

University of North Carolina FY 2024-25 Budget Priorities



Operating Budget Priorities

Performance-Weighted Enrollment Change

Adjusts funding to reflect each institution's change in enrollment and performance on increasing undergraduate student success, reducing student debt, and increasing productivity. This request includes funding to reward sustained performance improvements that were funded on a nonrecurring basis in FY24. The nonrecurring portion of the request would provide enrollment mitigation support to select institutions experiencing multi-year enrollment declines.

\$46,564,200
\$574,578 *Enroll Δ*
\$32,921,356 *Perf Δ - Y1*
\$13,068,267 *Perf Δ - Y2*
\$4,952,988 NR

Building Reserves

Provides maintenance and operation funding for buildings on NC School of Science and Math's Morganton Campus, including the Joiner academic building (Fall 2024), and the UNC Wilmington Randall Library renovation and expansion (Summer 2024).

\$2,786,673
\$470,404 NR

Completion Assistance Programs

Provides funds to ECSU, FSU, N.C. A&T, NCCU, UNCA, UNCG, UNCP, and WSSU for aid to students who are at risk of dropping out or not graduating on time because of financial shortfalls.

\$8,500,000
from Escheats Fund

Labor Market Adjustment Fund

Provides funds for targeted labor market salary adjustments to address recruitment and retention issues for hard-to-fill positions.

\$15,000,000

Requirements	\$78,274,265
Less receipts	(\$8,500,000)
Total Requested Increase in Appropriation	\$69,774,265
Total Percent Change	1.9%

Capital Priorities (see details on back page)

UNC Major R&R Inflationary Cost Increases

The construction industry has experienced record inflation in recent years. While the General Assembly set aside funds to address cost overruns that threaten the viability of appropriated projects, UNC Major R&R projects are not eligible for this assistance.

\$48,380,494 NR
from SCIF R&R

Campus Safety Infrastructure

Provide funds to ECSU, FSU, UNCA, UNCP, UNC-CH, and NCSM to upgrade and replace security infrastructure and equipment such as card access locks, security cameras, and pedestrian safety.

\$17,000,000 NR
from SCIF R&R

HBCU Critical Utility Infrastructure Needs

Provides funding to ECSU, N.C. A&T, NCCU, and WSSU to remediate utility infrastructure issues that pose significant risks to campus operations.

\$21,586,350 NR
from SCIF R&R

Capital Project Management Flexibility

Boosting capital project management capacity is vital for speeding up execution, cutting delays, and mitigating inflation impacts. Special provision language allowing up to 5% of project budgets for in-house project managers on a time-limited basis would offer a cost-effective alternative to relying on consultants.

Special Provision

Note: All items are recurring unless specified as nonrecurring.

University of North Carolina Capital Request Details



Institution	Project	Requested Amount	Requested Project Authorization
UNC Major R&R Inflationary Cost Increases		\$48,380,494	
East Carolina University	Howell Building South Renovation	\$2,500,000	\$39,500,000
Fayetteville State University	A.B. Rosenthal Building-Targeted Renovation	\$3,037,585	\$13,037,585
Fayetteville State University	H.T. Chick-Targeted Renovation	\$2,768,385	\$12,268,385
UNC Charlotte	Burson Renovation and Expansion*	\$12,000,000	\$67,900,000
UNC Wilmington	Coastal Marine Studies Renovation	\$5,024,524	\$14,954,524
Western Carolina University	Historic Moore Building	\$16,700,000	\$52,200,000
Winston-Salem State University	Hauser Hall Renovations-Restore the Core	\$5,100,000	\$22,100,000
NC School of Science & Math	Chiller Replacement - Durham	\$1,250,000	\$4,250,000
Campus Safety Infrastructure		\$17,000,000	
Elizabeth City State University	Sky Bridge	\$5,000,000	\$7,500,000
Elizabeth City State University	Campus-Wide Lockdown System	\$200,000	\$2,200,000
Fayetteville State University	Residence Hall Card Access	\$3,200,000	\$3,200,000
UNC Asheville	Public Safety Access Controls	\$3,300,000	\$3,300,000
UNC-Chapel Hill	Enterprise Security Camera System	\$4,000,000	\$4,000,000
UNC Pembroke	Residence Hall Security Infrastructure	\$1,000,000	\$1,000,000
NC School of Science & Math	Campus Safety and Security	\$300,000	\$300,000
HBCU Critical Utility Infrastructure Needs		\$21,586,350	
Elizabeth City State University	Emergency Generator Power	\$2,240,000	\$9,240,000
North Carolina A&T State University	Boiler Replacement	\$5,346,350	\$6,805,550
NC Central University	Repair and Replacement of Steam System, Sanitary Sewer and Stormwater Drainage Systems	\$4,000,000	\$4,000,000
Winston-Salem State University	Emergency Steam Repairs	\$8,000,000	\$8,000,000
Winston-Salem State University	Repair/Replacement of Campuswide Steam Distribution System - Advance Planning and Design	\$2,000,000	\$2,000,000

* This SCIF major R&R project includes \$30 million of Engineering NC's Future funding.

Special Provision Request: FY24 Nonrecurring Appropriations Do Not Revert

Budget delays have significantly reduced the time available to effectively deploy FY24 nonrecurring appropriations.

Recommendation:

SECTION X.X.(a) Notwithstanding any provision of law to the contrary, any nonrecurring funds appropriated for the 2023-2024 fiscal year that remain unexpended as of the effective date of this section and are subject to reversion at the end of the 2023-2024 fiscal year shall not revert at the end of the 2023-2024 fiscal year and shall remain available for expenditure for the purpose for which the funds were appropriated until the earlier of the date the funds are expended or the date the funds revert pursuant to subsection (b) of this section.

SECTION X.X.(b) Any funds described in subsection (a) of this section that remain unexpended as of June 30, 2025, shall revert to the appropriate fund at the end of the 2024-2025 fiscal year.

SECTION X.X.(c) This section becomes effective June 30, 2024.

The University of North Carolina System 2024-25 Budget Priorities

The University of North Carolina System has long been known as an engine of opportunity for North Carolinians, providing pathways to the workforce and strengthening economies and communities across the state. The recent Return on Investment (ROI) study shows that students reap tremendous benefits when they graduate with a degree from a UNC System institution. According to the data, 94 percent of undergraduate programs and 91 percent of graduate programs yield a positive return on investment for students. And 90 percent of low-income students who graduate from a UNC System institution will experience upward economic mobility.

In the face of changing demographics, enrollment challenges, and public scrutiny, this is good news for North Carolinians who want to build a better life for their families. At our universities, students can trust that the product lives up to the advertising. Our System will continue to earn that trust by stewarding state investments and staying focused on education — our core mission — by prioritizing our key strategic goals of student success, affordability, and productivity/return on investment. The UNC System short session priorities are focused on only the items of highest importance.

Operating Budget Requests

Performance-Weighted Enrollment Change Funding

Throughout 2022, the UNC System worked at the direction of the UNC Board of Governors to revise its funding model to better align funding with the strategic priorities of the UNC System and the State of North Carolina. Under this revised model, funding is modified based on changes in enrollment and institutional performance.

The model adjusts funding to reflect changes in **actual resident student credit hours** delivered from calendar year 2022 to 2023. Systemwide, resident student credit hours decreased by one percent from calendar year 2022 to 2023. However, the enrollment appropriation request increased slightly due to how the model funds different credit hours. The slight decrease in total resident student credit hours was offset by students taking more credit hours in disciplines with higher funding rates such as STEM fields.

To directly align funding with outcomes related to the strategic goals, the model adjusts funding based on the change in each institution’s **performance weight**. An institution is assigned a performance weight of up to +/-3 percent based on how actual performance compares to its baseline and stretch goal on five metrics that are core to the UNC Strategic Plan and the Board’s goals for the president:

Goal	Metric
Increasing Undergraduate Student Success	Four-Year Graduation Rate
	Undergraduate Degree Efficiency
Increasing Affordability	First-Time Student Debt at Graduation
	Transfer Student Debt at Graduation
Improving Productivity	Education and Related Expenses per Degree

Institutions must also select one performance metric from the set of 10 strategic plan metrics that aligns with its unique mission. Examples include sponsored-research and licensing income, military-affiliated enrollment, and the four-year graduation rate for Pell recipients.

Baselines were established based on each institution’s actual performance directly preceding the performance cycle, recognizing the differences in institutional missions and circumstances. Likewise, the stretch goals are also unique to each institution, but have been benchmarked to national trend data to ensure rigor. A multi-year performance cycle was recommended since change initiatives often take multiple years to effect meaningful change, and progress may not be achieved evenly over time.

By applying performance weighting to all credit hours, the model recognizes student enrollments are more valuable to the State if outcomes are improving and, therefore, generate more funding. Likewise, if outcomes are deteriorating, student credit hours are less valuable to the State and generate less funding. The amount of funding that can be earned or lost due to performance change is bounded by the +/-three percent performance range, ensuring the maximum potential benefit over the three-year cycle is a predictable amount that is roughly equivalent to one percent enrollment growth per year.

FY 2024-25 Enrollment Funding Request

Institution	2023 Enrollment Change	FY21 Performance	FY22 Performance	Total Recurring Enrollment Funding	Enrollment Loss Mitigation (NR)
App State	\$2,525,277	\$329,047	\$3,312,881	\$6,167,204	
ECU	(8,563,695)	2,565,835	1,709,901	(4,287,959)	
ECSU	(144,391)	427,592	(194,833)	88,367	
FSU	2,695,822	239,530	1,033,288	3,968,640	
N.C. A&T	2,406,306	1,629,206	536,450	4,571,961	
NCCU	(1,284,857)	591,124	(88,126)	(781,858)	
NC State	3,648,455	7,508,272	2,615,789	13,772,515	
UNCA	(1,402,954)	44,206	254,309	(1,104,439)	
UNC-CH	4,785,768	5,897,243	(345,806)	10,337,205	
UNCC	2,882,702	5,699,671	1,006,070	9,588,442	
UNCG	(149,566)	2,394,967	1,697,048	3,942,449	
UNCP	(3,572,992)	1,481,679	(343,412)	(2,434,725)	3,701,653
UNCW	1,060,265	2,303,427	606,145	3,969,837	
UNCSA	(325,818)	483,710	556,868	714,759	
WCU	(1,262,032)	1,172,862	1,386,605	1,297,435	
WSSU	(2,807,466)	152,985	(674,908)	(3,329,389)	1,251,335
NCSSM	83,756			83,756	
TOTAL	\$574,578	\$32,921,356	\$13,068,267	\$46,564,200	\$4,952,988

The enrollment change request includes a request for nonrecurring funding for institutions experiencing funding challenges due to changing enrollment patterns that exceed levels that can be readily absorbed by institutional budgets. Absorbing significant short-term funding losses without harming long-term System goals is difficult and strategic realignments of resources are more feasible over a multi-year period.

The mitigation amount is capped, and institutions must meet certain criteria including decreased multi-year enrollment appropriation and tuition receipts as well as not having previously received enrollment mitigation support.

Building Reserves

The UNC System requests building reserves for the University of North Carolina Wilmington’s Randall Library and buildings on the Morganton Campus of North Carolina School of Science and Mathematics. These funds will support the maintenance and operations of new and expanded facilities. UNCW’s Randall Library was last expanded and partially renovated in 1987 and the university has experienced 300 percent growth in enrollment since that time. The project includes an 80,000 square foot (SF) addition and renovation of approximately 40,000 SF in the existing library. On NCSSM-Morganton’s campus, the building reserves request includes Joiner Hall and other revisions based on actual total square footage and associated costs. The historic Joiner Hall, which was built in 1930 as part of the North Carolina School for the Deaf, has been renovated to provide data science and computer science classrooms, visual arts and ceramics classrooms, as well as administration and meeting rooms.

FY 2024-25 Building Reserves Funding Request

Institution	Building	2024-25		
		Recurring	Nonrecurring	Total
UNCW	Randall Library	\$ 2,077,391	\$420,198	\$ 2,497,589
NCSSM	NCSSM-Morganton	\$ 709,282	\$50,206	\$ 759,488
TOTAL		\$ 2,786,673	\$470,404	\$ 3,257,077

Completion Assistance Programs

Student success is at the heart of the UNC System Strategic Plan, which calls for increasing the System’s on-time graduation rate and reducing student debt at graduation for both our first-time and transfer students. The General Assembly appropriated \$2 million nonrecurring in each year of the current biennium to support the assistance programs. Consistent with our Long Session request, the System requests an additional \$8.5 million recurring from the Escheats Fund to support completion assistance programs at our Historically Minority Serving Institutions (HMSIs – Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, University of North Carolina at Pembroke, and Winston-Salem State University) and University of North Carolina at Asheville.

While the Systemwide graduation rates have increased substantially over the past decade, thousands of students drop out of UNC System universities each year. Many students leave after having made considerable progress towards completing a degree. Since 2017, almost 27,000 students with more than 60 credit hours stopped out of a UNC System institution. Of those students, 14,000 had more than 90 credit hours. While students leave for a variety of reasons, finances are often cited as the number one reason students decide not to reenroll.

These funds would be targeted at institutions that serve high proportions of Pell Grant students and experience student attrition rates that exceed System averages. Each institution would have the flexibility to determine the number and amount awarded (up to \$5,000). Funds must be awarded to students who need financial assistance to remain enrolled and earn credits necessary to be on track for on-time graduation. To be eligible, students must be North Carolina residents enrolled full-time in a program leading to an undergraduate degree, meet satisfactory academic progress (SAP), and have completed or be on track to complete at least 60 credit hours by the end of term. Students must also have completed the FAFSA for the current year and have a financial aid gap constituting an unpaid balance with the institution for direct costs, such as tuition, fees, room, board, or other balance.

Program effectiveness will be assessed based on the change in the percentage of students achieving 60- and 90-credit hour benchmarks and, ultimately, graduating on time. Similar programs, such as the Panther Retention Grant program at Georgia State University, have been shown to reduce time to degree for participants, particularly for Pell Grant recipients and students of color, and because students are graduating in fewer semesters, it also reduced student debt.

Labor Market Adjustment Fund

The UNC System's most important assets are the talented faculty and staff that educate and support our students, researchers that produce scientific breakthroughs and attract significant federal and private funding to the state, and public servants that leverage the expertise and resources of the universities to positively impact communities in North Carolina. As such, faculty and staff salaries remain a top priority.

The UNC System requests \$15 million Labor Market Adjustment Reserve (LMAR) funding for targeted labor market salary adjustments to address recruitment and retention for hard-to-fill positions. The LMAR funding included in the 2022 Appropriations Act provided an important source of funding for targeted salary adjustments to address our most pressing workforce challenges.

Institutions are struggling to recruit and retain talent due to the tight labor market and salaries that have not kept up with inflation. For example, an employee earning \$70,000 in FY 2018-19 would earn \$77,695 in FY 2023-24 after the legislative increases passed by the General Assembly. Due to inflation, an employee would need to earn \$85,769 in FY 2023-24 to retain the same purchasing power of \$70,000 and, therefore, has experienced earnings decrease of \$8,074 in real (inflation-adjusted) terms.

Capital Requests

UNC Major R&R Inflationary Cost Increases

The construction industry has experienced record inflation in recent years. While the General Assembly set aside funds to address cost overruns that threaten the viability of appropriated projects, UNC Major R&R projects are not eligible for this assistance. The UNC System requests \$48,380,494 from the State Capital and Infrastructure Fund (SCIF) to increase funds available for the UNC R&R program to cover the inflationary increases for the projects listed in the table below.

FY 2024-25 Major R&R Inflation Cost Increases Request

Institution	Project	Requested Amount	Requested Project Authorization
East Carolina University	Howell Building South Renovation	\$2,500,000	\$39,500,000
Fayetteville State University	A.B. Rosenthal Building-Targeted Renovation	\$3,037,585	\$13,037,585
Fayetteville State University	H.T. Chick-Targeted Renovation	\$2,768,385	\$12,268,385
UNC Charlotte	Burson Renovation and Expansion*	\$12,000,000	\$67,900,000
UNC Wilmington	Coastal Marine Studies Renovation	\$5,024,524	\$14,954,524
Western Carolina University	Historic Moore Building	\$16,700,000	\$52,200,000
Winston-Salem State University	Hauser Hall Renovations-Restore the Core	\$5,100,000	\$22,100,000
NC School of Science & Math	Chiller Replacement - Durham	\$1,250,000	\$4,250,000
Total		\$ 48,380,494	

**This SCIF major R&R project includes \$30 million of Engineering NC's Future funding.*

Campus Safety Infrastructure

The safety of students and staff is a top priority for the UNC System. The UNC System's capital priorities request includes funds from the SCIF to upgrade and replace security infrastructure and equipment such as card access locks, security cameras, and pedestrian safety, as listed in the table below. These improvements require building modifications and upgrades to support proper integration with building and campuswide security systems.

FY 2024-25 Campus Safety Infrastructure and Equipment Request

Institution	Project	Requested Amount	Requested Project Authorization
Elizabeth City State University	Sky Bridge*	\$5,000,000	\$7,500,000
Elizabeth City State University	Campus-Wide Lockdown System*	\$200,000	\$2,200,000
Fayetteville State University	Residence Hall Card Access	\$3,200,000	\$3,200,000
UNC Asheville	Public Safety Access Controls	\$3,300,000	\$3,300,000
UNC-Chapel Hill	Enterprise Security Camera System	\$4,000,000	\$4,000,000
UNC Pembroke	Residence Hall Security Infrastructure	\$1,000,000	\$1,000,000
NC School of Science & Math	Public Safety Access Controls	\$300,000	\$300,000
Total		\$ 17,000,000	

**This request reflects an increase to a project authorized in S.L. 2021-180.*

HBCU Critical Utility Infrastructure Needs

The UNC System’s capital priorities request includes funding from SCIF to address critical infrastructure needs at the System’s HBCU institutions. The funding would go towards issues that pose significant risks to campus utility operations. The table below details the funding request.

FY 2024-25 HBCU Critical Utility Infrastructure Needs Request

Institution	Project	Requested Amount	Requested Project Authorization
Elizabeth City State University	Emergency Generator Power	\$2,240,000	\$9,240,000
North Carolina A&T State University	Boiler Replacement	\$5,346,350	\$6,805,550
NC Central University	Repair and Replacement of Steam System, Sanitary Sewer, and Stormwater Drainage Systems	\$4,000,000	\$4,000,000
Winston-Salem State University	Emergency Steam Repairs	\$8,000,000	\$8,000,000
Winston-Salem State University	Repair/Replacement of Campuswide Steam Distribution System - Advance Planning and Design	\$2,000,000	\$2,000,000
Total		\$ 21,586,350	

Special Provision Requests

Capital Project Management Flexibility

Special provision language allowing up to five percent of project budgets for in-house project managers on a time-limited basis would offer a cost-effective alternative to relying on consultants. Boosting capital project management capacity is vital for speeding up execution, cutting delays, and mitigating inflation impacts. The provision amends G.S. 143C-4-3.1(e) to add time-limited capital project management employees to the allowable uses of the SCIF.

FY24 Nonrecurring Appropriations Do Not Revert

Budget delays have significantly reduced the time available to deploy the FY24 nonrecurring appropriations. Non-revert language would allow institutions to appropriately manage the investments made by the General Assembly in the long session. Any nonrecurring funds remaining at the end of FY25 would revert. See Appendix A for list of non-recurring appropriations subject to reversion without this legislation.

**The University of North Carolina System
FY 2023-24 Operating Budget
Nonrecurring Items Subject to Reversion**

	FY 2023-24		Source
Appalachian State University			
ASU - Appalachian Energy Center	200,000	NR	General Fund
ASU- Hickory Campus Building Reserves & Academic Start-Up	2,416,888	NR	SFRF Interest*
Elizabeth City State University			
Completion Assistance Programs	66,744	NR	Escheat Fund**
Fayetteville State University			
FSU - Risk Management School	2,500,000	NR	Regional Economic Dev Reserve
Completion Assistance Programs	242,562	NR	Escheat Fund**
North Carolina Agriculture and Technical State University			
N.C. A&T - Center for Energy Research and Technology	200,000	NR	General Fund
N.C. A&T- Premier Research Institution Funding	5,000,000	NR	General Fund
Completion Assistance Programs	477,883	NR	Escheat Fund**
North Carolina Central University			
Completion Assistance Programs	206,353	NR	Escheat Fund**
NC State University			
NCSU - Green Industry Economic Impact Study	350,000	NR	General Fund
NCSU - NC Clean Energy Technology Center	400,000	NR	General Fund
NCSU - North Carolina Future Farmers of America CTE Grants	2,000,000	NR	General Fund
University of North Carolina at Asheville			
Completion Assistance Programs	68,088	NR	Escheat Fund**
University of North Carolina at Chapel Hill			
UNCCH - School of Civic Life and Leadership	2,000,000	NR	General Fund
UNCCH- Computer Science Program Expansion	2,500,000	NR	General Fund
UNCCH - Opioid Remediation Research and Development	5,200,000	NR	Opioid Abatement Reserve
UNCCH - Recovery Court Study	300,000	NR	Opioid Abatement Reserve
University of North Carolina at Charlotte			
UNCC - Esports Programming Support	250,000	NR	General Fund
The University of North Carolina at Greensboro			
UNCG - Information Technology Support	4,000,000	NR	SFRF Interest*
UNCG - Scholastic Esports League	7,000,000	NR	SFRF Interest*
Completion Assistance Programs	528,202	NR	Escheat Fund**
The University of North Carolina at Pembroke			
Completion Assistance Programs	217,328	NR	Escheat Fund**
University of North Carolina School of the Arts			
UNCSA- Student Mental and Physical Health	1,000,000	NR	General Fund
Winston-Salem State University			
Completion Assistance Programs	192,840	NR	Escheat Fund**
North Carolina School of Science and Mathematics			
NCSSM - Storm Damage Repairs	264,000	NR	General Fund

* SFRF Interest is not disbursed until interest is earned. As of March 2024 all interest was not earned and all funds were not available.

**Budget revisions transferring allocations from the Escheat fund were approved on April 5, 2024.