Board of Trustees Meeting
The University of North Carolina at Greensboro

Financial Reporting
and Budget Framework
Primary Campus Uses of the Consolidated Financial Statements

The consolidated financial statement is mainly used for:

• Rating Agencies & Underwriters

• Providing rough “factoids”

• Looking at trends from 30,000-foot level
Where Does the Money Come From?

2012-13
($399 Million)

- Tuition and Fees: 22.55%
- State Appropriations: 38.51%
- Investment Income: 5.84%
- Contracts & Grants: 7.87%
- Financial Aid: 12.12%
- Auxiliaries: 9.52%
- Private Gifts, Grants, and Contracts: 1.69%
- Sales and Services of Educational & General Activities: 1.65%
- Other: 0.25%

Other revenues not included above total $16 million.

Source: 2012-13 UNCG Financial Statements, Statement of Revenues, Expenses, and Changes in Net Position
Where Does the Money Go?
Operating Expenses by Purpose (Functional Classification)
2012-13
($366 million)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>35.91%</td>
</tr>
<tr>
<td>Research</td>
<td>4.26%</td>
</tr>
<tr>
<td>Public Service</td>
<td>2.50%</td>
</tr>
<tr>
<td>Academic Support</td>
<td>12.27%</td>
</tr>
<tr>
<td>Student Services</td>
<td>4.69%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>9.20%</td>
</tr>
<tr>
<td>Operations and Maintenance of Plant</td>
<td>7.35%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>11.35%</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>8.21%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4.25%</td>
</tr>
</tbody>
</table>

Non-operating expenses not included above total $8 million. Source: 2012-13 UNCG Financial Statements, Note 10.
Where Does the Money Go?
Operating Expenses By Category
2012-13
($366 million)

Salaries and Benefits 63.76%
Supplies and Materials 5.69%
Services 14.98%
Scholarships and Fellowships 8.83%
Utilities 2.48%
Depreciation 4.25%

Non-operating expenses not included above total $8 million. Source: 2012-13 UNCG Financial Statements, Note 10
Fund Source

- State Funds
- Institutional Trust Funds
- Agency Funds
- Foundation Funds
- Capital Improvement Funds

February 19, 2014
2013-14 State Operating Budget
Permanent Budget by Account
($238 million)

Source: Departmental Budgets 2013-14

February 19, 2014
2013-14 State Funds
Permanent Budget by Division
Excludes Benefits and Other Institutional Budgets ($69 million) ($169 million)

- Academic Affairs: 75.61%
- Business Affairs: 11.50%
- University Advancement: 2.05%
- Student Affairs: 2.05%
- Research & Economic Development: 1.53%
- Chancellor: 1.51%
- Gateway: 0.38%
- Information Technology Services: 5.80%

Source: Departmental Budgets 2013-14
State Appropriations

UNC General Administration/BOG approves and sends to UNCG for Chancellor Allocation

Develop Enrollment Change, Expansion Requests, Continuation Budget Requests

General Assembly, House/Senate/Governor Agree

UNC General Administration/BOG System Request including Salary Increases

Office of the State Budget and Management/Governor

February 19, 2014
Campus Initiated Tuition Increase

BOG cannot set tuition inconsistent with the General Assembly

Board of Trustees makes recommendation to UNC General Administration/BOG

Chancellor/Provost makes recommendation to Board of Trustees

UNCG Committee makes recommendation to the Provost/Chancellor

UNC General Administration Instructions (% to Financial Aid, % to Faculty Salary Increases, etc.)

Board of Trustees makes recommendation to UNC General Administration/BOG

February 19, 2014
UNCG Departmental Budgets (State Funds)

- Continuation Budgets
- +/- Permanent Transfers
- Campus Initiated Tuition Increase
- Enrollment Change
- Expansion

February 19, 2014
Institutional Trust Funds

- Contracts and Grants
  - SERVE
- Auxiliary
  - Housing
  - Bookstore
  - Food Service
  - EUC
  - Parking
  - Other
- Student Fees
- Facilities and Administrative (Overhead Receipts)
- Discretionary – Chancellor Approves
- Other Institutional Trust Funds
Student Fee Process

UNCG Student Fee Committee (comprised mostly of students) makes a recommendation to the Chancellor.

Chancellor makes a recommendation to the Board of Trustees.

Board of Trustees makes a recommendation to the UNC General Administration/BOG.

Board of Governors approves.

UNCG implements changes in student fees.

February 19, 2014
Capital Improvements Supported by State
Total $8,429,000
2012-13

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs and Renovations</td>
<td>$ 2,788,000</td>
</tr>
<tr>
<td>Pedestrian Underpass</td>
<td>5,295,000</td>
</tr>
<tr>
<td>Accessibility Improvement – Graham</td>
<td>170,000</td>
</tr>
<tr>
<td>School of Education Building</td>
<td>151,000</td>
</tr>
<tr>
<td>Other Building Improvements</td>
<td>25,000</td>
</tr>
</tbody>
</table>
## Capital Improvements Supported by Debt Proceeds or Cash

### 2012-13

<table>
<thead>
<tr>
<th>Project</th>
<th>Debt Proceeds</th>
<th>Cash</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moran Commons</td>
<td>$14,130,000</td>
<td>$</td>
<td>$34,700,000</td>
</tr>
<tr>
<td>Quad Renovations</td>
<td>6,967,000</td>
<td>1,984,000</td>
<td>55,500,000</td>
</tr>
<tr>
<td>Police Building</td>
<td>673,000</td>
<td>-</td>
<td>10,030,000</td>
</tr>
<tr>
<td>Student Recreation Center</td>
<td>-</td>
<td>7,808,000</td>
<td>91,000,000</td>
</tr>
</tbody>
</table>

February 19, 2014
Planning for 2014-15 Budget Cuts
2013-14 Budget Impact

- 390 Fewer Course Sections
- 16,100 Fewer Seats
- Loss of $400,000 in graduate assistants
- Employment of students and temporary employees on a part-time basis will be reduced
- Could compromise UNCG’s efforts to meet retention and graduation goals
- Practical experience opportunities for students will be reduced
- Training opportunities will be impacted across campus
Since 2007-08

<table>
<thead>
<tr>
<th>Enrollment Change</th>
<th>$ 22,594,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITI</td>
<td>19,659,000</td>
</tr>
<tr>
<td>Permanent Budget Cuts</td>
<td>-39,466,000</td>
</tr>
<tr>
<td>Net</td>
<td>$ 2,787,000</td>
</tr>
</tbody>
</table>

Other net changes of $19 million were also received during this time period (includes salary and benefit increases $18 million; building reserves $2 million; JSNN $5 million; less $6 million E&T Fees moved to Trust Funds). Institutional category represents Financial Aid (CITI) and benefits on net new positions from CITI, Enrollment Change, less Cuts.
Since 2007-08

<table>
<thead>
<tr>
<th>Department</th>
<th>Net Cut + Citi + Enr Change</th>
<th>% of 2013-14 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td>$985,000</td>
<td>0.1%</td>
</tr>
<tr>
<td>ITS</td>
<td>-1,275,000</td>
<td>-13.0%</td>
</tr>
<tr>
<td>University Adv</td>
<td>-291,000</td>
<td>-10.5%</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>-449,000</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Business Affairs</td>
<td>-1,970,000</td>
<td>-10.1%</td>
</tr>
<tr>
<td>Chancellor</td>
<td>-130,000</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Gateway</td>
<td>-175,000</td>
<td>-27.3%</td>
</tr>
<tr>
<td>ORED</td>
<td>-139,000</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Institutional</td>
<td>6,231,000</td>
<td>9.0%</td>
</tr>
<tr>
<td></td>
<td><strong>$2,787,000</strong></td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Other net changes of $19 million were also received during this time period (includes salary and benefit increases $18 million; building reserves $2 million; JSNN $5 million; less $6 million E&T Fees moved to Trust Funds). Institutional category represents Financial Aid (CITI) and benefits on net new positions from CITI, Enrollment Change, less Cuts.
# Components of a Cut

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment Reduction</td>
<td>$7,900,000</td>
</tr>
<tr>
<td>General Assembly Approved</td>
<td>1,500,000</td>
</tr>
<tr>
<td>OSBM Directed Dec 2013</td>
<td>3,100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,500,000</strong></td>
</tr>
<tr>
<td>Ongoing Positions for QEP</td>
<td>$176,000</td>
</tr>
<tr>
<td>Compliance (including Title IX)</td>
<td>120,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,796,000</strong></td>
</tr>
</tbody>
</table>

February 19, 2014
Guiding Principles

• Strategies must not negatively impact enrollment
• Consider strategic plan initiatives
• Hold Financial Aid harmless
• Reassess policies and procedures; costs vs. controls
• Consider reallocation of resources
• Consider centralizing or outsourcing services
• Others regarding lapsed SPA salaries, practices that impose additional costs, cost comparisons with other campuses, service levels, non-state funds
Campus Operations Staff per 100 Student FTE
Fall 2012

Source: Program Evaluation Division report on UNC System

February 19, 2014
Percentage difference from 3-Year Average of Institutional Support Spending per Student FTE of Public Peers

-60.00%
-40.00%
-20.00%
0.00%
20.00%
40.00%
60.00%
80.00%

Middle Tennessee State University
Indiana University-Purdue University-Indianapolis
Portland State University
Georgia State University
Old Dominion University
Western Michigan University
University of Central Florida
University of Memphis
Bowling Green State University-Main Campus
Virginia Commonwealth University
University of Southern Mississippi
Kent State University at Kent
The University of Texas at Arlington
Indiana State University
University of North Carolina at Greensboro
Oregon State University
Northern Illinois University
Florida International University
University of Louisville

Source: Program Evaluation Division report on UNC System

February 19, 2014
# Institutional Support Expenditures per Student FTE 2010-11

<table>
<thead>
<tr>
<th>Institution</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of North Carolina School of the Arts (1)</td>
<td>8,307</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill (2)</td>
<td>3,596</td>
</tr>
<tr>
<td>Elizabeth City State University (3)</td>
<td>3,162</td>
</tr>
<tr>
<td>Winston-Salem State University (4)</td>
<td>3,150</td>
</tr>
<tr>
<td>University of North Carolina at Asheville (6)</td>
<td>2,986</td>
</tr>
<tr>
<td>North Carolina A &amp; T State University (7)</td>
<td>2,850</td>
</tr>
<tr>
<td>Fayetteville State University (8)</td>
<td>2,656</td>
</tr>
<tr>
<td>University of North Carolina at Greensboro (10)</td>
<td>2,479</td>
</tr>
<tr>
<td>East Carolina University (11)</td>
<td>2,285</td>
</tr>
<tr>
<td>Western Carolina University (12)</td>
<td>2,246</td>
</tr>
<tr>
<td>University of North Carolina at Pembroke (14)</td>
<td>2,194</td>
</tr>
<tr>
<td>Appalachian State University (15)</td>
<td>2,064</td>
</tr>
<tr>
<td>University of North Carolina at Charlotte (16)</td>
<td>1,912</td>
</tr>
<tr>
<td></td>
<td>1,898</td>
</tr>
<tr>
<td></td>
<td>1,634</td>
</tr>
<tr>
<td></td>
<td>1,544</td>
</tr>
</tbody>
</table>

Source: IPEDS Data

February 19, 2014
Percentage Change in positions at UNCG from 2007-08 to 2011-12

- Students: 5.80%
- Faculty: 10.50%
- Total Staff: 6.00%
- Support Staff: -8.30%
- Executive and Professional: 26.60%

Source: Draft Joint Working Group on Employment Analysis dated December 1, 2013

February 19, 2014
Other Considerations

• Consider “vertical” cuts
• No “across the board” cuts
• Look forward, not backwards
• What is mandated, how can those services be most effectively delivered
Ideas and Suggestions

• Students
• Faculty
• Deans’ Council
• Staff
• Budget Sounding Board
• Board of Trustees
Questions and Discussion