

# Finance & Operations Committee

Appalachian State University Board of Trustees

March 14, 2025

# FY26 All Funds Budget Initiative

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Presented by: John Adams, Interim Chief Financial Officer

# Goals and Objectives

## Purpose:

- Began as a UNC system-wide effort in 2021-22 to **improve transparency and strategic allocation of resources by budgeting all revenue streams** that had historically not been part of an annual budget process.
- By requiring a more robust review of **all institutional resources**, this process provides a structural foundation for the execution of the UNC System's strategic plan and the strategic plan of each constituent institution.
- Represents the ***projected*** FY 2025-26 budgets for all fund sources based upon known variables and assumptions during the All Funds Budget development period (Summer 2024 through January 2025).

# Goals and Objectives

**The UNC Board of Governors requires all UNC System campuses to develop an All Funds Budget to:**

- Better align resources with strategic priorities (*see appendix*)
- Promote stewardship and financial sustainability
- Enhance data and reporting capabilities across funding sources to better allocate resources
- Better understand the impact of discrete decisions on the broader financial picture
- Improve transparency and campus engagement
- Strengthen the fiduciary responsibility of the Board of Trustees

# Fund Types

Fund Type:	Includes:	Source:
<b>General Fund</b>	State Appropriations, Tuition Receipts, Graduate Differential Tuition, Other Educational Receipts	FY 2025 base budget overlaid with any new state appropriation set to be received in FY26 (e.g. legislative salary increases, enrollment growth, etc.) as well as projected increases in tuition and other general fund receipts.
<b>Auxiliary &amp; Other Trust Funds</b>	Auxiliaries (Athletics, Dining, Parking, Housing, etc), Fees, and Unrestricted Trust funds	Budgets projected by divisional/unit business officers and University Budget Office
<b>Overhead Receipts</b>	Federal Facilities and Administrative Cost (F&A) Receipts that are <i>indirect</i> costs from grants	Projected by Controller's Office and Contracts & Grants Accounting based upon historical actuals
<b>Restricted Trust Funds</b>	Restricted Trust Funds and Contracts & Grants (direct costs)	Projected by Controller's Office and Contracts & Grants Accounting based upon historical actuals

# Structural Elements

- Template requires reporting across common academic and administrative organizational structures
- Increases the university's ability to use financial data to make strategic decisions
- Provides valuable information on how the institution uses resources to plan and meet its strategic goals

Specified Units	
College of Arts and Sciences	Facilities
College of Business	Human Resources
College of Education (includes lab school)	Information Technology
College of Health Sciences	Public Safety
College of Fine and Applied Arts	Advancement
School of Music	Dining
Academic Affairs (includes Enrollment Management)	Housing
Student Affairs	Parking & Transportation
Financial Aid	Athletics
Library	Student Health
Sponsored Research	Other Auxiliaries
University Administration	New River Light and Power
Finance & Operations	

# All Funds Budget Timeline

## Campus Budget Development Process:

- Executive-level budget review sessions held with each Vice Chancellor/Division Head (May-June)
- FY 2025-26 Tuition and Fee Request Process (October/November)
- FY26 Budget projections informed by strategic priorities, enrollment projections and insights from FY25 budget management.

December 2024/  
January 2025

## Consolidation and Review:

University Budget Office and CFO consolidate and finalize projected budgets. Chancellor's Council reviews figures.

March  
2025

## May 1, 2025:

All Funds Budget and Narrative due to UNC BOG

May-November  
2024

## All Funds Budget Template Work:

- Template and UNC budgeting conventions distributed to allow units to update/establish FY26 budgets for all required funds.
- Divisions conduct their own level of review which culminates in VC/Division Head approval of the divisional budget.
- Templates due January 17, 2025 and Budget Office follow-up review continues into early February.

February  
2025

## March 13/14, 2025:

BOT reviews and approves FY26 All Funds Budget and Narrative

May  
2025

# FY26 All Funds Budget Summary

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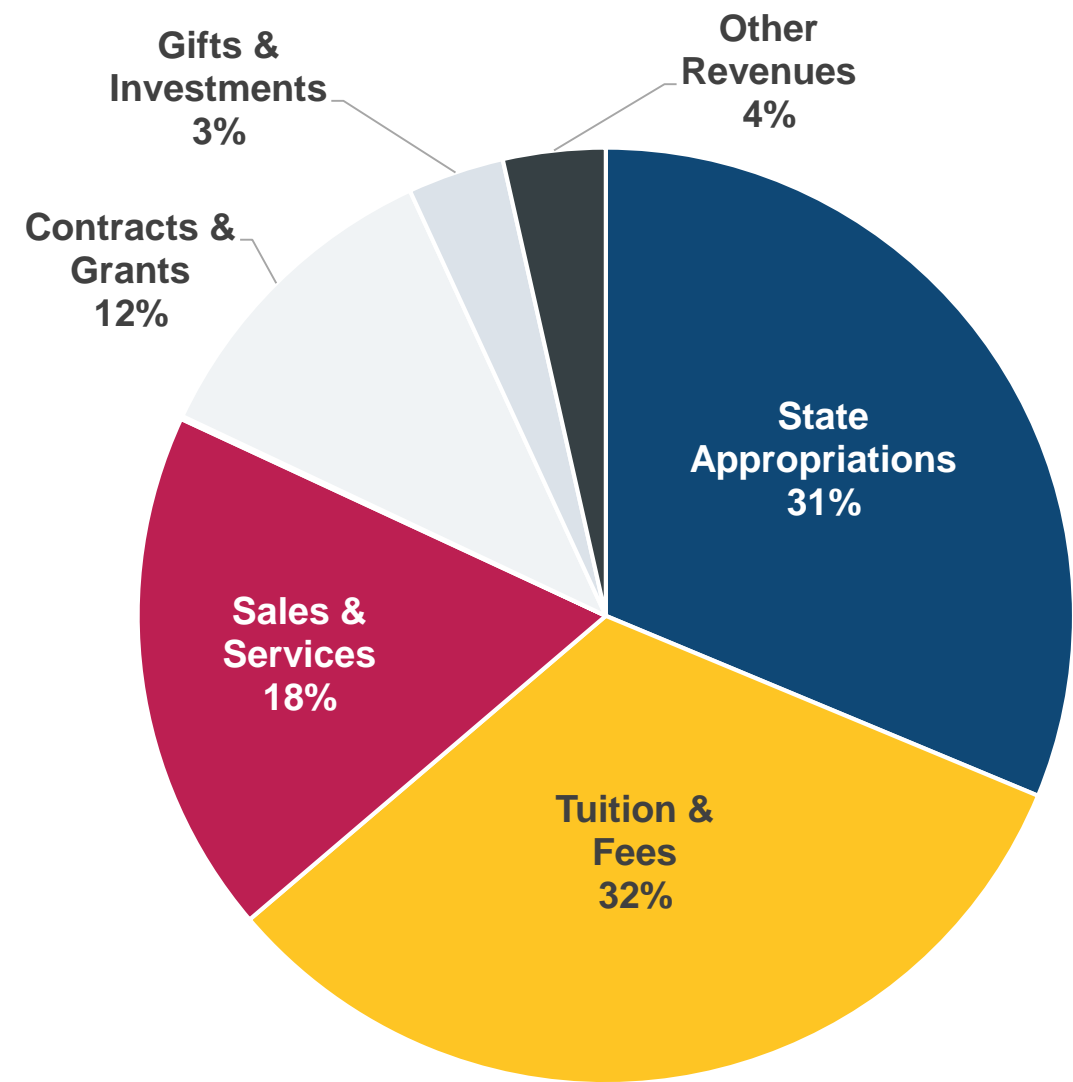
**Appalachian State University  
FY 2024-25 All-Funds Budget**

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 212,960,000	\$ -	\$ -	\$ -	\$ 212,960,000
	Tuition & Fees	\$ 123,062,000	\$ 75,943,000	\$ -	\$ -	\$ 199,005,000
	<i>Less Discounts and Allowances</i>	\$ (15,366,000)	\$ (12,876,000)	\$ -	\$ (17,318,000)	\$ (45,560,000)
	Sales & Services	\$ (675,000)	\$ 125,762,000	\$ -	\$ 11,000	\$ 125,098,000
	Patient Services	\$ -	\$ 1,125,000	\$ -	\$ -	\$ 1,125,000
	Contracts & Grants	\$ 4,153,000	\$ -	\$ -	\$ 65,282,000	\$ 69,435,000
	Gifts & Investments	\$ -	\$ 9,939,000	\$ -	\$ 9,637,000	\$ 19,576,000
	Other Revenues	\$ 608,000	\$ 4,347,000	\$ 2,205,000	\$ 814,000	\$ 7,974,000
<b>Revenues Total</b>		<b>\$ 324,742,000</b>	<b>\$ 204,240,000</b>	<b>\$ 2,205,000</b>	<b>\$ 58,426,000</b>	<b>\$ 589,613,000</b>
Expenses	Salaries and Wages	\$ 205,247,000	\$ 55,891,000	\$ 735,000	\$ 9,576,000	\$ 271,449,000
	Staff Benefits	\$ 69,523,000	\$ 19,869,000	\$ 263,000	\$ 2,382,000	\$ 92,037,000
	Services, Supplies, Materials, & Equip.	\$ 38,901,000	\$ 78,735,000	\$ 336,000	\$ 13,969,000	\$ 131,941,000
	Scholarships & Fellowships	\$ 15,366,000	\$ 12,876,000	\$ 1,000	\$ 48,889,000	\$ 77,132,000
	<i>Less Discounts and Allowances</i>	\$ (15,366,000)	\$ (12,876,000)	\$ -	\$ (17,318,000)	\$ (45,560,000)
	Debt Service	\$ 2,352,000	\$ 25,248,000	\$ -	\$ -	\$ 27,600,000
	Utilities	\$ 6,408,000	\$ 4,210,000	\$ 2,000	\$ 2,000	\$ 10,622,000
	Other Expenses	\$ 4,616,000	\$ 10,072,000	\$ -	\$ -	\$ 14,688,000
<b>Expenses Total</b>		<b>\$ 327,047,000</b>	<b>\$ 194,025,000</b>	<b>\$ 1,337,000</b>	<b>\$ 57,500,000</b>	<b>\$ 579,909,000</b>
Net Transfers		\$ 5,543,000	\$ (12,474,000)	\$ (94,000)	\$ -	\$ (7,025,000)
<b>Change in Fund Balance</b>			<b>\$ (2,259,000)</b>	<b>\$ 774,000</b>	<b>\$ 926,000</b>	<b>\$ (559,000)</b>

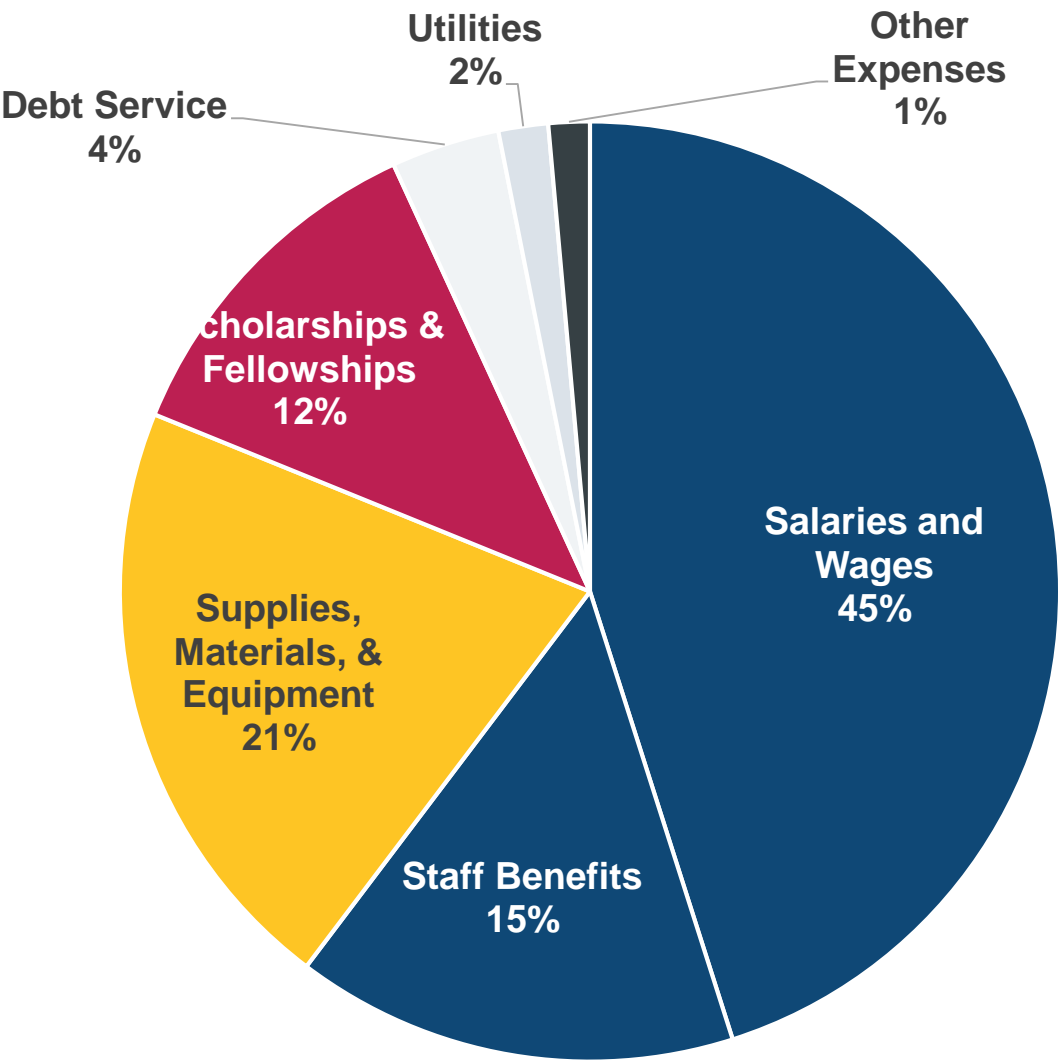
**Appalachian State University  
FY 2025-26 All-Funds Budget**

		General Fund	Auxiliary & Other Trust Funds	Overhead/F&A Receipts	Restricted Trust Funds	Total
Revenues	State Appropriations	\$ 214,932,000	\$ -	\$ -	\$ -	\$ 214,932,000
	Tuition & Fees	\$ 136,383,000	\$ 86,838,000	\$ -	\$ -	\$ 223,221,000
	<i>Less Discounts and Allowances</i>	\$ (15,367,000)	\$ (13,970,000)	\$ -	\$ (16,773,000)	\$ (46,110,000)
	Sales & Services	\$ 220,000	\$ 124,003,000	\$ -	\$ 459,000	\$ 124,682,000
	Patient Services	\$ -	\$ 726,000	\$ -	\$ -	\$ 726,000
	Contracts & Grants	\$ 4,408,000	\$ 234,000	\$ -	\$ 74,793,000	\$ 79,435,000
	Gifts & Investments	\$ -	\$ 12,189,000	\$ -	\$ 10,738,000	\$ 22,927,000
	Other Revenues	\$ 8,271,000	\$ 12,221,000	\$ 3,000,000	\$ 814,000	\$ 24,306,000
Revenues Total		\$ 348,847,000	\$ 222,241,000	\$ 3,000,000	\$ 70,031,000	\$ 644,119,000
Expenses	Salaries and Wages	\$ 223,813,000	\$ 64,909,000	\$ 1,092,000	\$ 12,295,000	\$ 302,109,000
	Staff Benefits	\$ 76,636,000	\$ 22,005,000	\$ 289,000	\$ 3,001,000	\$ 101,931,000
	Services, Supplies, Materials, & Equip.	\$ 32,068,000	\$ 89,552,000	\$ 645,000	\$ 19,764,000	\$ 142,029,000
	Scholarships & Fellowships	\$ 15,367,000	\$ 13,970,000	\$ -	\$ 50,930,000	\$ 80,267,000
	<i>Less Discounts and Allowances</i>	\$ (15,367,000)	\$ (13,970,000)	\$ -	\$ (16,773,000)	\$ (46,110,000)
	Debt Service	\$ 2,352,000	\$ 22,641,000	\$ -	\$ -	\$ 24,993,000
	Utilities	\$ 6,522,000	\$ 4,917,000	\$ 2,000	\$ -	\$ 11,441,000
	Other Expenses	\$ 4,518,000	\$ 4,981,000	\$ -	\$ -	\$ 9,499,000
Expenses Total		\$ 345,909,000	\$ 209,005,000	\$ 2,028,000	\$ 69,217,000	\$ 626,159,000
Net Transfers		\$ (43,000)	\$ (21,558,000)	\$ 1,000	\$ -	\$ (21,600,000)
Change in Fund Balance			\$ (8,322,000)	\$ 973,000	\$ 814,000	\$ (6,535,000)

# Budgeted Revenue (FY26)



# Budgeted Expenses (FY26)



# Operating Expenses by Unit

## Academic Units

College of Arts and Sciences  
College of Business  
College of Education  
College of Health Sciences  
College of Fine and...  
School of Music

## Academic Support

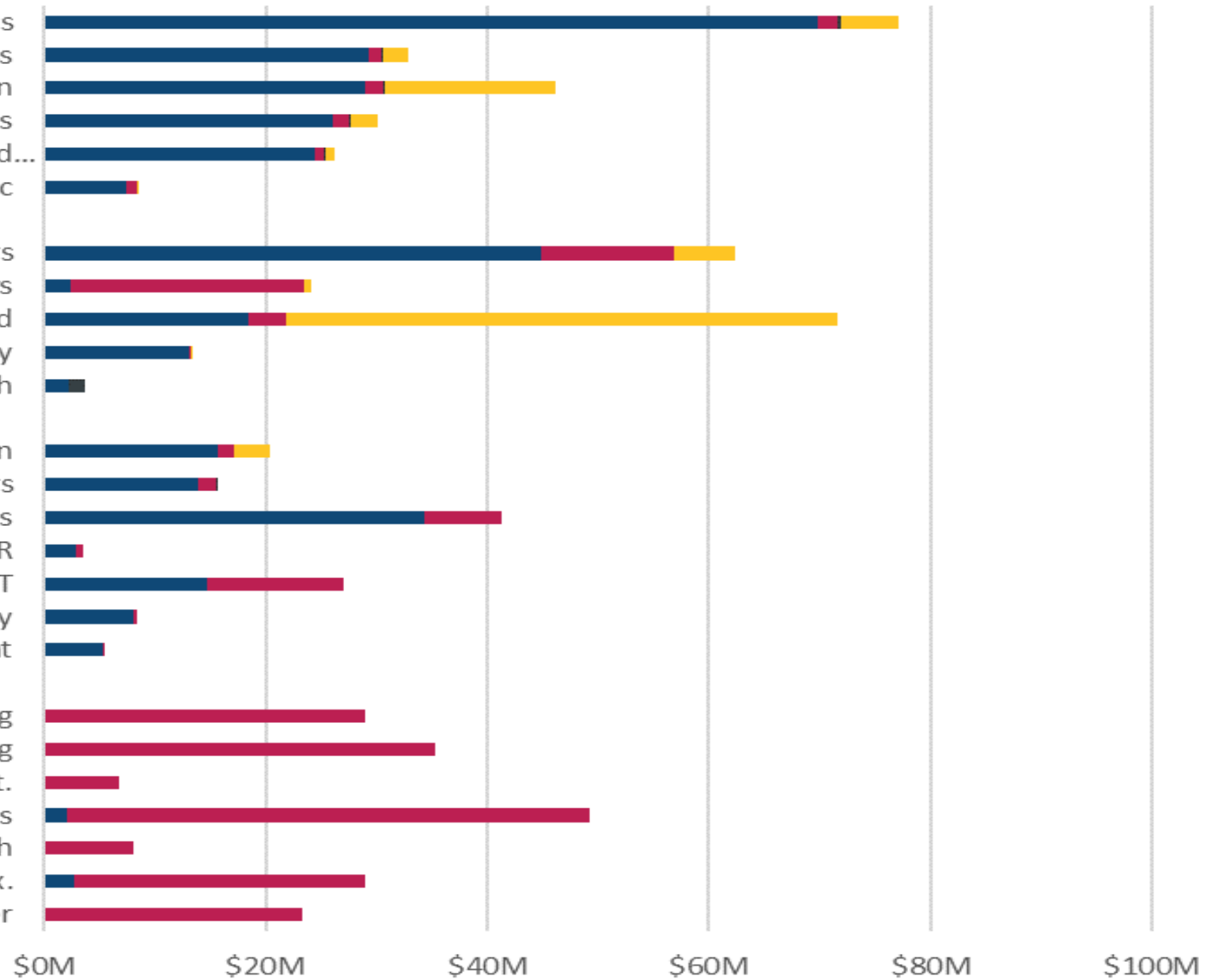
Academic Affairs  
Student Affairs  
Financial Aid  
Library  
Research

## Institutional Support

University Admin  
Business Affairs  
Facilities  
HR  
IT  
Public Safety  
Advancement

## Auxiliaries

Dining  
Housing  
Parking & Transport.  
Athletics  
Student Health  
Other Aux.  
New River Light & Power



# Notable All Funds Budget Changes (FY26)

## Redirection of Savings following Certification of Compliance with UNC Policy 300.8.5

- Total savings of **\$1,191,611**
- **\$584,517** redirected to Academic Affairs, Student Affairs and Enrollment Management to fund the following positions and initiatives:
  - **Student Mental Health:** New Staff Psychologist, retention salary adjustments for current psychologists and counselors
  - **Academic Advisors:** Five advising positions strategically placed in App State's fastest growing colleges and new programs
  - **Student Veteran Services:** New Veteran Certification Specialist to further strengthen App State's support for veteran services
- **\$492,606** of redirected savings and eliminated positions in Student Affairs will be dedicated to the Student Activity trust fund which supports student success initiatives, including **mental health support** services and **student programs and activities**.
- **\$114,488** of General Fund fringe savings which will revert back to the University's Central Fringe Pool

# Notable All Funds Budget Changes (FY26)

## Partnership with Project Kitty Hawk (PKH)

- PKH is a non-profit affiliate of the UNC System whose mission is to build pathways for adult learners who are place bound to earn high-quality, workforce-aligned degrees from UNC campuses
- App State launched **five** Flight Path (i.e. PKH-powered) programs in FY25 with additional Flight Path programs set to be launched in FY26
- PKH service fees are deferred until the programs begin to generate positive cash flow
- PKH provides the required growth capital. Operating launch grants are made available to cover university expenses in excess of program revenues

# Notable All Funds Budget Changes (FY26)

## Athletics Budget Increase

- **20 percent** increase over FY25 attributable to projected increases in fee receipts due to increased enrollment), sports wagering appropriation, multi-media rights payments, additional direct & indirect support and the addition of Yosef's Locker sales, which is now operated by Athletics.

## Increased Support for Research & Innovation

- App State awarded **seven-year, \$35 million grant** in Fall 2024 to expand GEAR UP college access program (*largest single grant ever awarded to the university*)
- Office of Research & Innovation – five new positions allocated via the FY25 Budget Request Process to further advance research and innovation efforts

# Notable All Funds Budget Changes (FY26)

## College Operating Budgets (General Fund)

- A phased approach to reallocating college operating budgets based upon average student credit hours (2023-25) will begin in FY26
- Performance metrics will also play a role in budget allocations moving forward
- Academic Affairs manages position allocations when vacancies occur, determining highest and best use of those resources across the entire division

## Other

- Scholarship support from Auxiliary Operations and New River Light & Power will be increased by **\$1,000,000** in FY26
- Units previously reported in University Administration in prior years have been more appropriately classified in other categories



# Pressures Impacting The Budget

- Tuition Rates
- UNC Performance Funding
- New Faculty & Staff Salary Ranges
- Financial Impacts of Helene
- Changing Landscape of College Athletics
- Inflation across expense types  
(e.g., construction costs, goods & services, software/hardware, etc.)

# Appendix:

## Institutional Priorities

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# Existing Institutional Strategic Plan

## **App State Strategic Plan (2022-2027):** ***Empowering Human Potential through the Appalachian Experience***

- Providing Exceptional Educational Experiences
- Advancing Research, Innovation and Creativity
- Advancing Local, Regional and Global Engagement
- Cultivating a supportive university community focused on student success
- Investing in Faculty and Staff Excellence
- Strengthen Resilience and Sustainability

# Key Institutional Priorities

- Student Success
- Academics
- Athletics
- Arts
- Research/Creative Endeavors

