

# Budget Tutorial Session

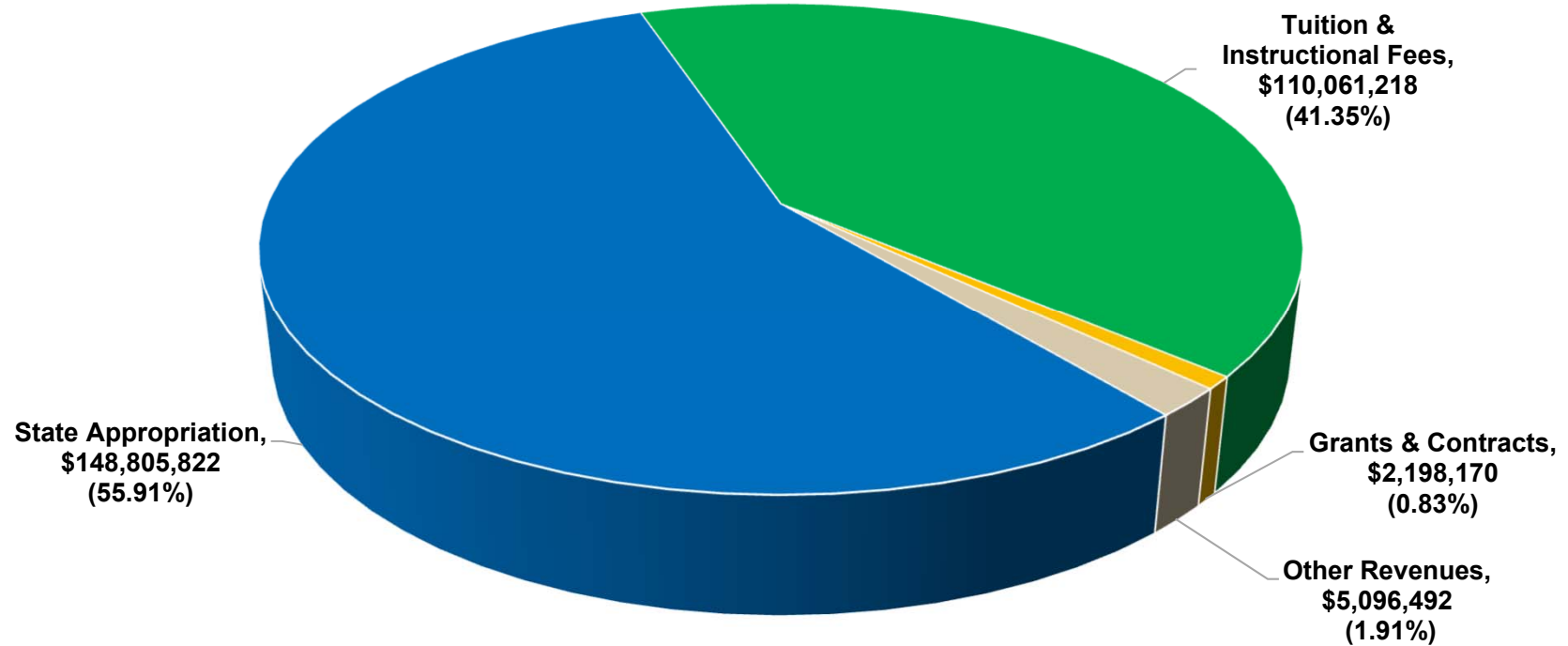
January 27, 2020

# General Fund Overview

# General Fund Revenue Budget

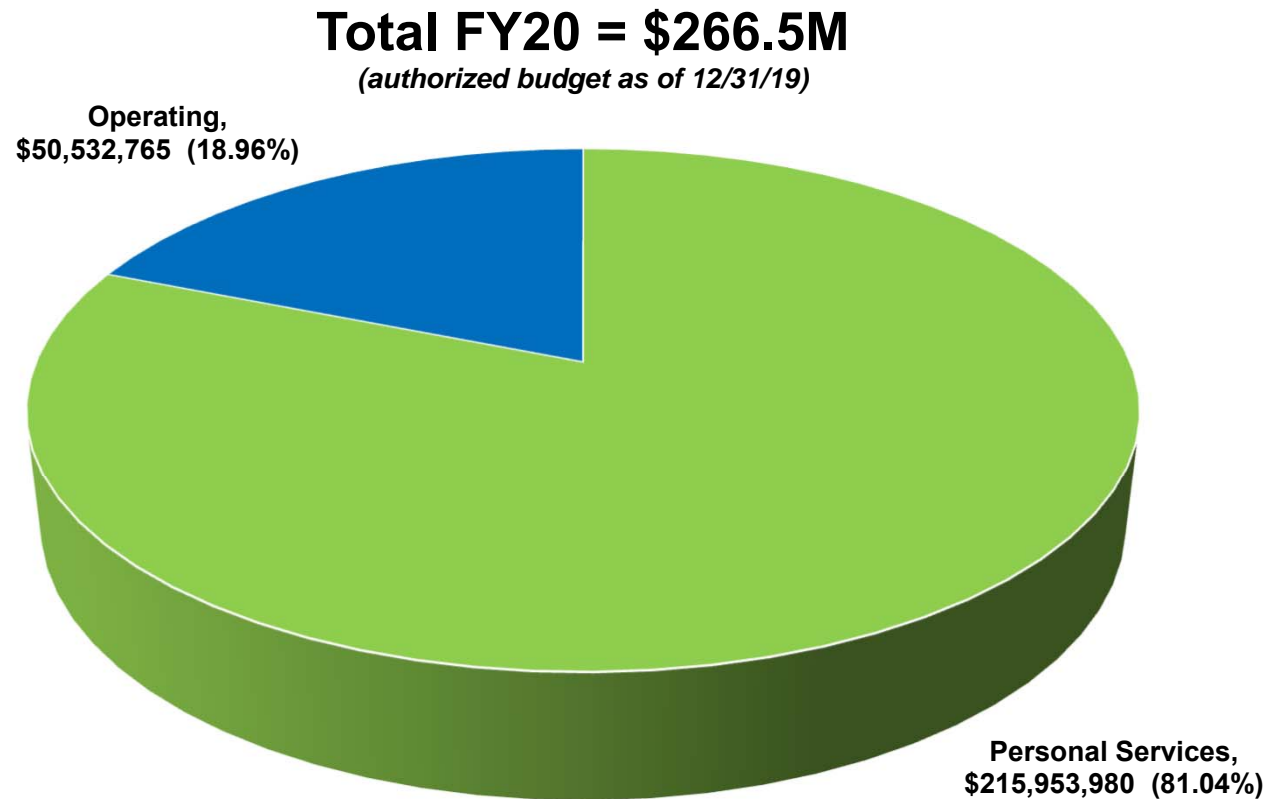
## *FY 2019-20*

**Total FY20 = \$266.5M**  
*(authorized budget as of 12/31/19)*



# General Fund Expense Budget

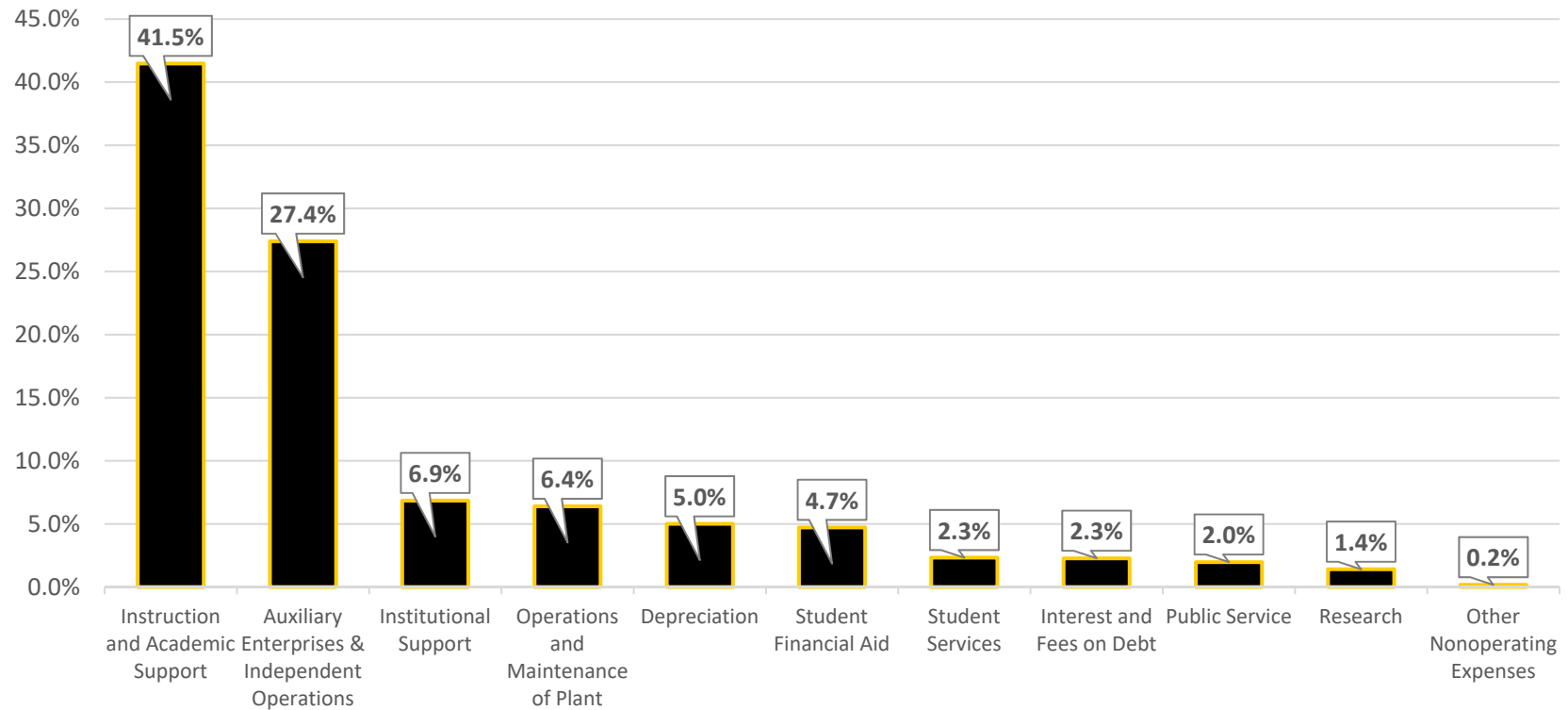
## *FY 2019-20*



# Total University Expenses

## *FY 2018-19 (Actuals)*

Total Expenses by Function

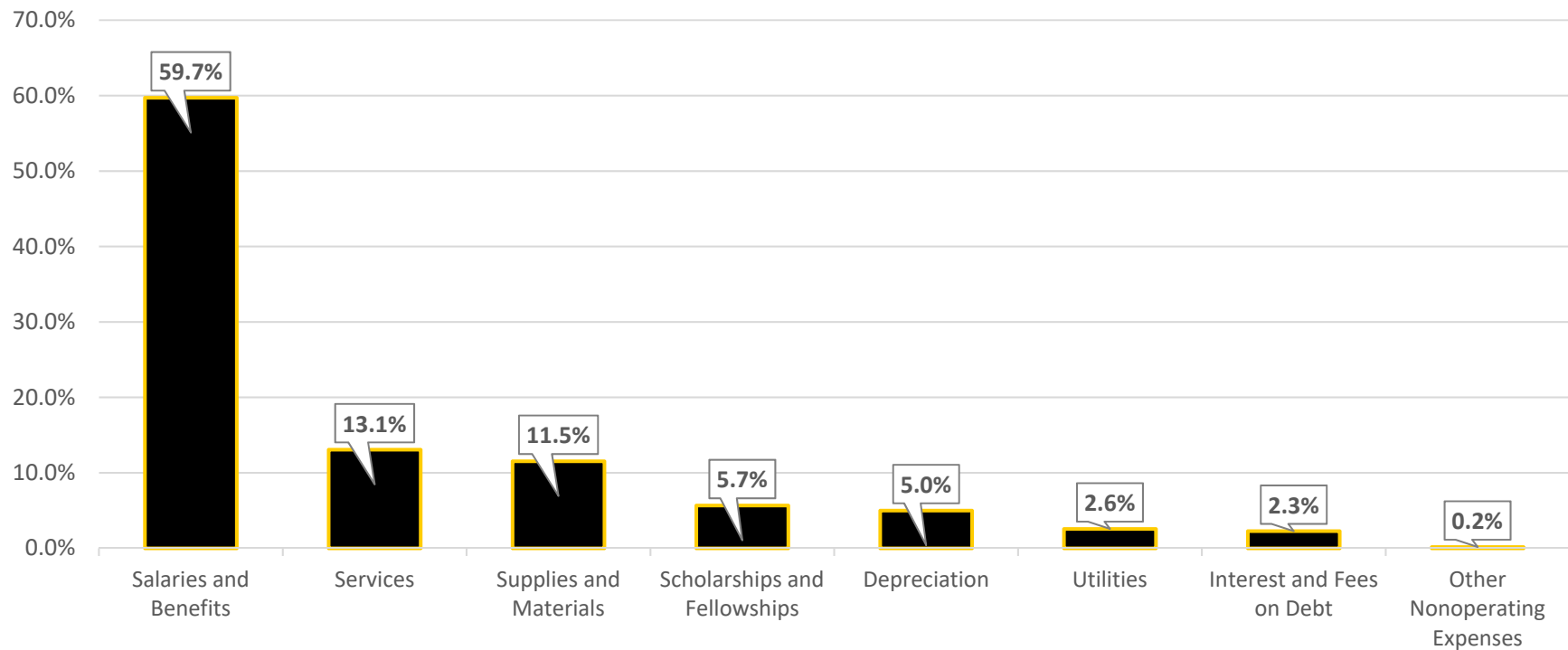


\* FY19 Total University Expenses = \$428.1M

# Total University Expenses

## *FY 2018-19 (Actuals)*

Total Expenses by Natural Classification



\* FY19 Total University Expenses = \$428.1M

# Total Operating Expenses

## *FY 2018-19 (Actuals)*

	Salaries and Benefits	Supplies and Materials	Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	\$ 122,616,475	\$ 3,390,831	\$ 5,513,845	\$ 304,024	\$ 0	\$ 0	\$ 131,825,175
Research	4,036,083	424,750	1,527,041	28,105			6,015,979
Public Service	3,128,452	141,814	4,718,180	472,902	2,743		8,464,091
Academic Support	31,405,221	7,653,666	6,140,910	639,979	8,081		45,847,857
Student Services	8,426,997	492,808	1,047,867				9,967,672
Institutional Support	22,073,613	2,271,228	4,974,395	24,403	7,070		29,350,709
Operations and Maintenance of Plant	14,953,447	1,302,631	6,362,434		4,773,011		27,391,523
Student Financial Aid	673,012	110	299,622	19,253,878			20,226,622
Auxiliary Enterprises	46,515,192	23,745,826	23,030,241	3,546,496	6,211,191		103,048,946
New River Light and Power	1,928,651	10,005,118	2,386,627				14,320,396
Depreciation/ Amortization						21,429,798	21,429,798
<b>Total Operating Expenses</b>	<b>\$ 255,757,143</b>	<b>\$ 49,428,782</b>	<b>\$ 56,001,162</b>	<b>\$ 24,269,787</b>	<b>\$ 11,002,096</b>	<b>\$ 21,429,798</b>	<b>\$ 417,888,768</b>

# Appropriations Comparison

## *FY 2018-2020*

	FY18	FY19	FY20 (12/31/19)	Delta
<b><u>State Appropriations</u></b>				
Biennial Certified Appropriation	\$134.7	\$134.7	\$147.8	\$13.1
FY18 Recurring Appropriations	\$0.0	\$4.3	\$0.0	(\$4.3)
Management Flexibility Reduction	0.0	(0.4)	0.0	0.4
Enrollment Growth Funding	0.8	2.2	0.0	(2.2)
Legislative Salary Increases	2.8	1.3	0.0	(1.3)
Legislative Fringe Increases	0.7	1.3	1.0	(0.3)
Building Reserve Funding - Levine Hall	0.0	4.2	0.0	(4.2)
UNC Lab School Allotments	0.1	0.2	0.4	0.2
Non-Res Veteran Tuition Waiver Approp	0.7	0.8	0.0	(0.8)
Other <sup>1</sup>	0.6	0.6	0.3	(0.3)
<b>Total Appropriations</b>	<b>\$140.5</b>	<b>\$149.2</b>	<b>\$149.5</b>	<b>\$0.3</b>
<b>Total Receipts<sup>2</sup></b>	<b>\$116.4</b>	<b>\$120.5</b>	<b>\$117.4</b>	<b>(\$3.1)</b>
<b>Total Requirements</b>	<b>\$256.9</b>	<b>\$269.7</b>	<b>\$266.9</b>	<b>(\$2.8)</b>

1) Includes numerous allocations of lesser amounts for faculty recruitment & retention, SBTDC, faculty/staff assembly, UNC Campus Scholarships, etc.

2) Includes Regular and Summer Term Tuition and Extension Instruction receipts, Sales & Services revenues, etc.



# Enrollment Growth Funding

- Prior to FY20, enrollment growth funding based on projected enrollment (AAFTE)
- In 2017, UNC Board of Governors formed Funding Model Task Force to review the existing model and propose changes
- Task Force proposed that funding should be based on credit hours completed, and awarded in arrears (which would result in a one-year lag)
- As a result of the lag, no enrollment growth funds received in FY 2019-20
- System Office currently finalizing its proposed changes and will present to BOG and General Assembly for approval in Spring 2020

# State Appropriation per Student FTE by UNC Campus (FY 2007-18)

All Student FTE												
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
NCSSM <sup>2,4</sup>		\$25,932	\$27,100	\$26,250	\$26,548	\$26,001	\$28,178	\$28,127	\$29,110	\$29,811	\$31,912	\$31,924
ECSU <sup>1</sup>	\$12,637	\$11,882	\$11,721	\$11,184	\$10,972	\$12,695	\$13,208	\$14,719	\$17,919	\$21,474	\$25,842	\$25,439
UNCSCA <sup>2,3</sup>	\$20,894	\$23,712	\$21,809	\$22,673	\$22,556	\$22,269	\$23,778	\$27,191	\$23,697	\$24,086	\$24,062	\$25,325
UNC-CH	\$17,400	\$19,062	\$18,602	\$17,274	\$17,519	\$16,570	\$17,463	\$16,365	\$16,277	\$16,544	\$16,403	\$16,878
NCSU	\$12,292	\$13,364	\$12,396	\$12,331	\$12,298	\$12,036	\$12,708	\$12,619	\$12,859	\$13,544	\$13,701	\$13,465
WSSU	\$12,499	\$12,751	\$10,586	\$10,662	\$11,167	\$11,794	\$12,922	\$12,996	\$13,331	\$13,866	\$13,706	\$13,461
ECU	\$11,208	\$11,573	\$10,123	\$10,737	\$10,827	\$11,050	\$11,800	\$11,358	\$11,058	\$11,294	\$11,293	\$11,626
UNCA	\$10,362	\$11,303	\$11,996	\$10,467	\$10,160	\$10,288	\$11,124	\$10,700	\$10,863	\$10,815	\$11,337	\$11,293
NCCU	\$10,230	\$11,377	\$10,861	\$10,850	\$10,642	\$11,016	\$10,766	\$10,649	\$11,628	\$10,807	\$11,176	\$11,251
UNCP	\$10,232	\$11,196	\$9,650	\$9,202	\$8,228	\$9,844	\$9,847	\$9,534	\$9,673	\$9,498	\$9,955	\$10,012
FSU	\$8,947	\$9,950	\$9,744	\$9,556	\$9,602	\$9,691	\$9,524	\$9,300	\$9,609	\$9,138	\$9,943	\$9,879
WCU	\$10,267	\$11,202	\$11,230	\$9,308	\$8,719	\$9,603	\$9,626	\$9,124	\$9,171	\$9,855	\$9,331	\$9,778
UNCG	\$9,334	\$9,857	\$8,862	\$8,708	\$9,067	\$8,921	\$9,198	\$9,100	\$8,706	\$8,571	\$8,598	\$9,381
UNCC	\$8,445	\$8,884	\$8,012	\$7,941	\$8,000	\$8,217	\$8,217	\$8,056	\$8,083	\$8,639	\$8,820	\$9,376
UNCW	\$8,159	\$8,867	\$7,852	\$7,481	\$7,315	\$7,411	\$7,527	\$7,447	\$7,408	\$8,278	\$8,589	\$9,081
NCA&T	\$8,615	\$10,208	\$9,339	\$9,432	\$9,372	\$9,359	\$9,894	\$9,413	\$9,128	\$9,130	\$8,847	\$8,308
ASU	\$8,006	\$8,677	\$7,711	\$7,936	\$7,673	\$7,561	\$7,648	\$7,460	\$7,337	\$7,746	\$7,859	\$7,764
UNC Total	\$11,138	\$12,054	\$11,159	\$10,867	\$10,863	\$10,862	\$11,268	\$10,951	\$10,916	\$11,220	\$11,299	\$11,503

1 ECSU's FY 2015-16 appropriation included \$3 million of stabilization funds

2 Includes high school students.

3 UNCSCA's FY 2013-14 appropriation included \$3.2 million in nonrecurring funding for building reserves.

4 Data not available until FY 2007-08.

Sources: June 30 BD 701 reports. Fall Enrollment Reports for FTE and high school head count. Excludes funding for UNC-GA, student aid, AHEC, agricultural research and extension, and UNC Hospitals.

# State Appropriation per Resident Student FTE by UNC Campus (FY 2007-18)

	Resident Student FTE											
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
UNCSA <sup>2,3</sup>	\$39,513	\$46,284	\$41,801	\$45,347	\$43,907	\$38,375	\$43,308	\$50,989	\$43,636	\$44,777	\$43,256	\$45,472
NCSSM <sup>2,4</sup>		\$25,932	\$27,100	\$26,250	\$26,548	\$26,001	\$28,178	\$28,127	\$29,110	\$29,811	\$31,912	\$31,924
ECSU <sup>1</sup>	\$14,802	\$13,915	\$13,835	\$12,961	\$12,698	\$14,662	\$15,320	\$16,513	\$19,728	\$23,541	\$28,117	\$27,714
UNC-CH	\$22,406	\$24,738	\$24,322	\$22,364	\$23,453	\$22,437	\$23,550	\$22,220	\$22,168	\$22,499	\$22,674	\$22,952
NCSU	\$14,284	\$15,593	\$14,603	\$14,651	\$14,641	\$14,815	\$15,707	\$15,784	\$16,384	\$17,453	\$17,454	\$17,122
WSSU	\$13,465	\$13,846	\$11,684	\$11,743	\$12,266	\$12,841	\$14,221	\$14,237	\$14,547	\$15,033	\$14,719	\$14,553
ECU	\$12,851	\$13,148	\$11,556	\$12,292	\$12,455	\$12,693	\$13,585	\$12,976	\$12,633	\$12,895	\$12,838	\$13,093
NCCU	\$11,811	\$13,011	\$12,227	\$12,264	\$12,123	\$12,424	\$12,123	\$11,977	\$12,990	\$12,061	\$12,680	\$12,831
UNCA	\$12,275	\$13,196	\$13,755	\$11,871	\$11,607	\$11,796	\$12,742	\$12,239	\$12,294	\$12,327	\$12,846	\$12,785
NCA&T	\$11,365	\$13,153	\$11,955	\$11,652	\$11,265	\$11,274	\$12,372	\$11,727	\$11,563	\$11,615	\$11,358	\$10,875
WCU	\$11,180	\$12,267	\$12,285	\$10,166	\$9,528	\$10,518	\$10,584	\$10,044	\$10,081	\$10,804	\$10,177	\$10,695
UNCC	\$9,744	\$10,243	\$9,241	\$9,097	\$9,135	\$9,391	\$9,429	\$9,197	\$9,257	\$9,908	\$10,091	\$10,649
FSU	\$9,518	\$10,555	\$10,289	\$10,043	\$10,100	\$10,276	\$10,075	\$9,834	\$10,088	\$9,534	\$10,359	\$10,530
UNCP	\$10,797	\$11,774	\$10,167	\$9,715	\$8,636	\$10,275	\$10,220	\$9,909	\$10,070	\$9,854	\$10,323	\$10,384
UNCW	\$9,556	\$10,459	\$9,195	\$8,756	\$8,655	\$8,735	\$8,869	\$8,749	\$8,684	\$9,571	\$9,900	\$10,376
UNCG	\$10,394	\$11,063	\$9,786	\$9,583	\$10,078	\$9,956	\$10,262	\$10,083	\$9,641	\$9,505	\$9,444	\$10,243
ASU	\$8,805	\$9,499	\$8,462	\$8,695	\$8,470	\$8,374	\$8,473	\$8,255	\$8,125	\$8,528	\$8,636	\$8,541
UNC Total	\$12,974	\$14,014	\$12,976	\$12,594	\$12,662	\$12,738	\$13,254	\$12,874	\$12,870	\$13,219	\$13,290	\$13,490

1 ECSU's FY 2015-16 appropriation included \$3 million of stabilization funds

2 Includes high school students.

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# Primary Financial Governance of the University of North Carolina

## **Special Responsibility Constituent Institutions**

- N.C. General Statute (G.S.) § 116-30.x

## **Colors of Money**

- N.C. General Statute § 116-36.x
- UNC BOG (UNC Policy Manual Chapter 600.2.x)

## **Purchasing and Expenditure Regulations**

- N.C.G.S. Chapter 143, Article 3, Purchases & Contracts
- State Purchase & Contracts (State Purchasing Manual)
- N.C.G.S. Chapter 143C, State Budget Act
- Office of State Budget & Management (State Budget Manual)

# Special Responsibility Constituent Institution

We are a state agency, but have been granted special “management flexibility” for:

- General Fund budget management
  - We have the authority to do most budget revisions on campus, as OSBM only has to approve changes to our bottom line. Other agencies have to receive OSBM approval in most instances.
- Personnel administration
- Purchasing authority
  - We have higher thresholds under which we can make purchases without the approval of State Purchase and Contract (P&C)
- Carryforward of up to 2.5% of appropriation to next fiscal year
  - Only portion of the General Fund which can be used for capital improvements.
  - Other state agencies need special case-by-case permission to carry forward funds for specific purchases.

# Special Responsibility Constituent Institution

To maintain our management flexibility, we must:

- Maintain appropriate administrative staffing, procedures and internal controls
- Resolve significant financial, IT and performance audit findings in a timely fashion
- Support the ability to carry out BOG-defined educational mission with our General Fund budget
- Obtain BOG approval to establish new academic, research, public service, or financial aid programs in the General Fund
- Measure impact on student learning and development
- Submit monthly General Fund budget reports to governing agencies

# Fund Accounting

## *“Colors of Money”*

### **General Fund (NC G.S. §143C)**

Includes all appropriations allocated by the North Carolina General Assembly and all funds received by the University that are not classified as Trust (or Other) funds.

- Tuition Receipts
- State Appropriations

### **Institutional Trust Funds (NC G.S. §116-36.1)**

- Gifts, devises and bequests
- Contracts and grants (includes F&A receipts)
- Student & institutional auxiliaries; student extracurricular activities
- Student health care fees
- Other student fees authorized by the BOG (E&T, Application Fees, special fees)
- Proceeds from sale of property purchases from non-State funds
- Other activities permitted by the Umstead Act (G.S. 66-58(b)(8)m.,n., and o)

### **Other (Special Funds, Millennial Campus Trust Funds, Endowment Funds, Bond Proceeds)**

- Intercollegiate Athletics funds
- Agency Funds
- Funds for further development and operation of the Millennial Campus
- Proceeds from sale of University revenue bonds

# Program-Fund Code Crosswalk

➤ 101 = 101xxx, 102xxx, 105xxx	Regular Term Instruction
➤ 102 = 104xxx	Summer Term Instruction
➤ 103 = 104xxx, 1058xx	Non-Credit Extension Instruction
➤ 110 = 106xxx	Organized Research
➤ 112 = 1125xx	Lab School
➤ 142 = 106xxx	Community Services
➤ 151 = 1066xx	Libraries
➤ 152 = 107xxx	General Academic Support
➤ 160 = 108xxx	Student Support
➤ 170 = 109xxx	Institutional Support
➤ 180 = 110xxx	Physical Plant Operations
➤ 230 = 111xxx	Student Financial Aid
➤ 252 = 1122xx	Other Reserves

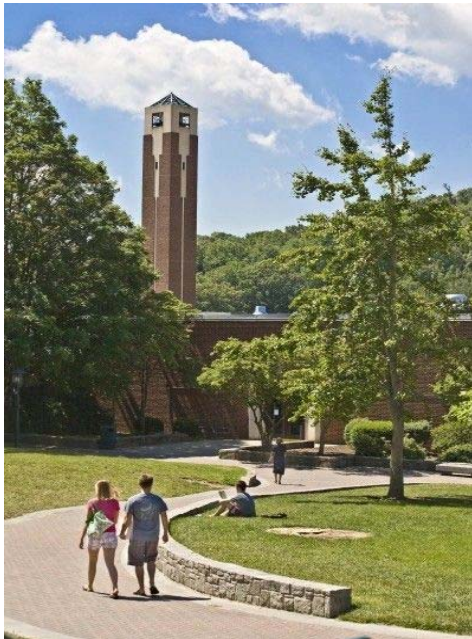


# 101 – Regular Term Instruction



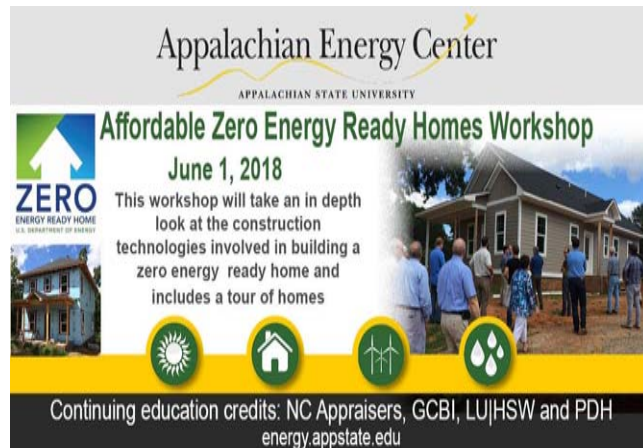
- Includes all components of academic instruction offered on or off-campus for academic credit
- Instruction offered on campus during the summer session is excluded (see Program 102)
- Costs associated with instruction include:
  - Salary and benefit costs for academic department heads
  - Departmental chairpersons
  - Academic program directors
  - All budgeted regular term teaching positions, and support personnel supervised and directed by persons filling those positions
- This purpose also includes supportive services, supplies, and equipment required by such positions

# 102 – Summer Term Instruction



- This purpose includes all components of academic instruction offered by regular academic departments during summer terms and sessions
- Instructional courses may be offered either for credit or noncredit
- Includes the following costs:
  - Summer term administrators
  - All teaching positions budgeted for summer term instruction
  - All supportive personnel, services, and materials associated with and required by those positions
- Summer Term currently self-supporting and receives no state appropriation
- ASU has largest face-to-face program in UNC System

# 103 – Non-Credit Extension Instruction



- Includes non-credit instruction, as well as instruction offered through contract agreements at a charge designed to cover program costs (receipt-supported)
- May be delivered on campus or via distance education
- Non-degree credit instruction includes educational activities in the form of adult education, continuing education, personal development, etc.
- Receipt-supported programs receive no state appropriation support and charge according to program costs
- Examples Include:
  - Pilates Workshops
  - Craft Enrichment Workshops
  - App Energy Center Workshops

# 110 – Organized Research



- This activity includes research efforts of a specified scope conducted for the primary purpose of achieving identified research outcomes, whether commissioned and sponsored by external agencies or separately sponsored within the institution
- Includes the following research types:
  - Individual research
  - Project research
  - Sponsored research
  - Research institutes and centers
- Also includes expenditures for information technology that are separately budgeted and accounted for within organized research
- It excludes departmental research that is not separately budgeted (see Purpose 101-103) and the North Carolina Agricultural Research Service (Purpose 120)

# 112 – Lab School



- N.C. General Statute §116-239.5 directed the UNC Board of Governors to designate eight constituent institutions to establish laboratory schools serving public school students (K-8) in local school administrative units with low-performing schools
- In November 2017, ASU agreed to partner with Middle Fork Elementary School in Walkertown, N.C.
- Middle Fork Academy enrolled its first classes during the 2018-19 school year
- The academy is funded via Federal, State and local funding allocations, in addition to supplemental funding provided by ASU and the UNC System Office

# 142 – Community Services



- This purpose includes certain educational services made available to the general public and requiring use of personnel, equipment, and facilities of the institution
- Includes advisory, consulting, cultural, health care, and information services outside the context of instructional and organized research programs for the purpose of sharing institutional capabilities, expertise, and resources with persons external to the institution in meeting community needs
- Does not include degree-related and nondegree-related instruction
- This purpose excludes Instruction (Purpose 101-103) and Organized Research (Purpose 110)

# 151 – Libraries



- This purpose includes organizational divisions of the University and related personnel whose responsibilities include the acquisition, collection, classification, cataloging, display, circulation, distribution, maintenance, and restoration of printed, published, recorded, duplicated, discovered, created, and collected materials, objects, and resources
- Also includes various forms of assistance and orientation provided to facility users and related data processing capabilities



# 152 – General Academic Support



- This purpose includes non-library academic support services of the institution which provide direct assistance to and are an integral part of one or more of the three primary activities (i.e., instruction, organized research, and public service), including their constituent purposes
- Associated costs include the following:
  - Academic and Research Administration (e.g. associate and assistant vice chancellors for academic affairs, college deans and associate and assistant deans)
  - Ancillary support (e.g. academic advising, Faculty Senate, faculty awards, academic personnel development)
  - Educational media (e.g. learning resource facilities, television and video facilities)
  - Museums and galleries (e.g. art objects, arboretums, botanical gardens, scientific displays)
- Also includes academic information technology not separately budgeted and accounted for within purpose codes 101-103, 110, or 142



# 160 – Student Support



- This activity includes functions and services of the institution which support and complement academic programs and enhance the total development of students by contributing to their cultural, social, intellectual, physical, and emotional maturation
- Associated costs include the following:
  - Student Services administration (e.g., associate and assistant vice chancellors for student affairs, dean of students)
  - Student admissions and records maintenance (e.g. admissions, registrar)
  - Student counseling and career guidance
  - Student Financial Aid administration
  - Student social and cultural development (e.g. orientation programs, minority affairs, veterans' services, services for physically handicapped and disadvantaged students, student religious and political organizations)
  - Also includes aural broadcasting services, symphony orchestras, nonauxiliary intramural athletics, and related information technology
- This activity excludes student financial aid funds (see Program 230)

# 170 – Institutional Support



- This activity includes functions and services, exclusive of physical plant operations, which provide continuous general operational support to the institution
- Associated costs include, but are not limited to, the following:
  - All central, executive-level management of, and long-range planning for, the entire institution (e.g. Board of Trustees, Chancellor, Provost and Vice Chancellors)
  - Business Affairs (e.g. Controller's Office, Budget Office, Materials Management)
  - Human Resources
  - Office of Internal Audits
  - Office of General Counsel
  - University Advancement
  - University Communications

# 180 – Physical Plant Operations



- This activity includes functions and services of the institution which operate, repair, and maintain physical facilities and grounds, provide utility and environmental services and their accompanying administrative and support components
- It includes custodial services, property insurance and controls, utility plants, utility acquisition and distribution, trash collection, campus architects, construction engineers, related information technology and campus safety and security (e.g., environmental health and safety, fire protection, campus security, campus police)
- Except for projects authorized under G.S. 116-13.1(c) or G.S. 116-30.3B, it excludes capital expenditures for plant expansion, plant modifications, and related architectural services; these excluded expenditures are provided in Purpose 300 (Capital Improvements)
- Revenues generated from services (e.g. custodial services, labor charges, security charges, etc.) provided to non-State funded operations may also be recorded in this purpose code

# 230 – Student Financial Aid



Office of Student Financial Aid  
APPALACHIAN STATE UNIVERSITY



- This activity includes funds available for distribution as scholarships, fellowships, traineeships, trainee stipends, grants, grants-in-aid, prizes, and awards to students enrolled in degree or certificate programs at the institution
- This activity also includes awards to students in both Pell Grants program and the Supplemental Educational Opportunity Grants (SEOG) program
- Excludes administration of student financial aid, which is provided in Purpose 160
- Also excludes all regular term and summer term tuition waivers (recorded as contra balances), including faculty and staff tuition waivers, which should be reflected in the functional area where the employee works

## 252 – Other Reserves

- The University's prior-year management flexibility carry forward is deposited into this program
- Universities designated as special responsibility constituent institutions (SRCI) pursuant to G.S. 116-30.1 and the UNC System President are permitted by statute to carry forward up to **2.5%** of the unexpended fiscal year-end General Fund appropriation (also known as "management flexibility carry forward")
- Management flex carry forward funds are **non-recurring** and must be used by fiscal year-end
- These funds represent the only instance in which General Fund appropriation may be used to fund capital repairs and renovations
- Typically used to fund capital projects and other one-time initiatives within the General Fund

# Budget Resources

- **ASU Basic Spending Guidelines (by fund source)**
  - [https://policy.appstate.edu/Basic\\_Spending\\_Guidelines\\_by\\_Fund\\_Source](https://policy.appstate.edu/Basic_Spending_Guidelines_by_Fund_Source)
- **University of North Carolina (UNC) System**
  - <http://www.northcarolina.edu>
- **Office of State Budget & Management (OSBM)**
  - <http://www.osbm.nc.gov/library> *(for current NC Budget Manual)*

# Budget Cycles

## External Budget Cycles

*\* require OSBM and/or UNC System Office approval*

- Biennial Budget Request Process
  - Continuation Budget
  - Expansion Budget
  - Capital Budget Priorities
- Annual Tuition & Fee Request Process

## Internal Budget Cycles

- Annual Budget Allocation Process
  - April Budget Forum Presentations
- Integrated Priority List (IPL)
- Annual Raise Process\*
- Auxiliary Budget Development

*\* Pending legislative & UNC System Office authority*

# **Biennial State Budget Request Process**



# State Operating Budgets

## *“The General Fund”*

- The General Fund is the largest component of the University’s operating funds.
- It is established by the State Legislature and is predominantly funded from revenues collected from the State’s taxpayers and student tuition payments.
- The state operating budget development process consists of two components, a **continuation** budget and an **expansion** budget

# Continuation Budget

- Commonly referred to as the “Base Budget”
- The permanent continuing budget for the ongoing operation of the primary functions and mission of the University
- Established by the General Assembly on a biennial basis
- A line-item detail budget supported primarily from appropriations from the State of North Carolina and tuition charges to students
- The state operating budget for the University is enrollment-driven (now based on completed credit hours)
- This budget supports the functions of: instruction, libraries, general academic support, student services, institutional support, and physical plant operations

# Continuation Budget

- Developed in even-numbered years (August - October)
- Instructions are initially prepared by the Office of State Budget and Management (OSBM) and tailored by the UNC System Office specifically for the university system.
- Items authorized in the request may include:
  - Inflationary increases - utilities, building leases, library materials, etc.
  - Personnel-related increases - fringes, worker's compensation, etc.
  - Equipment Replacement(s) - motor vehicles, other equipment
  - Building Reserves - operating funds for state-supported buildings
  - Specific non-recurring items (e.g. accreditation expenses)
- Submitted to the UNC System Office in October, who then reviews and submits the final request package to OSBM, approximately eight months before the beginning of the biennium for which the budget is being requested.

# Continuation Budget

- The continuation budget request is submitted to the “Long Session” of the General Assembly by the Governor in January of every odd numbered year.
- The General Assembly enacts legislation to establish the continuation budget for the biennium, usually between June and August.
- The continuation budget established for the biennium can be adjusted for the second year of the biennium when the General Assembly meets for its “Short Session” in the following April to July.
- Salary increases are legislated by the General Assembly. There are separate processes for the administration of salary increases based upon employee categories:
  - Faculty and certain administrators are Exempt from the State Human Resources Act (EHRA) and the guidelines to these related salary increases are set by the UNC System Office
  - All other employees are subject to the State Human Resources Act (SHRA) and the guidelines related to these salary increases are set by the Office of State Human Resources (OSHR).
  - Both EHRA and SHRA salary increases become part of the continuing (base) budget.

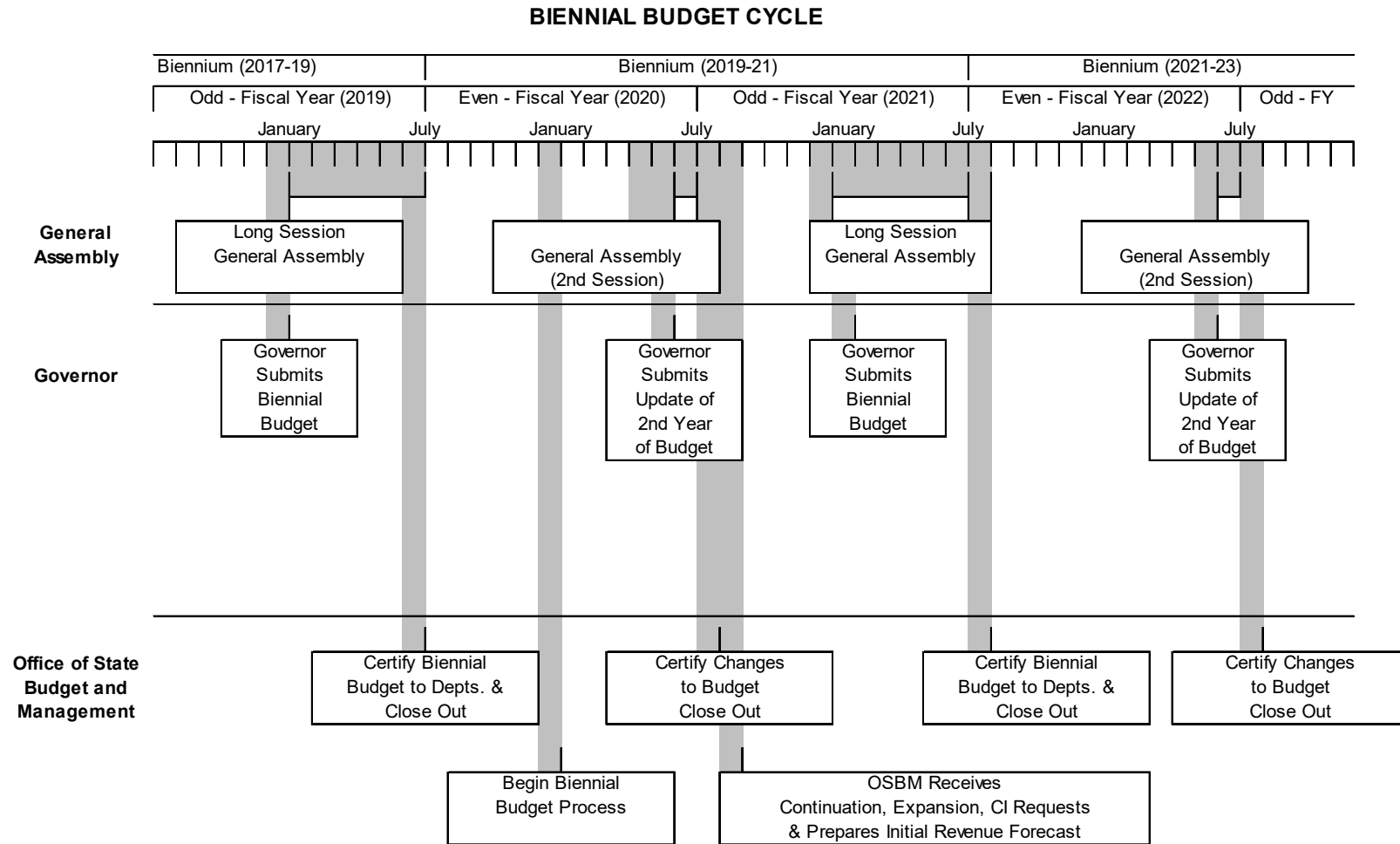
# Expansion Budget

- Sometimes referred to as the “change budget”
- These changes include adjustments in funding resulting from enrollment changes
- Also provides for expansion of existing programs, new programs and salary increases and/or benefits for faculty and state employees, to include:
  - New or pilot programs
  - Continued phase-in of new programs initiated in a previous biennium
  - One-time major equipment purchases
- Items authorized in the request may vary depending upon the State's current financial outlook. Requests must be programmatic in nature and support the strategic goals of the UNC System.
- Becomes part of the continuation budget for the next biennium to the extent that the items are considered ongoing

# Expansion Budget

- Developed in even-numbered years (August – September)
- Package is submitted to the UNC System Office in September, approximately nine months before the beginning of the next biennium.
- The expansion budget request is submitted to the “Long Session” of the General Assembly by the Governor in January.
- Also addressed in the second year of the biennium when the General Assembly meets for its “Short Session” in the following April to July.
- The General Assembly enacts legislation to establish the expansion budget for the biennium, usually between June and August.
- Once the General Assembly enacts legislation for the expansion budget, the UNC Board of Governors then makes allocations to the individual institutions in the UNC System.

# Biennial Budget Development Timeline



# Rules and Policies of Major Importance

- There can be no deficit spending, overall or by specific category.
- The creation and elimination of positions require approval of the Provost or Vice Chancellor via a budget flexibility revision.
- Prior approval of the Provost or Vice Chancellor is required for transfers between purposes/function, transfers between personnel accounts and OTP, and changes in the level of budgeted revenues and expenditures via budget flexibility revision.
- Permanent positions are separately budgeted and cannot be overdrawn in total, or in terms of annual rate, FTE, or hourly rate.



# Capital Budget Priorities

- In accordance with G.S. §143C-8-5, the Office of State Budget Management must prepare and transmit a six-year capital improvement plan to the General Assembly on or before December 31 of each even-numbered year
- Instructions are initially prepared by the Office of State Budget and Management (OSBM) and tailored by the UNC System Office specifically for the university system.
- Campuses submit biennial capital budget priorities to the UNC System Office in October of each even-numbered year.
- The three areas of the University's capital budget priorities are:
  - New General Fund Capital Improvement Projects (six-year plan)
  - Non-General Fund Capital Improvement Projects (six-year plan) and Non-GF Self-Liquidating Requests
  - Repair and Renovation Projects (traditional repair & renovations, targeted renovations and demolition of vacant buildings)

# **Annual Tuition & Fee Request Process**

# Annual Tuition & Fee Request Process

## Key Dates

Tuition & Fee Committee Meets:	October 16, 18
Presentation to Chancellor:	October 21
ASU Board of Trustees:	November 22
Submit to UNC System Office:	December 6
UNC Board of Governors ( <i>Review</i> ):	January 16-17, 2020
UNC Board of Governors ( <i>Approval</i> ):	March 19-20, 2020

# Annual Tuition & Fee Request Process

## *Campus-Initiated Tuition and Fee Guidelines*

- UNC Policy 1000.1.1 - *Establishing Tuition and Fees*
- General Statutes
  - §116-143.9 (Fixed Tuition Guarantee)
  - §116-143.10 (Cap on Student Fees)
- The Special Provision of S.L. 2016-94 (HB 1030) Related to Tuition and Fees – Section 11.3.(a) “*Access to Affordable College Education*”
- UNC Board of Governors Memorandum - *Proposals for 2020-21 Campus-Initiated Tuition and Fee Adjustments (issued September 25, 2019)*

# Annual Tuition & Fee Request Process

## UNC System Office Guidance

*(distributed September 25, 2019)*

- 3% maximum tuition increase permitted for resident undergraduates
- Tuition remains fixed for continuing resident undergraduates (*per N.C. General Statute §116-143.9*)
- Market-driven tuition increases permitted for non-resident undergraduates and all graduate students
- Maximum allowable increase of 3% for mandatory student fees that are charged to all students and approved by UNC Board of Governors (*per N.C. General Statute §116-143.10*)

# Annual Tuition & Fee Request Process

## UNC Policy 1000.1.1

Campuses must utilize a tuition & fee advisory committee to review:

- Campus-Based Tuition Increases (*base tuition rates*)
- School-Based Tuition Increases (*program-specific tuition increments*)
- BOG-approved Fees:
  - General & Debt Fees
  - Application Fees
  - Special Fees (*e.g. Program Fees*)

# Annual Tuition & Fee Request Process

## 2020-21 Tuition & Fee Advisory Board

Name	Affiliation
<b>Committee Chair (non-voting)</b>	
Sharon Bell	AVC, Finance & Administration ( <i>co-chair &amp; moderator</i> )
<b>Faculty/Staff Representatives</b>	
John Eckman	Business Affairs (VC designee)
Alan Rasmussen	Student Affairs (VC designee)
Jacqui Bergman	Academic Affairs (VC designee)
David Cook	Chancellor's Division (VC designee)
David Lance	University Advancement (VC designee)
Troy Heustess	Athletic Department (AD designee)
Michael Behrent	Faculty Senate Chair (or Chair's designee)
Mike McKenzie	Dean's Council Representative
<b>Student Representatives</b>	
DeJon McCoy-Milbourne	Student Body President ( <i>co-chair</i> )
Francis Zamora	SGA Representative (SGA President designee)
Jeffrey Sedlacek	Graduate Student Government President (or GSGA President designee)

# Annual Tuition & Fee Request Process

Per the UNC Board of Governors:

*Regarding Resident Undergraduate Tuition Rates:*

*“Combined tuition and fee rates for undergraduate residents shall continue to remain in the bottom quartile of an institution’s public peers.”*

*Regarding Non-Resident Undergraduate Tuition Rates:*

*“Combined rates for nonresident undergraduate students should be market driven and reflect the full cost of providing a quality education. In addition, a goal of each campus should be setting non-resident rates at or above the third quartile of each institution’s peers.”*

*Regarding Graduate and Professional School Tuition Rates:*

*“Graduate and professional schools shall continue to establish rates consistent with each program’s unique market and academic requirements.”*



# Annual Tuition & Fee Request Process

## Miscellaneous Service Charges

*(Chancellor-approved; not subject to Board of Governors 3% cap)*

- Per Section 2.2 of UNC Policy 1000.1.1, each chancellor is authorized to establish miscellaneous service charges (e.g. room and board rates, parking rates, transcript/diploma fees, etc.)
- A schedule of such charges must be filed with the President prior to the beginning of each school year
- Board of Trustees is responsible for rate approvals

# ASU Annual Budget Allocation Process

## *FY 2019-20*

- March (early) – Calls for divisional budget requests distributed to each Vice Chancellor
- March (late) – Divisional budget requests returned to University Budget Office for initial review
- April 12 – Campus Budget Forum Presentations held (*summary of current year priorities as well as preview of next fiscal year priorities*)
- April to June – All divisional requests for new funds (recurring and non-recurring) are reviewed and approved by executive management, ***contingent upon availability of additional funds in upcoming fiscal year***
- July 1 - Permanent budgets will roll from previous fiscal year into new year

# **Integrated Priority List (IPL)**

# Integrated Priority List

- List of capital projects (primarily repairs & renovations) developed by the AVC for Facilities Operations, in consultation with the Academic Deans and Directors of Design & Construction and Space Management
- Individual project budgets must be \$100,000 or greater
- Minor program renovation funding (< \$100K) is typically provided by individual departments (e.g. office renovations, cosmetic upgrades)
- Funding for the repair and renovation of non-State funded (e.g. Auxiliary) buildings is provided by those respective units using receipts, gifts or debt financing

# Management Flex Carryforward (2.5%)

- Universities designated as special responsibility constituent institutions (SRCI) pursuant to G.S. 116-30.1 and the UNC System President are permitted by statute to carry forward up to 2.5% of the unexpended fiscal year-end General Fund appropriation (also known as “management flexibility carry forward”)
- Projects funded with carry forward which exceed the current capital threshold (\$750K) must receive UNC BOG approval
- Management flex carry forward funds are non-recurring and must be used by fiscal year-end, unless transferred into a capital construction fund code (at which point the funding may cross fiscal years)
- These funds represent the only instance in which General Fund appropriation may be used to fund capital construction, unless funding has been specifically appropriated for such purposes by the North Carolina General Assembly
- Typically used to fund capital projects and other one-time General Fund initiatives

# Repairs & Renovations Allocation

- Repair and Renovation funding (referred to as R&R) is provided by the General Assembly through an annual appropriation
- In 1993, the North Carolina General Assembly instituted an R&R Reserve Fund Account (R&R Reserve), to fund repairs, renewals, and renovations to state-owned facilities. With this program, North Carolina asserted responsibility for preservation and maintenance of State supported capital assets
- The R&R Reserve program is intended to protect state assets from deterioration and maximize their life and utility
- R&R allocations for each campus are approved by the UNC Board of Governors
- Individual projects funded with the annual R&R allocation are approved by the UNC System Office

# Categories of R&R

*per G.S. §143C-4-3*

- Roof repairs and replacements
- Structural repairs
- Repairs and renovations to meet federal and State standards
- Electrical, plumbing and HVAC repairs
- ADA improvements
- Fire Safety improvements
- Energy Efficiency improvements
- Removal of asbestos, lead paint and other contaminants
- Existing space improvements to increase functionality
- Historical restoration
- Roads, walks, drives and utilities improvements
- Drainage and landscape improvements
- Building demolition

# Auxiliary Budget Development

- Auxiliary enterprises must be self-supporting and are governed by the Umstead Act (G.S. 66-58), Trust Fund Legislation (G.S. 116-36.1) and Chapters 600.5.1 and 600.5.1.1[G] of The UNC Policy Manual and Code
- The Auxiliary budget development process begins in July in advance of the UNC annual fee request process, which occurs annually each fall
- The ASU Board of Trustees reviews and approves other auxiliary fee rates including dining, housing, textbook rental, parking and transportation fees
- By law (G.S. 66-58), all bookstore profits are to be used exclusively for awarding scholarships. Likewise, other auxiliary operations also allocate a portion of their revenues to scholarships as well.
- All state-mandated salary & benefit increases and other mandatory cost increases must be self-funded.