

Appalachian State University — All Funds Budget Narrative FY 2024-2025

Appalachian State University has developed the FY 2024-2025 All Funds Budget to advance App State's strategic priorities, as well as UNC System strategic goals. The UNC System strategic plan includes access, affordability and efficiency, student success, economic impact and community engagement, and excellent and diverse institutions. App State's budget was approved by the Board of Trustees in April 2024 and includes funding for the following initiatives to address university/System goals and priorities:

App State Hickory Campus

The App State Hickory campus opened its doors to students in Fall 2023 with an approximate enrollment of 300 students. For the 2024-25 academic year, enrollment is projected to almost double to 600, which will require 16 new faculty positions to cover the course offerings in Hickory.

The Hickory campus serves the Hickory/Lenoir/Morganton metro area population — previously the state's largest metropolitan area without a UNC System university. This campus provides additional growth capacity and market potential for App State's on-campus and online programs and will increase critical educational opportunities in the Hickory metro area to equip the local workforce with the skills required to meet the current demands of employers. This initiative is allowing App State to achieve multiple system-wide strategic goals, including increased access to higher education and a state/local partnership that will improve local communities and benefit the state economically.

The university received \$9M in capital funding from the General Assembly in FY 2023, as well as an additional \$41M appropriation in the FY 2024 State budget. To date, these funds have been used to support renovations of the first floor of the existing facility, which have been completed, as well as upcoming renovations to the second floor scheduled to occur prior to the start of classes in Fall 2024. The \$41M appropriation will be utilized to complete the full interior and exterior renovation of the Hickory facility.

UNC System Laboratory Schools

The Appalachian Academy at Middle Fork in Walkertown, which opened in 2018, continues to provide future teachers in the Reich College of Education with opportunities to apply their skills in the classroom. The local community benefits from this partnership with App State, which serves to strengthen learning, teaching and school leadership. In FY 2025, the Academy at Middle Fork will be funded primarily with federal, state and local funds; however, App State may be required to reallocate internal funding in order to cover a portion of the projected expenses, including \$278K of salaries and benefits for employees previously shared with the Appalachian Academy at Elkin which will cease operations on June 30, 2024.

Auxiliary Enterprises

The Holmes Center Parking Deck project began in June 2023 and is scheduled for completion in August 2024. This facility will provide approximately 600 on-campus parking spaces through the construction of a new, six-level parking deck next to App State's Holmes Convocation Center. The primary use for the new deck will be faculty, staff and student parking, with event parking as needed. App State has the flexibility to offer visitor parking in select lots as needed upon demand. The additional parking will also support events at the Holmes Center as well as the Kidd Brewer multipurpose stadium. This project is being funded by a \$20M bond issuance that will be repaid with parking revenues.

The University has decided to no longer pursue a \$7 million renovation to Newland Residence Hall. This project was previously approved by the UNC Board of Governors, utilizing cash from fund balance to fund the renovation work. Due to rising construction costs, the scope of the project was significantly reduced to the point it was no longer financially viable to continue with the renovation. In lieu of this decision, the University is in the pre-development phase of an 850-bed apartment complex at its App 105 property, which will provide replacement beds for Newland Residence Hall. This housing will be focused on upper-division students and transfer students due to the lack of available student housing in the off-campus market leading to students stopping out of school or choosing to transfer to other institutions with more housing availability. The housing market has a 99.8% occupancy rating in Boone therefore leading to double-digit annual rental rate increases, which will continue to price-out students. The project will be developed as a public private partnership through the Appalachian Real Estate Development Corporation.

In February 2024, App State will be seeking UNC Board of Governors approval for the construction of a new Indoor Practice Facility which would include a full 100-yard field to accommodate the entire football team at the same time as well as other campus constituencies who use the current facility. The project was previously approved by App State's Board of Trustees in 2023 and includes the demolition of the existing facility (which is limited to a 50-yard field) as well as the adjacent softball facility. The new Indoor Practice Facility would include athletics offices, training space and space to house a sports medicine clinic in addition to the expanded practice field. The project will be financed via Millennial Campus revenue bonds, which will be repaid via a combination of Athletic Facilities Debt Service Fee receipts, Athletic contributions, and other self-generated Athletic revenues including football parking fees and clinic lease proceeds.

The All Funds Budget will support the progress towards the institution's [2022-2027 Strategic Plan](#). App State's institutional financial plans are in alignment with these priorities.

Providing Exceptional Educational Experiences

The university prioritizes providing exceptional educational experiences for its students and is committed to enhancing the student learning experience and providing support for teaching, research and scholarly activities. App State is shifting the majority of undergraduate online programs away from a cohort-based model to a flexible model to better support students' academic needs. This flexible model allows more adult students and returning Mountaineers to complete bachelor's degrees, while also allowing the university to scale up high-demand online programs. As such, the University is making increased investments in smart classrooms and IT resources needed for online/virtual learning.

To address the needs of the region/workforce, the following new programs have been launched or are about to be launched:

- Professional Studies (2023-24)
- MS of Occupational Therapy (2024-25)
- BS in Health Sciences (2024-25)
- BSBA in Cybersecurity (2024-25)

To ensure student success (including increasing four-year graduation rates), our academic strategic planning efforts, as well as our ROI action plan, call for an enhanced focus on workforce development and career readiness. The creation of new initiatives, including incorporating career readiness into the curriculum, will be directed toward freshmen and sophomores to retain them for the duration of their college career and provide the exceptional educational experiences for which App State is known.

App State is also utilizing funding allocated by the North Carolina General Assembly to carry out extensive modernizations and renovations to three academic buildings: Wey Hall, Edwin Duncan Hall and Peacock Hall. Wey Hall was built in 1976 and is home to the Department of Art, which offers more than 100 course sections to approximately 1,400 students. This will be the first major renovation to the building since it opened nearly 50 years ago. Wey Hall's classrooms are also used for general education and first-year seminar courses. Duncan Hall was constructed in 1965 and contains office space, classrooms and labs. Peacock Hall was built in 1990 and houses the Walker College of Business which has the highest full-time undergraduate enrollment in the UNC System. Each of these projects will improve and adapt the space in these academic facilities to current and future programming needs, which includes offering more technologically advanced classrooms, learning labs and student service offices.

Other examples of the University's commitment to providing exceptional educational experiences include:

- The addition of new faculty and academic advising positions in 2024-2025 to be funded with enrollment growth funding and tuition receipts.
- In addition to the App State Hickory Campus, the University is in discussions with Project Kitty Hawk to explore strategic opportunities for expanding online enrollment for nontraditional learners who are currently not enrolled - or who are enrolled with out-of-state providers - in App State programs.

Advancing Applied Research, Innovation and Creativity

With the recent growth of the University, as well as its projected growth, applied research has become a focal point to attract high quality faculty and students. With research capabilities, the University will have the ability to train students and further research opportunities that will impact the lives and economic growth of the local and global communities. The Strategic Plan for Research, Scholarship and Creative Activities (RSCA) was released during FY 2024 and acts as a guide for the University's research activities and includes four goals:

- Increase awareness and understanding of the vital role RSCA plays in fulfilling the University's mission.
- Enhance the overall productivity and efficiency of App State's RSCA.
- Bolster App State's capacity for exceptional and innovative research, scholarship and creative activities to generate knowledge and address critical issues in the region, state, nation and world.
- Increase external engagement and investment in RSCA

Construction of the University's Conservatory for Biodiversity Education and Research (Conservatory) continues and is being funded with a \$54M appropriation allocated by the North Carolina General Assembly as well as a \$10M combination of institutional funds including carry forward, Ed & Tech fee receipts and SCIF appropriations.

This is the first academic building of App State's Innovation District and will include cross-disciplinary collaboration and encourage K-12 partnerships. In addition, it will build on the opportunities in the Department of Biology's teaching and research facilities, thereby providing additional research capabilities on campus for faculty and students. However, as the research enterprise grows, the need for additional lab space will continue to grow. In addition, as a part of the Innovation Campus, this project will pursue the Living Building Challenge core standard as a commitment to sustainability. When completed, this building will be the only academic research facility in the country to boast the Living Building Certification.

Advancing Local, Regional and Global Engagement

Furthering its commitment to providing affordable access to higher education in the Catawba Valley area, App State began making available over 100 undergraduate major programs of study at its Hickory Campus beginning in Fall 2023. In addition, Chancellor Everts has formed the App State @ Hickory Advisory Council, which consists of a group of business, education, government and civic leaders from Hickory and the surrounding area and regularly meets to discuss the area's needs and how App State can meet these needs via its academic offerings. Chancellor Everts has also announced that the University would continue to utilize Institutional Trust fund reserves to provide scholarships which will be used to recruit and retain students who enroll at the Hickory Campus in 2024. This aid will help incoming students offset their educational expenses during their first year.

Investing in Faculty and Staff Excellence

Academic Affairs recently underwent a functional review by Huron Consulting to identify strengths and opportunities, including efficiency and effectiveness. As a result of this review, in conjunction with a similar review in Human Resources, the need for a strategic partner to be shared between Academic Affairs and Human Resources became apparent. The goal is to have someone fully dedicated to Academic Affairs for faculty recruiting, hiring, contracting, onboarding, and employee life cycle. A search for this position is currently underway.

App State received UNC Board of Governors approval in 2023 to authorize a public-private partnership to develop approximately 156 multi-family residential units which will provide below-market housing for university employees at below-market rates. In our highly competitive housing market, we expect this to positively impact our ability to recruit and retain talented faculty and staff. These projects will not rely upon State funds or any capital from the university. Construction began in summer 2023 and units are expected to be ready for occupancy in 2025.

Strengthen Resilience and Sustainability

App State will begin the development of the net zero-carbon district energy system, which will begin to transition the Boone campus away from steam power. Leveraging public-private partnerships, the district energy system will generate and distribute energy to support the planned buildings in the Innovation District, including the aforementioned Conservatory and faculty and staff housing. The district energy system is expected to become operational in 2025 and will not only supply a stable source of energy but will also contribute significant savings in avoided energy costs for the university.

In addition, in July 2023, App State's internationally recognized solar vehicle team traveled to Topeka, Kansas, for the 2023 Electrek Formula Sun Grand Prix (FSGP) where "Team Sunergy" placed second in the multi-occupant vehicle (MOV) category. The FSGP is an international collegiate endurance competition that sets standards for and tests the limits of solar vehicle technology. The team, made up of graduate and undergraduate students, represents App State's commitment to sustainable energy initiatives at international solar vehicle competitions and has secured a podium finish in nearly every competition that it has entered since 2016.