Projects"); and

WHEREAS, under the General Trust Indenture dated as of January 15, 2001 (the "UNC-Chapel Hill General Indenture") between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee, special obligation bonds issued under the UNC-Chapel Hill General Indenture are payable solely from any funds of UNC-Chapel Hill or the Board in each Fiscal Year remaining after satisfying obligations of UNC-Chapel Hill or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt as of the date of the UNC-Chapel Hill General Indenture with respect to UNC-Chapel Hill, including Unrestricted General Fund balances and Unrestricted Quasi-Endowment Fund balances shown as such on UNC-Chapel Hill's financial statements, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC-Chapel Hill students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, and (4) revenues generated by Special Facilities, as defined in the UNC-Chapel Hill General Indenture (the "UNC-Chapel Hill Available Funds");

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

Section 1. **Authorization of Special Obligation Bonds Projects.** That the Board hereby approves and ratifies the use of the proceeds of the Bonds for the Special Obligation Bond Projects listed in Exhibit A to this resolution and the costs of issuance related to the Bonds.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient UNC-Chapel Hill Available Funds are available to pay the principal of and interest on the Bonds attributable to UNC-Chapel Hill and to provide for the maintenance and operation of the facilities at UNC-Chapel Hill to the extent required under the UNC-Chapel Hill General Indenture.

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 immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 23rd day of July, 2026.

STATE OF NORTH CAROLINA	)		SECRETARY'S CERTIFICATE
	)	SS:	OF AUTHENTICATION
COUNTY OF WAKE	)		

I, Meredith R. McCullen, Deputy Chief of Staff 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 July 23, 2026 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on July 23, 2026 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on July 23, 2026 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of ___________________, 2026.

[SEAL]

____

Deputy Chief of Staff and Secretary of the University of North Carolina System

EXHIBIT A

UNC CHAPEL HILL PROJECTS

The following projects at UNC Chapel Hill approved by the North Carolina General Assembly in S.L. 2026-9 (HB 1123), AN ACT TO MAKE VARIOUS CHANGES RELATED TO THE UNIVERSITY OF NORTH CAROLINA AND UPDATES TO STATUTES RELATED TO CONTRACTING FOR CAPITAL PROJECTS, are added to the list of projects eligible to be financed with proceeds of special obligation bonds issued by the Board of Governors on behalf of UNC Chapel Hill:

New Residence Hall I ($141,200,000)
Parker & Teague Halls - Demolition and Replacement ($112,000,000)

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
July 23, 2026

AGENDA ITEM

A-6. Capital Improvement Projects.. Katherine Lynn

Situation: NC State University and University of North Carolina at Chapel Hill have requested four new projects, and Appalachian State University, UNC-Chapel Hill, University of North Carolina at Greensboro, and University of North Carolina Wilmington have requested increased authorization for six 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: App State, NC State, UNC-Chapel Hill, UNC Greensboro, and UNC Wilmington 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 – Appalachian State University, NC State University, University of North Carolina at Chapel Hill, University of North Carolina at Greensboro, and University of North Carolina Wilmington

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.

Five UNC System institutions have requested ten capital improvement projects: four new projects, and six projects for increased authorization.

I. NEW PROJECTS

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
NC State University					
1.	Egg Processing Facility - 3709 Hillsborough St.[1]	$2,950,000	$150,000	$2,800,000	Trust Funds (Donations/Gifts & Grants, Fac & Admin)
NC State Subtotal		*$2,950,000*	*$150,000*	*$2,800,000*	
University of North Carolina at Chapel Hill					
2.	Chapman Hall Cryo Transmission Electron Microscope (TEM)[1]	$1,500,000	$250,000	$1,250,000	Trust Funds (Fac and Admin)
3.	Laurel Hill Road - Culvert Replacement	$2,000,000	$0	$2,000,000	Trust Funds (Utility)
4.	Lenoir Hall FY26 Renovations- Lenoir Hall Low Slope Roof[1]	$1,600,000	$150,000	$1,450,000	Trust Funds (Dining)
UNC-Chapel Hill Subtotal		*$5,100,000*	*$400,000*	*$4,700,000*	
Grand Total		**$8,050,000**	**$550,000**	**$7,500,000**	

[1]Previous authorization reflects advance planning authority delegated to Boards of Trustees.

II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
Appalachian State University					
1.	Indoor Practice Facility	$27,000,000	$25,000,000	$2,000,000	Trust Funds (Athletics)
2.	New River Power & Light Oak Grove Substation & Misc Repairs	$2,000,000	$971,879	$1,028,121	Trust Funds (Utility)
App State Subtotal		*$29,000,000*	*$25,971,879*	*$3,028,121*	

II. INCREASED AUTHORIZATION (cont.)

	Institution/Project Title	Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
University of North Carolina at Chapel Hill					
3.	House Undergraduate Library Renovations	$8,517,000	$8,250,000	$267,000	Trust Funds (Donations/Gifts & Grants, Endowments, Utility, Student Renewable Energy Fee) - 99%/Carry-forward - 1% *(Fund Source Change)*
4.	Caldwell Hall Accessibility Upgrades	$3,200,000	$2,850,000	$350,000	Carry-forward
UNC-Chapel Hill Subtotal		*$11,717,000*	*$11,100,000*	*$617,000*	
University of North Carolina at Greensboro					
5.	Spring Garden Apartments Roof-HVAC Replacement	$7,815,000	$4,815,000	$3,000,000	Trust Funds (Housing)
UNC Greensboro Subtotal		*$7,815,000*	*$4,815,000*	*$3,000,000*	
University of North Carolina Wilmington					
6.	Hurst-Riegel Connector Roadway	$6,760,000	$4,530,879	$2,229,121	Trust Funds (Parking & Transportation, Other Auxiliary)
UNC Wilmington Subtotal		*$6,760,000*	*$4,530,879*	*$2,229,121*	
Grand Total		**$55,292,000**	**$46,417,758**	**$8,874,242**	

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 NC Office of State Budget and Management as non-appropriated projects that will be funded and operated entirely with non-General Fund and non-State Capital and Infrastructure Fund monies.

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 thirteen allowable categories.

	Institution/Project Title	Amount	Fund Source	R&R Category
East Carolina University				
1.	Main Campus ADA Sidewalk and Parking Upgrades - 5 Buildings	$590,000	General Funds	(11) Improvements to roads, walks, drives, and utilities infrastructure.
2.	Building 43 Structural Repair	$94,914	General Funds - 22%/Carry-forward - 78%	(2) Structural repairs.

III. REPORTING (cont.)

	Institution/Project Title	Amount	Fund Source	R&R Category
East Carolina University (cont.)				
3.	Coastal Studies Institute (CSI) Ductwork/Hood Replacement	$155,000	General Funds - 61%/Trust Funds (Fac & Admin) - 39%	(4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems.
Fayetteville State University				
4.	Risk Management Office Conversion	$300,000	General Funds	(9) Improvements and renovations to improve use of existing space.
North Carolina Agricultural & Technical State University				
5.	Calf Barn Repairs	$450,000	Trust Funds (Donations/ Gifts & Grants)	(9) Improvements and renovations to improve existing space.
North Carolina Central University				
6.	Walker PE Complex Athletic Gym Flooring Replacement	$130,360	Trust Funds (Donations/ Gifts & Grants)	(9) Improvements and renovations to improve existing space.
7.	Walker PE Complex Gym Bleachers Replacement	$242,818	Trust Funds (Donations/ Gifts & Grants)	(5) Improvements to meet the requirements of the Americans with Disabilities Act.
University of North Carolina Pembroke				
8.	Central Shipping and Receiving Relocation	$513,542	General Funds	(9) Improvements and renovations to improve existing space.
9.	Weinstein Boiler Replacements	$300,000	R&R - 38%/ General Funds - 33%/Trust Funds (Other) - 28%/Carry-forward - 1%	(4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems.