

Memorandum**To:** Chancellors**From:** Jennifer Haygood 
Senior Vice President for Finance & Administration and Chief Financial Officer**Date:** October 4, 2022**Subject:** FY 2024 All-Funds Budget Guidance

The annual all-funds budget process provides a comprehensive operating budget for each University of North Carolina System constituent institution, reflecting both General Fund and Institutional Trust Fund operating revenues and expenditures, and must be approved by the institution's Board of Trustees. This memo provides guidance on assumptions and policy priorities campuses are expected to consider when developing their budgets.

Background

North Carolina has a long history of state support for public higher education, resulting in substantial state appropriations and low tuition. For the majority of the UNC System's history, these two revenue sources were the primary revenues that supported System operations. Since both are considered state General Fund revenues, they are governed by strong regulations for budgeting. However, Institutional Trust Funds, which comprise revenues from auxiliary enterprises, federal grants and contracts, donor funds, and student fees have historically not been subject to the same formal budgeting requirements.

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 University's strategic plan and to ensure the delivery of the University's teaching, research, and service mission in a financially sustainable manner.

Policy Guidance for Development of FY 2024 All Funds Budget**Systemwide and Institution-Specific Strategic Goals**

The UNC System strategic plan set ambitious goals for access, student success, and economic impact. The Board of Governors of the University of North Carolina System has also set goals for the president on metrics including on-time graduation and degree efficiency, student debt among bachelor's degree completers, and education and related expenses per degree.

Institutional financial plans should be reflective of strategic priorities set by the UNC System, Board of Governors, as well as those that help individual institutions reach mission-specific goals. Universities should consider needs specific to the institution, the students that the institution serves, as well as the local community. Budget narratives should clearly identify how the allocation of resources will drive meaningful improvement in pursuit of these goals.

Student Affordability

The UNC System has a responsibility to continually look for ways to generate greater value with its limited resources in order to keep costs for students low. Institutions should consider whether there are opportunities to eliminate duplicative, underperforming, or low priority programs; to streamline and consolidate programs, offices, and services; and to reduce layers of management and administration. There should also be a focus on expenses that are directly driving aspects of student debt and cost of attendance, including in fee-supported units, housing, dining, and the use and prioritization of financial aid. Campus narratives should articulate specific strategies being implemented and an estimated amount of savings generated that can be repurposed towards higher priorities or to reduce costs to students.

Support for Campus Safety

At the September 22nd meeting of the Board of Governors, a motion was passed requiring FY 2024 spending on campus security to remain at or above the level of spending for FY 2023. This requirement should be reflected in the budget template such that FY 2024 budgeted expenses in the Public Safety unit should be equivalent to or exceed budgeted expenses in this unit for FY 2023.

Submission Requirements

Universities must **complete the provided budget template** (emailed separately to budget officers) for the identified organizational units. To allow for consistency in the approach to budgeting various items that impact most if not all institutions, **Attachment A** provides more explicit instruction for budgeting items such as enrollment funding, tuition and fees, and employee salary and benefit rates. The template and budgeting conventions provide a common minimum standard for presenting budget information. Institutions are welcome to develop more detailed budgets for internal management purposes and roll up that information for submission to the System Office.

Institutions must also **provide a written narrative of no more than two pages** explaining how the all-funds budget reflects investment in mission-aligned activities and addresses the policy priorities outlined in this memo.

Each institution is expected to work closely with stakeholders across the campus to ensure a collaborative process that promotes a shared understanding of resource allocation and management in pursuit of strategic priorities. The process should culminate in approval of the campus Board of Trustees, which should occur prior to May 3, 2023.

By May 3, 2023, please email the completed budget template and narrative to **Angelisa Riggsbee** (alriggsbee@northcarolina.edu). This information will be compiled for distribution to the Board of Governors at its May 2023 meeting.

We appreciate your cooperation on this important endeavor.

Att. A: Budgeting Conventions

cc: Board of Trustee Chairs
Chief Financial Officers
Chiefs of Staff
Provosts
Budget Directors