

# BUDGET OVERVIEW

Board of Trustees Retreat

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**North Carolina Agricultural and Technical State University**



# AGENDA

- State of North Carolina Budget Process
- UNC System Budget Process
- A&T Budget and Funding Sources
- Summary of Budget Reductions
- UNC System Performance Metrics



# STATE BIENNIUM BUDGET PROCESS

- Governor's Budget
- House Budget
- Senate Budget
- Conference Committee
- Governor Approval



# STATE OF NORTH CAROLINA

## Budget by Revenue Category

	(in billions)	(% of Total)
Individual Income	\$10.5	50%
Sales and Use	5.5	26%
Corporate and Franchise	1.7	8%
Other Tax	2.4	11%
Nontax & Transfers	<u>1.0</u>	<u>5%</u>
Total	\$21.1	100%



# STATE OF NORTH CAROLINA

## Budget by Program Area

	(in billions)	(%Total)
K-12 Public Education	\$ 8.1	38%
UNC System (with private colleges)	2.6	12%
Community Colleges	1.0	5%
Medicaid	3.7	18%
Corrections & Court System	2.6	2%
Debt Service	1.0	5%
DHHS (Excluding Medicaid )	1.4	7%
Other (General Government )	<u>.7</u>	<u>3%</u>
Total	\$21.1	100%



# UNC System Budget Approval Process

- Continuation – State Budget Office
- Expansion – Prioritized by UNC General Administration
- Capital – Prioritized by UNC General Administration
- Tuition and Fees – Approved for each campus
- Submission to Governor's Office – Approved by Board of Governors



# N. C. A&T STATE UNIVERSITY BUDGET

	<u>\$ Millions</u>	<u>% of Total</u>
State Funds	156.0	65%
Auxiliary Funds	45.0	19%
Contracts and Grants	34.0	14%
Overhead	4.0	2%
Total	<hr/> 239.0	<hr/> 100%



# STATE FUNDS - \$156.0 MILLION

## General Uses

Core instructional, academic support and associated administrative services (includes faculty and staff salaries, library operations, academic advisors, campus safety, information technology, budget and human resources personnel.)

## Limitations

Not allowed to support health centers, student activities, dining facilities, parking decks, athletics, or residence halls.

## Funding Sources

State Appropriation and Tuition comprises 96% of the total State Fund Revenues.





# N.C. A&T STATE UNIVERSITY

## STATE FUND BUDGET

	<u>\$ Millions</u>	<u>% of Total</u>
Revenues		
State Appropriation	91.0	58%
Tuition Revenue	60.0	38%
All Other	5.0	4%
Total	156.0	100%
Expenditures		
Salaries and Benefits	124.0	79%
Purchased Services	15.0	10%
Student Aid	10.0	6%
Property and Equipment	4.0	3%
Supplies	3.0	2%
Total	156.0	100%



# AUXILIARY FUNDS – \$45 MILLION

## General Uses

Revenues generated by auxiliary enterprise operations exist to provide services to the students, faculty, or staff.

Auxiliary enterprises are managed as self supporting activities (includes residence halls, bookstores, food services, student health services, mail centers, and student unions).

## Limitations

Must directly support the operations of the associated activities.



# Auxiliary Budget Summary

Budget By Program Area	<u>\$ Millions</u>	<u>% of Total</u>
Housing Operations	13.0	29%
Food Services	13.0	29%
Athletics	10.0	23%
University Stores	1.0	2%
Campus Center	2.0	4%
Parking Services	2.0	4%
Health Services	3.0	7%
Other	1.0	2%
Total	<hr/> 45.0	<hr/> 100%



# CONTRACTS AND GRANTS - \$34 MILLION

## General Uses

Research portion of faculty salaries, research personnel and graduate student workers for the project and other non-personnel expenditures related to the provisions of the grant.

## Limitations

Restricted by the federal government and monitored for compliance. Funds cannot be legally diverted for purposes not central to the research mission.



## OVERHEAD FUNDS- \$4 MILLION

### General Uses

Derived from administrative recoveries from grant activity. Funds research administrative functions, faculty support and graduate student support.

### Limitations

Must be used for the same purposes as state funds.



## History of Permanent Reductions at N.C. A&T

<u>Fiscal Year</u>	<u>Amount</u>	<u>Position Eliminations</u>
2008	\$ 591,376	0
2009	\$ 1,094,000	12
2010	\$ 5,139,349	32
2011	\$ 4,000,000	0
2012	\$ 14,171,475	147.4
2013	0	0
2014	\$ 9,200,000	53
2015	\$ 4,621,937	6
Total	<u>\$ 38,818,137</u>	<u>250.4</u>



## Budget Outlook for 2015-16

- Budget reductions for the UNC System have been proposed.
- Governor's Budget Reduction \$68 million.
- House Reduction of \$36 million.
- Senate proposal of \$18 million.



## Budget Outlook for 2015-16 (continued)

- Governor's and House Budget recommend capping spending on Advancement to \$1 million.
- The impact to North Carolina A&T could range from approximately \$1.5 million to \$3.5 million.
- We have prepared for reductions at levels of \$4.0 million and \$2.0 million.
- Budget and other legislation continues to be debated.
- We are under a continuing authority resolution.





## UNC Performance Metrics

- General Assembly mandate that Budget Reductions can not be allocated in an across the Board Manner.
- Performance measures have been approved by the Board of Governors as a way of allocating reductions.
- Measures are compared against our BOG approved peers or based on certain thresholds adopted by the Board of Governors.
- Universities are allocated reductions based on performance vs. peers



## UNC Performance Metrics (continued)

Six Year Graduation Rates (\*)

Freshmen to Sophomore Retention Rates (\*)

Degree Efficiency (\*)

Percent of undergraduates receiving Pell Grants (\*)

E&R Spending per degree (\*)

UNC Compliance Index (\*)

Support Spending Per Student

Attempted hours to degree

Space Utilization

Private fundraising index

\*Metrics used to allocate budget reductions



## UNC Performance Metrics (continued)

- Each University has a selected set of peers.
- NCA&T has an extremely competitive peer group.
- The University has made substantial improvements in all metrics. However, we continue to lag our peers in select categories.
- University priorities are set with consideration of these measures.

